Tunbridge Wells Borough Council

Draft Annual Financial Report for 2023/24

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Narrative Report

1. About Tunbridge Wells

The borough of Tunbridge Wells is set in the High Weald of Kent, around 70% of which is designated as an area of outstanding natural beauty. Of the estimated 115,300 residents, around 55% live in the town of Royal Tunbridge Wells with 45% living in the larger towns of Cranbrook, Paddock Wood and Southborough and the surrounding towns and villages. The borough is bordered by the districts and boroughs of Sevenoaks, Maidstone and Tonbridge and Malling to the north, Ashford to the east, and to the south it borders Wealden and Rother in East Sussex.

2. About the Council

Councillors are democratically accountable to residents of their ward. The Council has been comprised of 48 Councillors, representing 20 wards, with one-third elected three years in four. Following the Local Government Boundary Commission for England review the number of councillors for this Council was reduced from 48 to 39 in May 2024, and the number of wards were reduced from 20 to 14. The political composition of the Council is as follows:

	May 2024	**May 2023**
Liberal Democrat	22	17
Conservative	7	11
Labour	5	8
Tunbridge Wells Alliance	4	11
Independent	1	1
Total	**39**	**48**

Tunbridge Wells Borough Council operates under executive arrangements, also known as the ‘Leader and Cabinet’ model. The Full Council elects the Leader and the Leader appoints their Cabinet from amongst the members of the Council.

The Cabinet’s two Advisory Boards give back-bench members and the public an opportunity to influence and give advice on decisions to be made by Cabinet. Each Advisory Board will give initial consideration and make recommendations on matters within their respective terms of reference.

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3. The Statement of Accounts

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. There have been no material changes to the presentation of the Accounts for 2023/24.

In addition to the Narrative Report the Statement of Accounts consists of the following:

The Annual Governance Statement

The Annual Governance Statement accompanies the Accounts but is not part of the Accounts. The purpose of the Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

The Statement of Responsibilities

This sets out the general responsibilities of both the Borough Council, and of the Director of Finance, Policy and Development, in making proper financial arrangements and in maintaining financial records. The Statement is signed when the Accounts are authorised for audit and again following the audit of the Accounts.

The Independent Auditor's Report

The Council's independent external auditors provide an independent opinion on whether the financial statements present a 'true and fair view' of the financial position of the Council as at the Balance Sheet date and on its income and expenditure for the year.

The Core Financial Statements

The core financial statements consist of the following four statements and associated notes:

- The Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

- The Movement in Reserves Statement – this shows the movement from the start of the year to the end, on the different reserves held by the Council, analysed into 'Usable Reserves' (those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. It shows how the movements in year of the Council's reserves are broken down between gains and losses incurred, in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movements in the year following adjustments.

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- The Balance Sheet – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first grouping is of usable reserves, those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (such as the Capital Receipts Reserve being restricted to fund capital expenditure or to repay debt). The second grouping of reserves is those that the Council is not able to use to provide services. This group includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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

The Collection Fund Statement

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities of Council Tax, and distribution to local authorities and the Government of Non-Domestic Rates.

4. Service Performance

The Council uses a range of indicators to measure the performance of its strategic objectives (Corporate Priorities) and the day to day running of services (Council Business). Corporate Priority Project performance is assessed through a broad set of criteria including whether the project is still on time, on budget, delivered to the appropriate quality levels and whether there is appropriate resource available to deliver it. These criteria are measured on a monthly basis using a "traffic light" system, and those that are on target are given a green status.

A range of indicators are used to measure Council Business, varying from financial indicators that are used to assess performance on key income streams such as off-street parking, to usage targets, which measure levels of attendance at key discretionary services such as the

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Assembly Hall Theatre. Targets for these indicators are discussed with Directors and Heads of Service and are set before the start of each new financial year.

4.1 Corporate Priorities

The Council reports and monitors progress on its projects monthly at the Council's leadership team and quarterly to Cabinet using a standard project management methodology of reporting.

At the start of 2023/24 the Council had three remaining projects to complete from its last Five Year Plan. These are listed below along with their 'Red/Amber/Green' project statuses as reported to Cabinet:

Priority Projects	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Create a new Local Plan for the borough	Green	Amber	Amber	Amber
Create new sports facilities across the borough	Green	Green	Green	Green
Support the development of community centres in the Cranbrook	Amber	Amber	Amber	Amber

The Planning Inspector, following the Examination Hearings, raised a number of matters that needed resolution before the Local Plan could be adopted. A proposed response to the Planning Inspector's Initial Findings was submitted and a consultation on the proposed changes to the local plan was held from January 2024 to April 2024. Stage 3 Hearings are scheduled to start in June 2024.

The Cranbrook community centre project is ongoing, with additional funding being sought.

Additionally, progress on the Council's Build a Better Borough projects was as follows:

Safeguarding Finances	Clients have started using the repurposed Town Hall. The savings plan and people strategy are complete.
Vibrant & Safer Community	The resident engagement survey has been completed. The activities to develop tourism are progressing well, together with work to develop a new business pack that will enhance the current business portal. The distribution of funds from the UK Shared Prosperity Fund and Rural England Prosperity Fund is progressing. A tender process has been undertaken to install additional Electric Vehicle charging points in some car parks and the contract has just been awarded.
Carbon Reduction	A pesticide and herbicide policy has been published and the renewal of the Council's Biodiversity action plan is progressing. The work to enable carbon reduction from the Weald Leisure

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	Centre and North Farm Depot is now complete. The climate emergency website and the Borough wide emissions strategy is now progressing against replanned dates.
Housing	Activities leading to the delivery of more affordable housing are proceeding. An empty property strategy and policy will be produced shortly. The Town Centre development plan is proceeding.
Digital	The residents' survey has been analysed. The communication plan is being delivered and an updated Tunbridge Wells Borough Council Digital Strategy is planned.

4.2 Council Business

The performance indicators for Council business are refreshed annually to ensure they remain up-to-date and relevant for the authority. The Council currently reports on 15 performance indicators that have quarterly target measures. The historic percentages of indicators performing to target are:

Year	On Target
2018/19	86%
2019/20	73%
2020/21	57%
2021/22	69%
2022/23	75%
2023/24	80%

The reversal in the reduction in performance levels has continued, leaving them nearly at pre-pandemic levels. Those which remain are mainly due to continued pressure on the service teams due to continuing staff shortages.

4.3 Performance Conclusion

In 2023/24 the Council's performance indicators show a continued recovery from the long-term effects of the Covid-19 pandemic despite the ongoing challenges presented by both the Council's staff retention and recruitment issues, and inflationary pressures.

5. Financial Performance

The table below sets out the net revenue expenditure for 2023/24 compared to budget:

	Approved Budget	Actual	Variance
	£000	**£000**	**£000**
Chief Executive	199	180	(19)
Total Chief Executive	**199**	**180**	**(19)**
Director Finance, Policy and Development	158	158	0
Finance, Procurement & Parking	(1,164)	(4,125)	(2,961)
Mid Kent Client Services	2,222	2,440	218
Economic Development	323	464	141
Planning	1,226	1,273	47
Policy & Governance	1,595	1,541	(54)
Total Finance, Policy and Development	**4,360**	**1,751**	**(2,609)**
Director of Change & Communities	146	145	(1)
Human Resources, Customer Service and Culture	2,652	1,835	(817)
Housing, Health and Environment	6,597	6,387	(210)
Facilities and Community Hubs	1,739	1,832	93
Digital Services and Communications	934	762	(172)
Total Change & Communities	**12,068**	**10,961**	**(1,107)**
Total Cost of Services	**16,627**	**12,892**	**(3,735)**
Parish Council Precepts	3,367	3,367	0
Interest and Investment Income	(1,501)	(4,368)	(2,867)
Capital Expenditure from Revenue	10,600	10,600	0
Minimum Revenue Provision	277	235	(42)
Transfer to (from) Earmarked Reserves	(11,178)	(2,908)	8,270
Net Expenditure	**18,192**	**19,818**	**1,626**
Government and General Grants	(2,419)	(2,487)	(68)
Business Rates from Collection Fund	(2,797)	(4,358)	(1,561)
Council Tax from Collection Fund	(12,976)	(12,973)	3
Balance Transferred (to) from General Fund	**0**	**0**	**0**

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It should be noted that the services expenditure figures above are shown purely on a funding basis and therefore exclude adjustments between accounting and funding bases, as set out in Note 9 to the Statement of Accounts.

The Directorate Cost of Services actual outturn shows an underspend to the budget of £3,735,000.

Within the Cost of Services, there are some significant positive and negative variances worthy of note. Those effecting income are:

- On street parking income was £2,327,000 above budget and £2,331,000 above the outturn for last year. This was mainly due to the implementation of Public Realm 2 enforcement. The Council has an agreement with Kent County Council, Kent's Highways Authority, to provide their "Being in a Bus Lane" enforcement services until 31 March 2025, whereupon they will take back responsibility. The income, net of any costs associated with the scheme, has been transferred to the On Street Parking reserve. It can only be used for certain highways related schemes and has been transferred to the reserve so that it can be allocated to a compliant purpose.
- Off street parking income was £497,000 above budget and £544,000 above the outturn for last year. This is due to an increase in season tickets sold, mainly in Torrington and Pantiles car parks.
- Rental income was £1,194,000 above budget and £1,123,000 above the outturn for last year. Following the Council's purchase of the long leasehold of Royal Victoria Place shopping centre it received rental receipts from tenants of the centre. Previously the Council received an annual ground rent from British Land for the lease. The total received for ground rent for April 2023 to 2 October 2023, plus tenant income for 2 October 2023 to March 2024, was £1,835,000, £953,000 above the budgeted rental income of £882,000.
- Assembly Hall Theatre income was £705,000 above budget and £475,000 above last year's outturn. Costs have been controlled, with savings made on staffing costs from vacancies, and the total subsidy cost for the theatre was £209,000 under budget.

Those affecting costs are:

- Savings of £1,176,000 on staff costs mainly due to vacant posts during the year.
- Service charges and business rates were over budget for the year. The Council, as landlord of Royal Victoria Place shopping centre, is required to pay the service charges and business rates for any properties that are vacant within the centre. £659,000 was paid for service charges and £262,000 for business rates. The Council is working hard with its advisors to fill the vacant units which will improve the financial position.

Interest and investment income was £2,867,000 above budget of which £1,922,000 was for investment interest. The Council has been able to obtain higher rates than expected on its investments, with an average interest rate of 5.00% achieved, and has had more money available to invest, as a result of the surpluses to budget explained in this narrative report. The Council sold the £9 million of units it held in the Churches, Charities and Local Authorities (CCLA) Property Fund and the funds were returned in October 2023. The value of the investment when it was repaid was £9,933,000 and therefore a cumulative gain of £933,000 was made since the purchase of the units, which is shown within investment

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income. The remaining £12,000 over achievement was from small improvements to budget from other sources of interest.

Net transfers from earmarked reserves of £2,908,000, were made during the year. This included £1,301,000 transferred from the Grant Volatility reserve to fund the Council's share of the deficit held on the Collection Fund. The repayment had been phased over three years, following the pandemic, with this transfer being the third and final one. A sum of £10,600,000 was transferred from earmarked reserves to fund the capital programme for the year, including £8,890,000 for the purchase of the long leasehold of Royal Victoria Place shopping centre, which was funded from the Capital and Revenue Initiatives reserve. A sum of £6,921,000 was transferred into the reserve to fund this and future year's capital programme. A sum of £1,979,000 was transferred into the On Street Parking reserve which will be allocated to highways related schemes. The remaining net £93,000 transfer to reserves was to fund revenue initiatives in the future.

Business Rates from the Collection Fund were greater than budgeted by £1,561,000. The surplus to budget comprises a combination of business rates growth since the inception of the business rates retention scheme in 2013/14 and the release of provisions on appeals. The Council is prudent and does not rely on any surpluses when setting the budget.

When the 2023/24 budget was set there was a deficit of £943,000 to be funded from reserves, but this withdrawal was not required.

6. Capital Expenditure

The Council's Capital Programme was approved at the Cabinet meeting of 23 March 2023. A gross budget of £12,594,000 was approved which, in net terms, after allowing for specific funding, meant the amount to be met from the sale of assets or from the Capital and Revenue Initiative Reserve was £7,754,000. The table below shows how this changed during the year from additional approvals, deletions and reductions, and from spend being rescheduled to and from the next financial year.

	Gross Expenditure	**Income and Funding**	**Net Expenditure**
	£000	**£000**	**£000**
Original Approved Gross Capital Programme	12,594	(4,840)	7,754
Approvals Added or Increased	20,746	(8,494)	12,252
Approvals Deleted or Reduced	(1,058)	239	(819)
Deferred to 2024/25	(16,369)	7,858	(8,511)
Brought Forward from 2024/25	31	0	31
Actual Expenditure 2023/24	**15,944**	**(5,237)**	**10,707**

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The largest schemes in 2023/24 were Royal Victoria Place shopping centre (£8,890,000), Local Authority Housing Fund Round 1 (£2,426,000), Disabled Facilities Grants (£1,135,000), and the Town Hall Conversion (£718,000).

Approvals added or increased include projects that were rescheduled from 2022/23 to 2023/24 (£3,225,000), new schemes including the Royal Victoria Place shopping centre (£8,890,000) and Local Authority Housing Fund Round 1 (£5,465,000) and variations to existing schemes within the year, including the Weald Leisure Centre Decarbonisation (£330,000).

Projects deferred to 2024/25 include a number of projects that are yet to commence or that were started in 2023/24 but will continue next year. These include the Local Authority Housing Fund Round 1 (£3,039,000), Royal Victoria Place shopping centre (£2,500,000) and the Acquisition of Sports Sites Strategy (£1,083,000).

The Council used a total of £107,000 from the sale of assets and continues to review its asset base and to obtain the best price in the market when sale is appropriate.

7. Treasury Management and Pensions

7.1 Investments

As at 31 March 2024 the Council had £46.5 million of investments and bank balances, which is broken down into long term investments of £10 million, short term investments of £36 million and £0.5 million of bank account balances.

The Council achieved an investment return of 5.00% during the year which equated to investment income of £3,342,000.

7.2 Borrowing

The Council holds no external borrowing. With reserves largely committed it may be necessary to enter into external borrowing in order to fund new capital schemes in the future.

7.3 Cash Flow Summary

The table below summarises the inflows and outflows of cash and cash equivalents:

2022/23		2023/24
£000		£000
(71,568)	Cash Inflows (Income)	(94,775)
83,712	Cash Outflows (Expenditure)	92,400
12,144	**Net Cashflows from Operating Activities**	**(2,375)**
31,167	**Net Cashflows from Investing Activities**	**11,796**

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(7,846)	**Net Cashflows from Financing Activities**	**786**
35,465	**Net (increase) / decrease in cash and cash equivalents**	**10,207**

7.4 Pensions

The Council is a member of the Local Government Pension Scheme which is administered on behalf of the Council by Kent County Council. The net liability as at 31 March 2024 was £1.568 million, a decrease of £3.523 million from the previous year.

The change in the pension fund deficit over the year is dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year. The deficit is measured in line with accounting standards, which, for example, measure the value of the assets held by the Pension Fund according to their market value at 31 March 2024, rather than assessing the likely income over the period in which the benefits will be paid.

The most recent triennial review of the value of the fund to determine the Council's pension contribution for the period from 1 April 2023 to 31 March 2026, was carried out as at 31 March 2022.

8. The Balance Sheet

The Balance Sheet shows the value of the Council's assets and liabilities at the end of the year. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

31 March 2023		31 March 2024
£000		**£000**
133,528	Property, Plant and Equipment	132,219
3,514	Heritage Assets	3,744
750	Investment Property	740
6,401	Other Long-Term Assets	11,071
38,552	Short Term Investments	36,672
11,408	Cash and Cash Equivalents	1,201
7,203	Money Owed to the Council	8,064
(30,856)	Money Owed by the Council	(25,592)
(12,970)	Long Term Liabilities	(10,597)

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157,530	**Net Assets**	**157,522**
28,798	Usable Reserves	26,789
128,732	Unusable Reserves	130,733
157,530	**Total Reserves**	**157,522**

9. Future Plans

9.1 Revenue Budget for 2024/25

The table below summarises budgeted net expenditure on services for 2024/25 compared to 2023/24 and shows how this is funded from government grants and council tax.

This shows that the budget for 2024/25, was balanced and there is no requirement to make a withdrawal from reserves.

	Budget 2023/24	Budget 2024/25	Budget Change
	£000	£000	£000
Chief Executive	188	209	21
Finance, Policy and Development	5,039	4,591	(448)
Change and Communities	11,569	12,087	518
Net Expenditure on Services	**16,796**	**16,887**	**91**
Net Interest Receivable	(1,540)	(2,057)	(517)
Capital Charges	277	325	48
Net Expenditure by Council	**15,533**	**15,155**	**(378)**
General Grants and Non-Domestic Rates	(4,883)	(5,145)	(262)
Council Tax	(9,707)	(10,010)	(303)
Income from Grants and Council Tax	**(14,590)**	**(15,155)**	**(565)**
Net contribution to/(withdrawal from) reserves	**(943)**	**0**	**943**

The table below shows the main variances in planned services expenditure from 2023/24 to 2024/25.

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Reason for Major Variances	
Increase in Sales, Fees and Charges income	(2,108)
Employee Costs	1,053
Additional Supplies and Services Costs	712
Additional Premises Costs	218
Other small increases/decreases in income and expenditure	116
Community Support Fund	100
Increase in Interest Receivable	(517)
Increase in Minimum Revenue Provision	48
Difference in Net Expenditure	**(378)**
Increase in Government Grants	(262)
Council Tax Increase	(303)
Difference in Income From Grants and Council Tax	**(565)**
Difference in Net Withdrawal from/(contribution to) Earmarked Reserves	**943**

Beyond 2024/25 the Council intends to keep to its commitment to balance the revenue budget without the use of reserves. Its projections assume that the increase in the basic amount of Council Tax will be 2.99% per year and that fees and charges will rise by an average of 3% each year.

9.2 Capital Programme 2024/25 to 2026/27

At their meeting of 8 February 2024 Cabinet approved a new capital programme covering the years 2024/25 to 2026/27. This was subsequently amended by deferrals from and to 2023/24 and by some additions and deletions to be approved at the meeting of 20 June 2024. The adjusted capital programme is summarised below:

	Reserves	Borrowing	Govt. Grants	Other Grants & Contribs.	Total
	£000	£000	£000	£000	£000
2024/25					
Royal Victoria Place	2,500	1,110	0	0	3,610
Disabled Facilities Grants	0	0	3,357	99	3,456

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Local Authority Housing Fund Round 1	0	0	459	2,580	3,039
RVP Car Park Refurbishment	2,204	0	0	0	2,204
Crescent Road Car Park Cladding	2,090	0	0	0	2,090
Town Hall Conversion	1,141	0	0	0	1,141
Acquisition of Sites Sports Strategy	447	0	0	636	1,083
Great Hall Car Park	0	850	0	0	850
Benhall Mill Depot	777	0	0	0	777
Other schemes	2,675	0	404	1,516	4,595
Total	**11,834**	**1,960**	**4,220**	**4,831**	**22,845**
2025/26 to 2026/27					
Disabled Facilities Grants	0	0	2,500	0	2,500
Other schemes	2,406	0	0	6	2,412
Total	**2,406**	**0**	**2,500**	**6**	**4,912**
Total Programme	**14,240**	**1,960**	**6,720**	**4,837**	**27,757**

10. Economic Climate

At a national level the economic climate continues to show a rather mixed picture. The Office for National Statistics (ONS) reported that Gross Domestic Product (GDP) for February 2024 grew by 0.2 per cent, increasing hopes of a recovery. Inflation fell to its lowest level since July 2021 with prices rising by 2.3 per cent to April 2024, down from 3.2 per cent the month before according to the ONS.

The UK jobs market is showing signs of stalling as the number of people out of work rose. The unemployment rate increased to 4.2 per cent between December 2023 and February 2024, which is the highest level for six months. Economists suggested the data could spur the Bank of England (BoE) to cut interest rates in the summer.

The BoE held interest rates at 5.25 per cent for the fifth time in a row at its last meeting in March 2024. The Monetary Policy Committee (MPC) reported that they remain prepared to adjust monetary policy as warranted by economic data to return inflation to the 2 per cent target sustainably.

The local economic climate is rather better than the national situation. The unemployment rate for Tunbridge Wells stood at 2.4 per cent for March 2024, the third lowest in Kent. The Gross Disposable Household Income (GDHI) per head of population for Tunbridge Wells was £29,087, the second highest in Kent and along with other West Kent Councils was above the

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average for the South-East of £24,623. The 2023 weekly resident-based earnings for Tunbridge Wells were £766.30 which is above the average for the South-East of £723.50.

The Council set a budget for 2023/24 which required £943,000 from reserves. This reflects the relatively fixed nature of the Council's income against the inflationary and demand led pressures on expenditure. Councils were once again subject to a single-year government settlement and the centralised control of Council Tax and many fees and charges.

The Council has always faced difficulties recruiting staff due to its proximity to London and the availability of professional private sector employers in the town centre, but this situation has now crystallised with turnover ranging between 15 to 25 per cent. In financial terms this has led to an underspend in the salary budget of over £1 million but which has consequences for the remaining workforce. The situation is expected to improve with the adoption of the new People Strategy.

Previous benchmarking exercises confirmed that the Council's use of partnership working and efficient service delivery had resulted in the council having one of the lowest unit costs per resident of all the councils in the comparator group. This is reassuring for residents but makes the identification of further savings very difficult given the already lean operating base.

The economic strategy of encouraging growth is starting to take shape as more major planning applications come forward. Economic confidence is returning, and this should provide a good source of funding through the retained share of business rate growth, provided consented schemes are actually delivered.

Local developers continue to report good interest in new housing schemes. The promotional material produced by the developers that are successfully attracting large numbers of people looking to move into the borough highlight the attractive environment and facilities of the borough (which are nearly all provided or funded as discretionary services by the Council).

The Council still intends to adopt a new Local Plan towards the end of 2024 after responding to the Inspector's Initial Findings that were issued in November 2022.

The Council decided to help stimulate the town centre economy by purchasing the long leasehold interest of the Royal Victoria Place shopping centre. This intervention has been well received by existing tenants, the public and businesses. Footfall has already started to slowly recover, and the Council is working with its Asset Managers to approach those potential occupiers and leisure providers who the public would like to see in the town centre.

The Council remains on a sound financial footing with no long-term debt, setting a balanced budget for 2024/25 (without the use of reserves) and a track record of publishing audited Statement of Accounts to the statutory deadlines.

11. Impact of Covid-19 Pandemic, Cost of Living Crisis and the Wars in Ukraine and Gaza

The Covid-19 pandemic, the war in Ukraine and the consequent cost of living crisis have had a significant impact upon the economy. Customer behaviours and their spending patterns

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have changed, and the Council has been called upon to provide support to those in the borough most in need, including Ukrainian's who have fled the war.

The economy was beginning to recover, but then in October 2023, the Israel-Hamas war began. This sent tremors through economies and supply chains worldwide again, creating surges in energy prices and delays to the supplies of certain products. Fortunately, these issues have settled quickly and have not destabilised economic recovery in the UK. Inflation, as measured by the Consumer Price Index, has continued to fall from its peak at 11.1% in October 2022 to 2.3% in April 2024. GDP growth, albeit small, has returned and wage growth and the hot labour market has calmed, but not recovered.

This was facilitated by the Bank of England increasing Base Interest Rates from 0.1% in December 2021 to 5.25% by August 2023. As at March 2024 it is still 5.25%, which this Council has worked hard to utilise by investing any available cash short term, at the best available rates.

Whilst Government had provided financial support packages during the pandemic, they had ceased back in 2022. When setting the budget, it was difficult to anticipate the new normal for the economy and so the Council entered this financial year expecting to need £943,000 from its reserves to balance its revenue budget. The aim was to protect services whilst giving time for customer behaviours to settle and for the Council to establish a contingency plan which, if necessary, could raise income and/or reduce costs to rebalance its budget. In the event, it was not necessary to make this withdrawal from reserves.

2023/24 has been more stable for the Council, but there are still areas of the Council that are being significantly affected by the impacts of Covid, the wars and the cost of living crisis.

The main considerations for the 2023/24 accounts have been the impact upon the sales, fees and charges, revenue costs, Government grants, property valuations, pension valuations, investment valuations and impairments for doubtful debts. These are explained below:

- Sales, Fees and Charges – The Council overachieved on its income budget, due mainly to additional parking income, which has fully recovered since the pandemic. Whilst many office workers enjoy flexible working, they are now going into the office and using the town's many attractions again. The Council has also been providing on street enforcement for a restriction through the centre of town, on behalf of Kent County Council, Kent's Highways Authority. In total, parking income is over budget by £2.8 million. This recovery has also been positive for the Assembly Hall Theatre which has seen income improve by £0.7 million when compared to budget.
- Revenue Costs – Energy cost increases due to the war in Ukraine had been an issue, but for 2023/24 were factored into the budget and have shown a small reduction in the year. Revenue costs increased due to the purchase of the Royal Victoria Place shopping centre long leasehold, as service charges for vacant units were paid, and Show Fees for the Assembly Hall Theatre increased, due to their successful sales achievements. Both of these costs were attached to additional income to support them. However, the main concern has again been for staffing levels. In 2022/23 the budget was underspent by £1.3 million and in 2023/24 it is underspent by £1.2 million, showing that staff recruitment and retention is still challenging as budgets are limited and it is difficult to compete in the current labour market.

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- Government Grants – High inflation, in particular around energy costs, prompted Government to provide financial support to those residents in most need. They required Local Authorities to provide the administrative support to issue their grants and in 2023/24 the Council was still administering the £150 Energy Rebates, the Energy Bills Support scheme, the Domestic Alternative Fuel Payment scheme and four Household Support Funds. The Council has received new burdens grant of £31,000 for the Energy Bills Support and Domestic Alternative Fuel Payment schemes but was expected to cover the cost of administering the Household Support Funds largely within their existing budgets. In addition, the Council is still administering the Government's "Homes for Ukraine" scheme and providing support for those who have recently moved from Hong Kong under the Government's "Welcome Programme". Note 19 explains further.
- Property valuations - The Council had a proportion of its Property Plant and Equipment valued as at 31st March 2024, as is usual practice. The Councils property values have followed trends in the market caused by the pandemic. The value of the Town Hall office space has reduced by £2.2 million as part has now been leased to a third party and the value is dependent upon the lease revenue. The reduced valuations in the retail sector have affected the value of the Royal Victoria Place shopping centre and whilst the long leasehold was purchased at a market price, the overall value of the centre fell by £3.4 million. In addition, the car park attached to the shopping centre is awaiting a major refurbishment, so the value has reduced by £4.8 million, very close to the value of the upcoming works. As the value of the shopping centre is based upon the income derived from lettings, there is significant scope to improve this position as the economy starts to grow again, and work is underway to let the vacant units and reduce service charges. Conversely, the housing market is thriving and Dowding House, which is temporary accommodation, has risen in value by £1.1 million.
- Pension valuations – As already explained, in order to manage inflation, rates of return on investments have been increasing. This has had a significant impact upon the net pension liability for the Council, which is now £1.6 million, a further reduction from the £5.1 million in 2022/23. This is a significant improvement from historical rates which have been much higher i.e. the net liability in 2022/23 was £61.6 million.
- Investments and Investment Properties – As explained previously, bank interest rates increased to 5.25% by August 2023. The budgeted rate of return across the entire portfolio was 3.07%, whereas the actual return became 5.00%. The Council has forecast its cash carefully and invested to take best advantage of rates on offer whilst ensuring sufficient cash availability for working capital needs. The opening cash balance position was much higher than forecast at budget setting due to the Government's element of Covid-19 Additional Relief Fund (CARF) funding, which was used to apply an additional relief to business rates accounts for 2021/22, not needing to be repaid until 31 March 2024, the deferment of elements of the capital programme and the Council closing the financial year with a small surplus rather than the budgeted deficit. This has all delivered £3.3 million in investment interest for 2023/24, an increase of £1.9 million from the approved budget of £1.4 million. The Council had a £9 million investment with a property investment fund. The value of the fund was still showing a gain of £1.3 million at the end of 2022/23, but commercial property values were continuing to decline following reductions in demand for office space due to the

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pandemic and shoppers continuing with online shopping rather than using the high-street. The Council recalled this investment and withdrew in October 2023, whereupon it realised an actual gain of £933,000. This fund has continued to fall in value and had the Council not withdrawn its funds, would now be showing a deficit on its capital investment. The Council has one investment property, a restaurant, which is leased for £45,000 per annum and sufficient to repay the internal borrowing for the purchase of the investment property. This property is revalued annually and has shown a minimal reduction in value of £10,000.

- Debt Collection and provisions – The Council has £2.0 million of outstanding trade account debt as at 31 March 2024, compared to £2.1 million at the end of 2022/23. A total provision of £0.8 million has been made against this debt in the accounts. £0.1 million is for outstanding rent relating to the leaseholder of the investment property going into administration during the pandemic. The insolvency administrator has still not notified the Council of the outcome of their work. £0.6 million has been provided as the Council's leisure services provider is currently unable to settle its debts with the Council due to a fall in demand from the pandemic and an increase in energy costs brought about by the war in Ukraine. The remaining debt is mainly with other local authorities or companies with sufficient reserves to settle their debts.

This has been another very challenging year for the Council, as it purchased the Royal Victoria Place shopping centre and has not been fully resourced, but with very careful management of revenue budgets throughout the year and considerable attention to treasury management, this Council has been able to fully fund all revenue expenditure without recourse to reserves.

Provision of Services

The Council has been effective in continuing to provide its statutory services over the last year despite resources being very stretched. Sometimes, response times are being affected, especially where professionally qualified staff are necessary, such as in Planning.

Additional pressures on services have been created by the Government requiring Local Authorities to provide financial support for residents to help them with the cost of living crisis. The Council has continued to administer grants this year, identifying and successfully paying those eligible for the schemes. Being unable to recruit has meant that the burden has fallen to existing staff.

Contractors are also under significant financial pressure resulting from wage increase demands and product price increases, but essential services have continued to be delivered.

Council's Workforce

Labour shortages affecting the economy generally and limited budgets to be able to complete in the market, has meant the Council has operated with high levels of job vacancies since Covid restrictions eased. Whilst this has generated significant budget savings, it is impacting Officers ability to deliver services. Officers have worked tirelessly over the Covid period, and subsequently, to ensure that residents do still receive their services and to the standard they expect, but it is becoming increasingly unsustainable. A Workforce Plan (People Strategy)

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has been developed to try to address these issues and ensure the Council can retain and recruit the staff it needs to be able to consistently deliver its services. Implementation is now in progress.

Flexible working is now embedded, with staff working from home regularly. This has facilitated the lease of a substantial part of the Town Hall to a third party.

Supply Chains

All contracts are functioning normally at the moment. The Leisure Services contract has needed a repayment plan following closures during Covid and the significant energy price increases experienced. The waste contract has needed a contribution to support the re-fleeting and relaunch of the separate food waste collection service, which has subsequently delivered increased recycling performance payments from Kent County Council.

Reserves, Financial Performance and Financial Position

The Council has £26.8 million of usable reserves; £4.4 million in its General Fund, £1.0 million in Capital Receipts, £4.5 million in Capital Grants and Contributions and a further £16.9 million in Earmarked reserves. This is a reduction of £2.0 million since 2022/23.

There was a real concern at the end of the last financial year, that £943,000 of reserves would be needed to support the Council's revenue budget during 2023/24. However, significant staff cost savings and increases in investment interest, have enabled the Council to fully fund its operations without recourse to reserves.

In October 2023 the Council acquired the long leasehold ownership of Royal Victoria Place (RVP) shopping centre from British Land for £8.15 million. Once tax and expenses were paid, the total acquisition cost was £8.89 million. The Council has been able to fully fund this from reserves, using the transferred surplus to budget investment income earned, Business Rates growth surplus to budget, gain on the withdrawal from the Property Investment Fund, surpluses on the Cost of Services and the Capital and Revenue Initiatives Reserve itself. It is a significant achievement to be able to fund such an acquisition without any internal or external borrowing.

The Council has balanced its budget for 2024/25, for the first time since the pandemic. The Council has taken decisions to improve income, for example introducing parking charges in Dunorlan Park, and manage its costs, for example closing the Public Conveniences in Crescent Road. The recovery of Parking and the Assembly Hall Theatre income, the increases in forecast investment interest and the assumed continuance of higher vacancy rates, have all made this possible.

Work has commenced on delivering a new Corporate Plan, following the change of political control to Liberal Democrat, on the 5 May 2024. These plans will need to be costed and included in future budgets and forecasts as they emerge. The economy is still fragile and there are many factors, outside of the control of the Council, which may impact upon the 2024/25 financial position, but the Council is well versed in managing expenditure very tightly and responding to the changing environment. This has been evidenced throughout the last 4 years, where it has consistently managed to fund its revenue costs without recourse to reserves, despite the turbulence around it. In addition, whilst the earmarked reserves have

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been allocated for particular projects or contingencies, not all have been contractually committed. There is £7.74 million, including the balance in the General Fund, that could be reallocated to support the core activities of the Council should it be needed.

An aspect of the budget which has been a concern, is the funding of the Council's response to its declaration of a Climate Emergency and its ambitions for carbon neutrality by 2030. The Council has been successful in securing some Government grant funding for de-carbonisation projects and it has been confirmed that any surpluses from the on street enforcement through the centre of Tunbridge Wells, may be spent on decarbonisation initiatives. In addition, tenders have been issued to install electric vehicle chargers into 5 of the Council's car parks, again using Government Grant funding. The corporate roadmap is still being developed which will need to be fully costed and financed, but projects are now underway to support the ambition.

Cash Flow Management

Cash flow has been very closely managed this year, as it presented a huge opportunity to raise additional revenue for the Council from investment interest. The Council is holding most of its cash in relatively short-term investments (under 1 year) but does have two longer-term escalator investments. All of the Council's cash earns interest, even that held in its current account.

Currently, the Council has more than sufficient cash to continue providing services at the existing levels.

Major Risks to the Authority and the Future

As explained above, the Council has balanced its budget for 2024/25 without needing to use reserves. It is able to fund its capital programme for 2024/25 without the need for additional borrowing. There are financial risks associated with the purchase of the Royal Victoria Place shopping centre. As with any significant property purchase, there may be unforeseen issues that arise and the centre was failing to retain and attract desirable retailers, hence its purchase by the Council. To manage this, the Council has contracted experienced and respected Asset and Property Managers, and they will be focussed on rebuilding the asset and portfolio of retailers. Any future investment will be carefully assessed and move through the Constitutional approval channels.

There are many other factors, completely outside of the control of the Council that could have a bearing, including the Government's Review of Relative Needs and Resourcing ("Fair Funding Review"). This would entail a reset of business rates growth but will not now be implemented in the next two years. This is positive for the Council as funding distribution reviews tend to result in funding being reallocated from areas like Tunbridge Wells to other parts of the country. It has also just been announced that there will be Parliamentary elections on the 4 July 2024 and this may bring new policies and ideas previously unconsidered.

This Council has a long history of managing its costs to balance its budget and has done so again in this financial year. It will be cautious moving into 2024/25, but does have available reserves that can be utilised, should the unexpected occur.

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Annual Governance Statement

Scope of Responsibility

For Tunbridge Wells Borough Council our governance framework comprises the policies, plans, processes, culture, and values we have in place to ensure that we define and deliver our intended results. This is our 'system of internal control'. To deliver good governance, we must achieve our results while also acting in the public interest.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: 'Good Governance in Local Government'. We must conduct a review, at least once a year, of the effectiveness of our system of internal control and report our findings in an annual governance statement. We must prepare the statement in line with proper practices and report it to a committee of Councillors. This is our Annual Governance Statement for 2023/24 which meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1) which requires an authority to conduct a review of the effectiveness of its system of internal control and prepare an annual governance statement.

Context and our ambitions

Tunbridge Wells Borough Council's key strategic priorities have historically been set out within its Five-Year Plan. The most recent Five-Year Plan ran from 2017- 2022.

At the elections in May 2022, Tunbridge Wells Borough Council experienced a change of political control with 'The Borough Partnership' forming a new political administration. The Borough Partnership is made up of Liberal Democrat, Tunbridge Wells Alliance (TWA) and Labour councillors alongside the independent councillor for Paddock Wood (East). From this Partnership the Leader of the Liberal Democrat Group was elected as Leader of the Council and he formed a Cabinet made up of Liberal Democrats, TWA and Labour members.

Given the continued uncertainty facing the Council (single year financial settlements from central government and all out elections with new warding arrangements following the decision to remain with elections by thirds) the Borough Partnership produced the TWBC Plan 2022-24 with the single objective of:

'Doing the best for our residents, our businesses and our Borough'.

The 2022-24 TWBC Plan was approved on 1 March 2023 and sets out five priorities 'Focus on Five' as follows:

- Safeguarding finances
- Vibrant and safer towns and villages
- Carbon reduction
- Genuinely affordable housing and social rental housing
- Digital access, transparency and local democracy

On the 25 January 2024, the Borough Partnership Cabinet approved a Draft Strategic Plan 2024-29 for public consultation, which finished on 15 March 2024. The new draft Strategic Plan replaced the ‘Focus on Five’ with the following priorities:

- Climate Action
- Our Environment
- Sustainable Growth
- Vibrant Economy
- Community Well-being

The previous single objective was replaced with the following ambition:

‘A place where all generations can live healthy and fulfilling lives in vibrant and connected communities.’

The Governance Framework

We design our governance to ensure that we take a fitting and proportionate approach to managing risk while ensuring we deliver our results. These arrangements cannot remove risks but rather provide a reasonable degree of assurance of our effectiveness.

The governance framework has been in place at Tunbridge Wells Borough Council during the year ended 31 March 2024 and up to the date of approval of the Financial Report.

We also have specific parts within the framework, including:

- The committees, boards and panels we have set up to ensure democratic engagement and accountability is central to our decision-making;
- Our arrangements for the oversight and scrutiny of decisions and policy development by councillors;
- Delegations through our constitution which document the roles and responsibilities of executive and non-executive councillors and our statutory (and other senior) officers;
- Our risk management arrangements that help us mitigate threats and make the most of opportunities which present themselves;
- Our performance, safeguarding and accountability arrangements that help us analyse and act on performance information as a means of improving services and delivering better results for our residents;
- A good and independent Internal Audit service and working in full conformance with the Public Sector Internal Audit Standards;
- Independent oversight and challenge provided by our External Auditors, Government Inspectorates and the Local Government Ombudsman;
- Our procedure rules and internal management of:
    - Financial management and control
    - Commissioning and procurement
    - Information governance and data security
    - Health and safety
    - Complaints handling

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- Whistleblowing and Anti-fraud and corruption

Review of Effectiveness

We have a statutory responsibility for conducting, at least yearly, a review of the effectiveness of our governance arrangements. That review should ensure we have a sound system of governance which supports our continuous improvement in how we work. As part of this review, we consider a combination of economy, efficiency and effectiveness.

We have a continuous review approach. We consider decisions taken and considered by the Council and its committees, the Management Board, the work of the Audit & Governance Committee, internal auditors, service managers and work undertaken by external auditors and inspectorates. This Annual Governance Statement draws on that work and presents a conclusion in relation to our governance arrangements.

Behave lawfully, with integrity and in the public interest and demonstrating this through our conduct and behaviour

The Council has adopted a Code of Corporate Governance prepared in line with the principles outlined in the 2007 edition of the CIPFA/SOLACE: 'Delivering Good Governance in Local Government'. We recognise the need to update this Code, but it remains consistent with the 2016 principles. The Council has also adopted codes of conduct for members and officers. We have provided training on the various codes supplemented with written guidance and member briefings. Officers and members must declare interests that may impact on the Council's decision-making. In those circumstances where Members or Officers have a financial or other significant interest they withdraw from decision-making. The Monitoring Officer holds these interests on a register subject to regular review. We also publish the register of Member Interests on the Council's website.

The Monitoring Officer and the Audit & Governance Committee keep the Council's Constitution under review. Changes come through the Constitutional Review Working Party (CRWP) and the working party have met when required. The most recent concerning the consequential changes from the Governance Review and changes to Planning, Licensing and other minor changes. These reports were considered by the Audit & Governance Committee in March 2024 and approved by Full Council in April 2024.

All members and officers are under a duty to ensure that they comply with the relevant laws, regulations, internal policies and procedures, and that spending is lawful. Means are in place to ensure compliance including a scheme of delegation, authorisations, and an active Internal Audit service. We preserve awareness through regular briefings and information posted on the intranet as well as a comprehensive induction programme for councillors and staff.

The Council keeps a Confidential Reporting Code (also known as a Whistle-Blowing Charter) attached to the Council's Constitution. The Council wants all its officers and members to be part of the drive towards exemplary standards in public life. The policy aims to promote a culture of honesty and openness, and to reassure anyone who worries about their position if they speak up. The Code includes a promise from senior officers to treat seriously claims made in good faith. It promises to look into claims and report results to the complainant. The Code also states no one will suffer any disciplinary action from a complaint made in good faith.

During 2023/24 a number of reports were considered in accordance with the Whistleblowing Charter.

The Council's Standards Arrangements assign the works of the Standards Committee to the Audit & Governance Committee. This Committee helps the Council in assuring its overall governance. The Committee includes independent members who have been effective in providing challenge on various governance issues. The Audit & Governance Committee have produced annual reports which provide further details of their work.

Ensuring openness and comprehensive stakeholder engagement

The Council has a good record of being transparent about spending public money. For many years the Council has made public, details of senior officers' salaries within the published Statement of Accounts. As part of the annual audit the public can seek further information on the various vouchers which support our figures.

The Council also publishes on its transparency page of the website, the allowances and expenses paid to every member of the Council.

The Council has been at the forefront of making it even easier to see where it spends taxpayers' money. We hope that such wide publication of information will turn the tide on the number of freedom of information requests from the media and activists which continue to demand significant administration time.

Defining outcomes in terms of sustainable economic, social and environmental benefits

In March 2023 the Council agreed an Interim TWBC Plan, setting out our corporate commitments to staff and elected members. The Plan adopts a balanced scorecard approach and encapsulates all priorities for the community, residents and customers, staff and providing value for money.

The Council integrates its approach to strategic, financial and service planning. We developed the TWBC Plan in parallel with the Medium-Term Financial Strategy update and the Asset Management Plan. The Cabinet (and other committees of the Council) receive quarterly reports on the progress made against our Plan as well as performance on key performance measures, finances, and governance. The Council's management team considers various metrics on performance, finance, customer care and sickness absence each quarter.

Determining the interventions necessary to optimise the achievement of intended outcomes

The Council's Constitution sets out how the Council works. It outlines how we take decisions and the procedures we follow to ensure that these are efficient, transparent and accountable to local people. We continually review the Constitution to ensure its effectiveness. The most recent version of the Council's Constitution is on the Council's website at:

http://www.tunbridgewells.gov.uk/council/councillors-and-meetings/how-the-council-works/council-constitution

Under the Constitution, the whole Council controls our policy and budget.

The Council's Cabinet is responsible for shaping and ensuring the delivery of the Council's day-to-day services within the boundaries of the TWBC Plan and Budget. We publish a Forward Plan of Key Decisions to enable their consideration by other elected members, stakeholders and the public. Cabinet meets regularly in public. Further details of individual Cabinet members and Cabinet as a whole (including links to agendas and minutes) is on our website:

http://www.tunbridgewells.gov.uk/council/councillors-and-meetings/how-the-council-works

The Council's Overview and Scrutiny work falls to its Overview and Scrutiny Committee. The committee undertakes special policy reviews, and through 'call-in' challenges the decisions made by Cabinet.

Further details of the membership and work of this committee can be found on the website:

https://tunbridgewells.gov.uk/council/have-your-say/overview-and-scrutiny-committee-work-programme

Our Governance arrangements include three Cabinet Advisory Boards whose role is to help develop Cabinet key decisions and to help develop the policy recommended to Council. Full details of the governance arrangements are on our website:

Proposed Changes to Council Constitution (tunbridgewells.gov.uk)

Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council seeks to identify and fulfil the learning and development needs of members and officers. We identify officer training needs through the annual process and continuing management oversight. We have a corporate training budget and training calendar to meet identified development needs.

Managing risks and performance through control and strong public financial management

The Council has a Risk Management Strategy providing a comprehensive approach for identifying, evaluating and managing risk. The strategy sets out the role of members and identifies the Chief Executive as responsible for leading the Council's risk management with specific responsibilities falling to risk owners.

Cabinet and senior managers regularly review the strategic risks and developed action plans to manage those risks. The Strategic Risk Register focuses on those areas which present the greatest risk to the Council not achieving its objectives and Strategic Plan.

The Risk Register is subject to periodic reviews by the Council's Management Board, with risk owners invited to attend the Audit and Governance Committee throughout the year.

We recognised the opportunity to improve our performance management processes by renewing our approach to service planning. This will help us to ensure consistency and shared focus in pursuing the Council's Strategic Objectives and tracking progress towards their delivery.

In November 2022 the Audit & Governance Committee approved a new Strategic Risk Register.

https://democracy.tunbridgewells.gov.uk/documents/s63856/Final%20Strategic%20Risk%20Review%20November%202022.pdf

Implementing good practices in transparency, reporting and audit to deliver effective accountability

Internal Audit Opinion

The Head of Internal Audit will present the annual report and opinion to the Audit and Governance Committee in July 2024. The specific extract of the report which includes the opinion reads:

> The Internal Audit function for the Council is delivered through the Mid Kent Audit Partnership, a 4-way shared service with Maidstone, Ashford, Swale and Tunbridge Wells. The Audit Partnership provides internal audit, consultancy, and advisory support to the Council, and deliver a programme of work (an audit plan) each year. The plan is agreed and monitored through the Audit and Governance Committee.

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The Internal Audit team continue to report positive levels of engagement across the Council when undertaking their work. Managers and Heads of Service are actively involved in scoping audit work and display a good understanding of internal control and risk management as part of that process.

A key source of assurance over the internal control environment for the Council is derived from the Head of Audit Annual Opinion. The Head of Audit Partnership gave the following conclusion for 2023/24 and no matters of concerns were highlighted:

Following two years of reduced capacity of the internal audit team due to significant staff changes and shortages, a partially successful recruitment has led to a period of greater stability within the team. Overall progress on the planned programme of work delivered by internal audit has improved with a greater number of audits completed in 2023/24. In addition to the results of the internal audit work concluded during the year some additional sources of assurance have also been included to form my opinion. A summary of where it has been possible to place reliance on the work of other assurance providers is presented in the annual internal audit report. Utilising all these forms of assurance I am able to draw a positive conclusion as to the adequacy and effectiveness of Tunbridge Wells Borough Council's risk management, control and governance processes. In my opinion, Tunbridge Wells Borough Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

Future appointment of external auditors

In December 2021 Full Council agreed to opt into the Local Government Association set up sector-led body (PSAA) for appointing external auditors. PSAA completed the procurement process, and a report was agreed by the Audit & Governance Committee in March 2023 setting out the new arrangements.

Other review and assurance

The Council has various other review and assurance sources which, between them, contribute to the overall effectiveness of the Council's control environment. These include:

- The Council, Cabinet and committees advised by the Council's Management Board;
- Corporate Asset issues come before a Property Asset Oversight Panel (PAOP) to ensure the Council adopts a comprehensive approach to buying, maintaining, reviewing and disposing of corporate property and assets;
- Following acquisition of the Long Leasehold Interest of the Royal Victoria Place shopping centre in October 2023 a cross-party Investment Advisory Panel (IAP) was established;
- Human Resources oversees the Council's overall approach to effective people management, including regular appraisals and providing relevant training and development;
- A standardised approach to project management with extra resources put into key projects to ensure satisfactory management and delivery to time, cost and quality;

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- The Council works with Maidstone and Swale councils to look at opportunities for partnership working but has an open attitude to working with anyone that can improve value for money. In this partnership, services undergo external review, satisfaction surveys and benchmarking, plus examining service processes to assess value for money.

In January 2024 the Council was the subject of a Corporate Peer Challenge undertaken by the Local Government Association. At the time of writing the Annual Governance Statement the final report was still awaited.

Significant governance issues

Whilst this Statement relates to the Financial Year 2023/24, following the May 2024 all out elections, the Council has moved from no-overall control to one party having overall control. Details of the election results have been published on the council's website.

https://democracy.tunbridgewells.gov.uk/mgElectionResults.aspx?ID=25&RPID=35900972

Assurance conclusion

Good governance is about working properly. It is how the Council shows it takes decisions for the good of its residents, in a fair, equitable and open way. It also demands standards of behaviour that support good decision-making, collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing public money is well spent. Without good governance councils will struggle to improve services.

From the review, assessment and continuing monitoring work undertaken and supported by the work of Internal Audit, we have decided that, overall, key systems work soundly with no fundamental control weaknesses.

We can confirm, to the best of our knowledge and belief, having made proper enquiries, that this statement provides an accurate and fair view.

Signed:

Cllr Ben Chapelard

Leader of the Council

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William Benson

Chief Executive

On behalf of Tunbridge Wells Borough Council

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Statement of Responsibilities

Statement of Responsibilities for the Statement of Accounts

The Borough Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance, Policy and Development.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- approve the Statement of Accounts

The Responsibilities of the Director of Finance, Policy and Development

The Director of Finance, Policy and Development 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 Council Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts the Director of Finance, Policy and Development has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority code

The Director of Finance, Policy and Development has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

By signing the Statement of Accounts, the Director of Finance, Policy and Development is stating that the accounts present a true and fair view of the financial position of the authority as at 31 March 2024 and its expenditure and income for the year ended 31 March 2024.

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Signed:

L M Colyer FCPFA

Director of Finance, Policy and Development (s151 Officer)

31 May 2024

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Independent Auditor's Report to the Members of Tunbridge Wells Borough Council

Report on the Audit of the Financial Statements

To be added following audit

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Financial Statements

Comprehensive Income and Expenditure Statement

2022/23 Expend £000	2022/23 Income £000	2022/23 Net £000		2023/24 Expend £000	2023/24 Income £000	2023/24 Net £000
215	(1)	214	Chief Executive	196	(18)	178
47,148	(33,743)	13,405	Finance, Policy and Development	46,048	(38,075)	7,973
25,956	(13,378)	12,578	Change and Communities	32,914	(17,113)	15,801
73,319	**(47,122)**	**26,197**	**Cost of Services**	**79,158**	**(55,206)**	**23,952**
		43	(Gain)/Loss on Disposal of Non-Current Assets			(38)
		2,987	Parish Council Precepts			3,367
		73	Pension Administration Expenses			107
		3,103	**Other Operating Expenditure**			**3,436**
		2,018	Interest Payable			290
		(1,770)	Interest and Investment Income			(3,435)
		1,088	Pensions Interest Expense and Income			179
		1,336	**Financing and Investment Income and Expenditure**			**(2,966)**
		(12,157)	Council Tax income			(12,931)
		(3,336)	Business Rates income			(4,931)
		(2,576)	Government Grants and Contributions			(2,487)
		(2,400)	Capital Grants and Contributions			(2,372)
		(183)	Donated Assets			(22)

		(20,652)	**Taxation and Non-Specific Grant Income**			**(22,743)**
		9,984	**(Surplus) or Deficit on Provision of Services**			**1,679**
		(10,285)	(Surplus) on revaluation of non-current assets			(3,282)
		742	Impairment losses on non-current assets charged to Revaluation Reserve			4,576
		(58,578)	Re-measurement of defined benefit liability			(2,965)
		(68,121)	**Other Comprehensive Income and Expenditure**			**(1,671)**
		(58,137)	**Total Comprehensive Income and Expenditure**			**8**

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Movement in Reserves Statement

Movement in Reserves 2023/24

	General Fund Balance	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 March 2023	**24,217**	**3,550**	**1,031**	**28,798**	**128,732**	**157,530**
Surplus or (deficit) on provision of services (accounting basis)	(1,679)	0	0	**(1,679)**	0	**(1,679)**
Other Comprehensive Expenditure and Income	0	0	0	**0**	**1,671**	**1,671**
Total Other Comprehensive Expenditure and Income	**(1,679)**	**0**	**0**	**(1,679)**	**1,671**	**(8)**
Adjustments between accounting and funding basis under regulation	(1,229)	930	(31)	**(330)**	**330**	**0**
Net Increase / (Decrease) in Year	**(2,908)**	**930**	**(31)**	**(2,009)**	**2,001**	**(8)**
Balance as at 31 March 2024	**21,309**	**4,480**	**1,000**	**26,789**	**130,733**	**157,522**

Movement in Reserves 2022/23

	General Fund Balance	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance as at 31 March 2022	**27,013**	**3,280**	**2,200**	**32,493**	**66,900**	**99,393**
Surplus or (deficit) on provision of services (accounting basis)	(9,984)	0	0	**(9,984)**	0	**(9,984)**
Other Comprehensive Expenditure and Income	0	0	0	**0**	68,121	**68,121**
Total Other Comprehensive Expenditure and Income	**(9,984)**	**0**	**0**	**(9,984)**	**68,121**	**58,137**
Adjustments between accounting and funding basis under regulation	7,188	270	(1,169)	**6,289**	(6,289)	**0**
Net Increase / (Decrease) in Year	**(2,796)**	**270**	**(1,169)**	**(3,695)**	**61,832**	**58,137**
Balance as at 31 March 2023	**24,217**	**3,550**	**1,031**	**28,798**	**128,732**	**157,530**

The Balance Sheet

31 March 2023	Note		31 March 2024
£000			**£000**
133,528	12	Property, Plant and Equipment	132,219
3,514	13	Heritage Assets	3,744
750	14	Investment Property	740
833		Intangible Assets	887
5,000	16	Long Term Investments	10,000
568	17	Long Term Debtors	184
144,193		**Long Term Assets**	**147,774**
38,552	16	Short Term Investments	36,672
77		Inventories	55
7,126	17	Short Term Debtors	8,009
11,408	16	Cash and Cash Equivalents	1,201
57,163		**Current Assets**	**45,937**
(23,819)	18	Short Term Creditors	(19,415)
(5,399)	18	Short Term Provisions	(4,855)
(1,638)	19	Capital Grants Receipts in Advance	(1,322)
(30,856)		**Current Liabilities**	**(25,592)**
(673)	18	Long Term Creditors	(829)
(5,091)	21	Long Term Pension Liability	(1,568)
(7,206)	19	Capital Grants Receipts in Advance	(8,200)
(12,970)		**Long Term Liabilities**	**(10,597)**
157,530		**Net Assets**	**157,522**

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31 March 2023	Note		31 March 2024
£000			**£000**
28,798	10	**Usable Reserves**	**26,789**
128,732	10	**Unusable Reserves**	**130,733**
157,530		**Total Reserves**	**157,522**

L M Colyer FCPFA

Director of Finance, Policy and Development (s151 Officer)

31 May 2024

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The Cash Flow Statement

2022/23		2023/24
£000		**£000**
(30,200)	Taxation	(32,702)
(12,867)	Grants	(28,503)
(21,559)	Sale of goods and rendering of services	(21,508)
(1,299)	Interest received	(3,332)
(5,643)	Other receipts from operating activities	(8,730)
(71,568)	**Cash inflows generated from operating activities**	**(94,775)**
13,358	Employees	14,719
22,720	Housing Benefit paid out	23,099
20,552	National Non-Domestic Rates tariff and levies	20,270
3,261	Precepts paid	3,668
20,433	Cash paid to suppliers of goods and services	26,665
3,388	Other payments for operating activities	3,979
83,712	**Cash outflows generated from operating activities**	**92,400**
12,144	**Net cash flows from operating activities**	**(2,375)**
3,037	Purchase of property, plant and equipment, investment property and intangible assets	11,856
346,000	Purchase of short-term and long-term investments	311,000
(104)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(76)
(313,000)	Proceeds from sale of short-term and long-term investments	(307,933)
(4,766)	Grants and contributions to non-current assets	(3,051)
31,167	**Net cashflows from investing activities**	**11,796**
(437)	Changes in Council Tax balances held for preceptors	84
(7,409)	Changes in Business Rates balances held for Central Government	702
(7,846)	**Net cashflows from financing activities**	**786**
35,465	**Net (increase) / decrease in cash and cash equivalents**	**10,207**

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46,873	Cash and Cash Equivalents as at 1 April	11,408
11,408	Cash and Cash Equivalents as at 31 March	1,201
35,465	**Net (increase) / decrease in cash and cash equivalents**	**10,207**

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Notes to the Financial Statements

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates to the tax payer how the funding available to the Council (government grants, rents, Council tax, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by Councils in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	Net Expenditure Chargeable to General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
2023/24	**£000**	**£000**	**£000**
Chief Executive	180	(2)	178
Finance, Policy and Development	1,751	6,222	7,973
Change and Communities	10,961	4,840	15,801
Net Cost of Services	**12,892**	**11,060**	**23,952**
Other Operating Expenditure	14,202	(10,766)	3,436
Financing and Investment Income	(4,368)	1,402	(2,966)
Taxation and Non-Specific Grant Income	(19,818)	(2,925)	(22,743)
(Surplus) or Deficit	**2,908**	**(1,229)**	**1,679**
Opening General Fund Balance at 1 April 2023	(24,217)		
(Surplus) or Deficit on General Fund	2,908		
Closing General Fund Balance at 31 March 2024	**(21,309)**		

	Net Expenditure Chargeable to General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
2022/23	**£000**	**£000**	**£000**
Chief Executive	187	27	214
Finance, Policy and Development	3,788	9,617	13,405
Change and Communities	9,431	3,147	12,578
Net Cost of Services	**13,406**	**12,791**	**26,197**
Other Operating Expenditure	4,138	(1,035)	3,103
Financing and Investment Income	(1,770)	3,106	1,336
Taxation and Non-Specific Grant Income	(12,978)	(7,674)	(20,652)
(Surplus) or Deficit	**2,796**	**7,188**	**9,984**
Opening General Fund Balance at 1 April 2022	(27,013)		
(Surplus) or Deficit on General Fund	2,796		
Closing General Fund Balance at 31 March 2023	**(24,217)**		

2. Note to the Expenditure and Funding Analysis

This note details the main adjustments from Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
2023/24	**£000**	**£000**	**£000**	**£000**
Chief Executive	0	(2)	0	(2)
Finance, Policy and Development	6,928	(760)	54	6,222

Change and Communities	4,946	(83)	(23)	4,840
Net Cost of Services	**11,874**	**(845)**	**31**	**11,060**
Other Operating Expenditure	(10,638)	107	(235)	(10,766)
Financing and Investment Income	0	179	1,223	1,402
Taxation and Non-Specific Grant Income	(2,393)	0	(532)	(2,925)
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit	**(1,157)**	**(559)**	**487**	**(1,229)**

	Adjustments for Capital Purposes	**Net Change for Pensions Adjustments**	**Other Differences**	**Total Adjustments**
2022/23	**£000**	**£000**	**£000**	**£000**
Chief Executive	0	28	(1)	27
Finance, Policy and Development	9,642	(66)	41	9,617
Change and Communities	2,027	1,195	(75)	3,147
Net Cost of Services	**11,669**	**1,157**	**(35)**	**12,791**
Other Operating Expenditure	(29)	73	(1,079)	(1,035)
Financing and Investment Income	0	1,088	2,018	3,106
Taxation and Non-Specific Grant Income	(2,582)	0	(5,092)	(7,674)
Difference between General Fund Surplus / Deficit and CIES Surplus / Deficit	**9,058**	**2,318**	**(4,188)**	**7,188**

The total adjustments are also shown in the General Fund adjustments between accounting and funding basis in Note 9.

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3. Accounting Policies

3.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the end of March 2024, the close of the financial year. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

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

3.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

3.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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The Council does not operate a cash overdraft on its bank account.

3.4 Charges to Revenue for Non-Current Assets

The Surplus or Deficit on the Provision of Services is debited or credited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.
- Any revenue costs which are met from capital resources as Revenue Expenditure Financed from Capital under Statute.

The Council is not required to raise Council Tax to fund these charges, and they are therefore reversed through an appropriation from the Capital Adjustment Account to the General Fund. However, the Council is required to make an annual contribution from revenue to the Capital Adjustment Account, towards the reduction in its overall borrowing requirement. This is termed as the Minimum Revenue Provision (MRP).

3.5 Council Tax and Non-Domestic (Business) Rates

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

The Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year, which consists of:

- The Council's Council Tax precept and Business Rate share from the Collection Fund, i.e. the amount billed for the year, and
- The Council's share of the actual Council Tax and Business Rate surplus or deficit on the Collection Fund at the end of the current year, adjusted for the Council's share of the surplus or deficit on the fund at the preceding year end that has not been distributed or recovered in the current year.

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

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

3.6 Contingent Assets

A contingent asset is a possible asset that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future

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events not wholly within the control of the Council. Typically a contingent asset is related to a legal action by the authority, whose outcome is uncertain when the balance sheet is compiled.

Contingent assets are not recognised in the balance sheet, but their existence is recorded in a note to the accounting statements.

3.7 Contingent Liabilities

A contingent liability is a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. Typically a contingent liability is related to a legal action against the authority, whose outcome is uncertain when the balance sheet is compiled.

Contingent liabilities are not recognised in the balance sheet, but their existence is recorded in a note to the accounting statements.

3.8 Employee Benefits

Under the Code employee benefits are accounted for when the Council is committed to pay an employee. Employee benefits are split into three categories:

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement.

Post-Employment Benefits

The majority of employees of the Council are members of the Local Government Pension Scheme, administered by Kent County Council for local authorities within Kent. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. The Council therefore accounts for this scheme as a defined benefit plan.

The liabilities of the Kent County Council pension scheme attributable to this Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate specified by the actuaries, based on the indicative rate of return on high quality corporate bonds.

The Council includes the assets of the Kent County Council Pension Fund attributable to this Council in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value
- Target return portfolio – current bid price

The change in the net pensions liability is analysed into the following components:

- 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 service for which the employees worked.
    - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs include the cost of curtailments, which are normally linked to an event giving rise to a post-employment benefit.
    - Net interest on the defined liability – the change to the net pension liability that arises from the passage of time during the year. This is debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
- Remeasurements comprising:
    - The return on plan assets – excluding amounts in net interest on the net defined benefit liability – 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 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.

Statutory provisions require the Council to charge the General Fund balance with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. This means that there are appropriations 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 the amounts payable to the fund 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 contributions paid rather than as benefits are earned by the employee.

3.9 Events After the Reporting Period

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

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

Any event taking place after the accounts are authorised for issue is not reflected in the Statement of Accounts.

3.10 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (where reference is made to profit or loss, as per the standards, for Local Authorities this means Income and Expenditure), and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest, where the cash flows do not take the form of a basic instrument.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. This means the amount presented in the Balance Sheet is the outstanding principal receivable, plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains or losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at fair value through other comprehensive income (FVOCI) are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial assets measured at fair value through profit or loss

Financial assets that are measured at fair value through profit and loss (FVPL) are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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Fair Value Measurement

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- Instrument 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, within the fair value hierarchy, in accordance with the following three levels:

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

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

The Council's investment in the Churches, Charities and Local Authorities (CCLA) Property Fund has been classified as a fair value through profit or loss asset as the contractual terms of the asset did not only give rise on specified dates to cash flow of payments of principal and interest on the principal amount outstanding, the asset is also subject to gains and losses in value. This would mean ordinarily, that any changes in valuation would impact the Council's budget but the Council has used the temporary override, agreed by the Department of Levelling Up, Housing and Communities (DLUHC), for English Local Authorities. Any gains or losses credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are therefore reversed out through the Movement in Reserves Statement through an account solely for the purpose of recognising fair value gains and losses which is the Financial Instruments Revaluation Reserve.

All financial instruments are categorised in accordance with the hierarchy in Note 16.

3.11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, the Council recognises government grants and third party contributions and donations when they are received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

3.12 Heritage Assets

Tangible heritage assets have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Expenditure on the acquisition, creation or enhancement of heritage assets is capitalised on an accruals basis. Expenditure that secures but does not add to an asset’s value is charged to the Comprehensive Income and Expenditure Account as an expense when it is incurred. The estimated values of donations of assets are also capitalised as they occur, with the corresponding value of the donation being recognised in the “Taxation and Non-Specific Grant Income” section of the Comprehensive Income and Expenditure Statement. As this notional income is not a legal credit to the General Fund, a corresponding transfer is made from the General Fund to the Capital Adjustment Account.

The value of assets based on insurance values, which are reviewed and amended on an annual basis, any change being debited or credited to the Revaluation Reserve, to the extent to which there is a balance in the reserve for the particular asset. In the event that there is no balance in the Revaluation Reserve, a reduction is charged to the relevant service heading as an impairment in the Comprehensive Income and Expenditure Statement. A corresponding transfer is made, however, from the Capital Adjustment Account to the General Fund, as such impairments are not a legal charge on the General Fund. An annual review is also made for impairments caused by theft or physical or economic damage. Any such impairments are accounted for in the same way as those to items of property, plant and equipment.

Disposals of heritage assets are accounted for in the same way as those of items of property, plant and equipment.

3.13 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the authority's goods or services.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is written down over its useful life, as estimated by the ICT Shared Service Manager, to the appropriate line in the Comprehensive Income and Expenditure Statement. No intangible assets are recorded with indefinite lives. An asset is tested for impairment whenever there is an indication that the asset might be impaired, and any losses are posted to the appropriate line in the Income and Expenditure Statement.

The calculated amounts for amortisation and impairment are charged to the Cost of Services in the Comprehensive Income and Expenditure Account, but they are not legal charges against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

3.14 Inventories

Where the values are significant to an operation, inventories are included in the Balance Sheet at the lower of cost and net realisable value.

3.15 Investment Property

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 initially measured at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are subject to revaluation on an annual basis and are not depreciated. 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.

Rental income received in relation to investment properties is credited to the Financing and Investment Income line and results 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.

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3.16 Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council has a number of leasing agreements, acting both as lessee (paying for the use of assets) and as lessor (receiving money for the use of assets owned by others).

The Council may also enter into an agreement which, while not itself a lease, nevertheless contains a right to use an asset in the same way as a lease. Such agreements are treated as either finance leases or operating leases as set out below (the Council has no such arrangements at present).

The Council reviews all of its leases to determine how they stand against various detailed criteria which distinguish between finance and operating leases, to determine whether the risks and rewards have been transferred to the lessee. In undertaking this review, however, the Council operates a de minimis level, so that all leases with a term of less than 10 years, or for assets valued at less than £10,000 would be treated within the accounts as an operating lease without a detailed analysis. All leases of land are considered to be operating leases, including the land element of a lease of a building.

Finance Leases – Council acting as Lessee

Where the Council uses or occupies an asset held under a finance lease, the asset is recognised as such in the appropriate line in the balance sheet, subject to the de minimis limit in Note 3.17 below. The value recognised is the fair value, or (if lower) the present value of the minimum lease payments. This value is offset on the balance sheet by a creditor or long term liability for the leasing charge.

As these assets are included as part of the Council's property, plant and equipment balance, they are subsequently accounted for, in relation to disposal, depreciation, impairment, etc, as set out below in Note 3.17.

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

Operating Leases – Council acting as Lessee

Lease payments for operating leases are recognised as an expense on a straight-line basis over the lease term, unless they can be otherwise apportioned in line with benefits received.

Finance Leases – Council acting as Lessor

Where the Council acts as lessor for an asset held under a finance lease, the relevant asset is written out of the balance sheet as a disposal, and accounted for in line with Note 3.17 below. At the start of the lease a receivable (long term debtor or short term debtor) is recognised as at an amount equal to the net investment in the lease. The lease payment receivable is apportioned between the repayment of principle and interest, the interest being calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases – Council acting as Lessor

Income from operating leases is recognised on a straight-line basis over the lease term, unless they can be otherwise apportioned in line with the benefits provided.

3.17 Property, Plant and Equipment

Assets that have a physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. They exclude assets which are held purely for investment purposes (Investment properties) and assets which the Council is actively seeking to sell (Assets available for sale). Property, plant and equipment consists of the following categories:

- Land and buildings – properties owned by the Council, other than those in another category shown below, or Investment Properties.
- Vehicles, plant and equipment – individual items or groupings of items which are purchased from capital resources.
- Infrastructure – for this Council this category includes only footway lighting.
- Community assets – properties such as parks, which are used for the community as a whole, with no determinable market value in their present use, and which are not likely to be sold.
- Surplus assets - individual properties which the Council has determined to be surplus to operational requirements as they are not being used to provide services.
- Assets under construction – capital expenditure on an asset before it is brought into use.

Recognition

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

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Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred while assets are under construction.

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

- Land and buildings – current value, usually based on the market value for the existing use (EUV). Some specialised properties, where the valuer cannot identify a market for the asset, are instead valued on the basis of depreciated replacement cost (DRC).
- Vehicles, plant and equipment – current value, for which depreciated historical cost is normally used as a proxy.
- Infrastructure – depreciated historical cost.
- Community Assets – historical cost, depreciated where appropriate.
- Surplus assets – current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective.
- Assets under construction – historical cost.

Revaluation

The Council re-values assets included in the Balance Sheet at current value when there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. Reductions in value are charged to the Revaluation Reserve, up to the amount held for that asset in the Revaluation Reserve, or otherwise to the Comprehensive Income and Expenditure Statement.

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

Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, it is written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

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Depreciation

Depreciation is provided for on all assets with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is based on the opening net book value, as adjusted by gains or losses arising from revaluations at 1 April each year.

Depreciation is calculated on the following bases:

- Land – not subject to depreciation.
- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet.
- Infrastructure – straight-line allocation over 30 years.
- Community assets – not subject to depreciation.
- Surplus assets – straight-line allocation over the useful life of the property as estimated by the valuer.
- Assets under construction – not subject to depreciation.

Where new assets are acquired or brought into use, depreciation is charged from the start of the following year. Depreciation is charged for the full final year when assets are sold.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Depreciation is charged to the Cost of Services in the Comprehensive Income and Expenditure Account, but is not a legal charge against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before its reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains to fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to property, plant and equipment and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Account. An equivalent transfer is made to the General Fund to the Capital Adjustment Account to eliminate impact on the General Fund, and any revaluation gains accumulated for the asset in the Revaluation Reserve are also transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. These are credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Account, but an equivalent appropriation is made from the General Fund to the Capital Receipts Reserve. There is a legal requirement that sale proceeds held in this reserve can only be used to reduce debt or to finance capital expenditure.

In some cases the receipt of income from asset disposals is delayed until a future financial year. In such cases a credit is made to the unusable Deferred Capital Receipts Reserve, matched by a long-term or short term debtor. When the income is received, the debtor is written down and a transfer is made from the Deferred Capital Receipts Reserve to the Capital Receipts Reserve.

3.18 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, unless stated otherwise, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3.19 Provisions

The Council recognises provisions to represent liabilities of uncertain timings or amounts. Provisions in the balance sheet represent cases where:

- The Council has a present obligation as a result of a past event.
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

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Provisions may sometimes relate to income, where the Council has collected income in a previous financial year and has a quantifiable liability to repay some or all of it. In the particular case of the provision for losses arising from rating appeals, the whole of the provision is included in the Collection Fund Statement, but only the Council's 40% share of the liability is included in the Balance Sheet.

3.20 Reserves

The Council maintains both usable and unusable reserves. The usable reserves consist of general and earmarked reserves. General reserves are to meet general rather than specific future expenditure and earmarked reserves are for specific purposes. No expenditure is charged directly to a reserve, but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement, which is then offset by a reserve appropriation within the Movement in Reserves Statement. The unusable reserves are held for statutory reasons and to comply with proper accounting practice, for example non-current assets and retirement benefits, which do not represent resources available for use by the Council.

3.21 Revenue Expenditure Financed from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset, is charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged, so there is no impact on the level of Council Tax.

3.22 Value Added Tax (VAT)

VAT is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income, except in the unusual circumstance where VAT was charged to customers in a previous financial year, but where the Council was able to challenge successfully the legality of the charge. In these circumstances recovered VAT is credited to the appropriate line in the Comprehensive Income and Expenditure Statement.

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

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. An authority is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year. The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements are:

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- IFRS 16 Leases issued in January 2016
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

Apart from IFRS 16 Leases, the new standards issued above but not yet adopted, are not expected to have a material impact on the Council's financial statements.

In 2021/22 the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) agreed to defer the implementation of IFRS 16 Leases by a further two years. This means the effective date for implementation is now 1 April 2024, which will impact the statements in 2024/25.

Whilst the new Standard is effective from 1 April 2024, authorities are required by the Code to 'disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted'. This requirement of the Code (3.3.4.3) reflects the requirements of paragraph 30 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IFRS 16 extends the current definition of a finance lease to cover all leases, from the lessee's position. IFRS 16 does not affect the statements of the Lessor.

IFRS 16 requires that a Lessee should recognise all leases on their Balance Sheet unless they are of very low value or for less than 12 months in duration. An operational lease will no longer exist from a lessee's perspective.

IFRS 16 has significant accounting implications as the value of the lease needs to be capitalised and recorded as a 'Right of Use' asset on the Lessee's balance sheet. A corresponding liability must also be recognised on the balance sheet, extending over the life of the lease, to reflect the lease payments still to be made.

IFRS 16 will have an impact on all the main statements in the Annual Financial Report including the balance sheet, comprehensive income and expenditure statement and cash flow statement. A number of new disclosure notes will be required to explain the Council's policy, and key decisions and judgements will be needed on, for example, consideration of the de minimis level of any leases, treatment of rolling leases and options to break or extend, short-term leases, embedded leases and the impact of peppercorn leases. Key Estimates will also be needed to determine the discount rate to be adopted at transition.

Additional valuations will need to be undertaken to determine the Fair Value of those properties leased by the Council at a peppercorn rent.

The Council has chosen to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. Implementation will use the "modified retrospective approach", where a Council applies the new standard from the beginning of the current period and is not

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required to restate its prior-period. Instead, the transition adjustments will be reflected through the opening reserves.

Under IFRS 16, Right-of-use assets should be measured at either fair value or current value in existing use, including assets with peppercorn leases. Initial work has shown that the impact of IFRS 16 on the 2024/25 statements will be material.

5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3 the authority has to make critical judgements about complex transactions. The main areas of issue are laid out below:

5.1 Covid-19 Pandemic, Cost of Living Crisis and the Wars in Ukraine and Gaza

The residual effects of the Covid-19 Pandemic are still impacting the Council's finances in specific areas within the financial statements for 2023/24 and some have been compounded by the Wars in Ukraine and Gaza, and inflationary pressures. The effects include:

- Impairment of Debtors balances (Note 17)
- Grants and Contributions (Note 19)
- Business Rates Income (Notes to the Collection Fund Statement 2.1)

Each Note has a section to explain the judgements applied.

5.2 Covid-19 Pandemic, Energy and Cost of Living Grants

In response to the pandemic the Government announced a number of grant packages to be paid out to support local businesses and residents. The Council was required to administer these schemes, in line with the eligibility criteria, and was reimbursed by Government for the payments. Whilst all of the local business support schemes have been fully closed and accounted for, there were three outstanding Covid related schemes for residents still available in 2023/24. The Council has determined itself to be acting as the principal for these payments, so needs to consider whether the grants are awarded to support expenditure on specific services, and should therefore be credited to Cost of Services, or is in the form of an un-ringfenced general grant and should therefore be disclosed within Taxation and Non-Specific Grant Income on the Comprehensive Income and Expenditure Statement.

The Council has treated the following Covid related grants as service specific grants within Cost of Services:

- Contain Outbreak Management Fund
- Test and Trace
- Household Support Fund 4

The Council has treated the following as non-specific grant income:

- New Burdens Grants for administering grant schemes
- Business Rate Relief Section 31 Grants

To assist with the significant increases in the cost of energy and the inflationary pressures on day to day living expenses in 2023/24, Government announced a number of grant packages to be paid out to support local residents considered to be financially vulnerable. The Council was required to administer these schemes, in line with the eligibility criteria, and was paid upfront by Government for the Energy grants, although in arrears for the Household Support Funds. The accounting treatment of such transactions needs to have regard to the general principle of whether the Council is acting as the principal or agent. Where the Council deems it is acting as agent, the transactions shall not be reflected in the Council's Comprehensive Income and Expenditure Statement and will only be reflected where there is a debtor or creditor closing position. Where the Council deems it is acting as principal the transactions are reflected in both the Comprehensive Income and Expenditure Statement and Balance Sheet as appropriate.

The Council deems itself to be acting as Agent for the following Energy grants:

- £150 Energy Rebate (Government Scheme)
- Energy Bills Support Scheme
- Alternative Fuel Payment

The Council deems itself to be acting as Principal for the following Cost of Living grants:

- Discretionary Energy Rebate Scheme
- Household Support Fund 4

5.3 Going Concern

It is assumed that the Council will continue in operational existence for the foreseeable future and accordingly the Accounts have been prepared on a going concern basis.

5.4 Pooled Fund Investment

Changes in the fair value of the Council's investment with the CCLA Property Fund have been recognised as fair value through profit and loss. DLUHC agreed a temporary override for English Local Authorities, which expires on 31 March 2025, and the Council used this to account for any changes in the fair value of this pooled investment. The investment was returned during 2023/24, meaning any changes in valuation, which were held in the Pooled Investment Funds Adjustment Account, have now been reversed and did not impact the Council's budget.

5.5 Embedded Lease

Under the accounting Code of Practice some legal agreements, such as waste collection contracts, may be regarded as containing a lease for the use of assets operated by the contractors. Such leases, in turn, may be judged to be either finance leases or operating leases, as set out in Note 3.16. The Council has examined its service contracts, particularly the Waste Collection contract, and has determined that, in the circumstances in which the contracts were negotiated and operated, that they do not contain such a lease for the 2023/24 financial year.

5.6 Valuations

The Council is required to revalue Land & Building Assets included in the Balance Sheet as a minimum every five years. The Council acquired the long leasehold of the Royal Victoria Place shopping centre in October 2023 marrying the freehold, which it already owned, with the leasehold. The Council had previously re-valued the centre freehold every 3 years, but as the asset is now a greater proportion of the Council's asset portfolio, it will be re-valued annually, and has been for 2023/24. The method of valuation used is Existing Use Value in accordance with the Royal Institute of Chartered Surveyors definition UKVS 1.3, which uses the estimated amount for which a property should exchange between a willing buyer and seller assuming vacant possession and disregarding potential alternative uses. This is due to the shopping centre being owned by the Council to ensure that it remains a shopping centre for the borough and that the Council has influence over the uses of the property and the way it is managed. It is considered to be a vital asset, providing an important service for the wellbeing of the Borough and the community that live within.

The Council's multi-storey car parks are usually valued every 3 years because they comprise a significant proportion of the Council's assets and their value can fluctuate. They are valued on Existing Use Value on the grounds that they are supplying a service to the authority and there is an active market for car parks.

The Council's single Investment Property is valued annually to be fully compliant with the code.

5.7 Group Accounts

The Tunbridge Wells Property Holdings Company began trading on 18 May 2015 and is a wholly owned subsidiary of the Council, as explained in Note 26. The revenue has only been £285,000 during the year and is considered immaterial. Hence the Council has determined that it is not yet necessary to provide Group Accounts. This will be monitored in the future and should the revenue become material, Group Accounts will be provided.

5.8 Royal Victoria Place Lease Term Break Clauses

As explained in the Narrative Report, the Council purchased the Royal Victoria Place Shopping Centre in October 2023. The retail units are now leased by the Council and are Operating Leases. As such, accounting requirements would follow IAS 17 and section 4.2 of the 2023/24 Accounting Code. This requires the Council to disclose the future minimum lease payments receivable under the term of the lease, as at the end of the financial year.

The Code (4.2.2.6) defines the lease term as "the non-cancellable period for which the lessee has contracted to lease the asset, together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option."

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A number of the leases have break clauses, so a judgement has been made on each of these leases to determine whether the break is likely to be invoked. Judgements have been made based upon knowledge of current negotiations for renewals, the type of unit being leased and their historic uses, company payment histories, administration information and the most recent sets of Annual Report and Accounts lodged with Companies House. If there is reason to believe the company will break, the lease value has been disclosed to the point of the break. If there is reason to believe the lease will run to term and the break not exercised, then the value relating to the full term of the lease has been disclosed. See Note 25.1 for details.

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Key estimates and assumptions are made in order to give the most accurate representation of the Council's financial position.

6.1 Post-Employment Benefits

The authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 Employee Benefits. The estimation of the net pension liability depends on a number of complex judgements and estimates 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. Changes in these assumptions can have a significant effect on the value of the authority's retirement benefit obligation. The key assumptions are set out in Note 21.

6.2 Property, Plant and Equipment Valuations

The valuer is a member of the Royal Institute of Chartered Surveyors. For the majority of assets the basis of valuation for fair value is market value in its existing use (EUV). For a minority of specialised properties where the valuer is unable to identify market evidence of such a value, and these assets are instead measured on the basis of depreciated replacement cost (DRC).

The significant assumptions applied in estimating the fair value are:

- A continuation of the existing use.
- Mains services for built properties are connected to the properties and drainage is to the public sewer.
- There is no environmental contamination.
- Buildings being marketed for sale or let have an Energy Performance Certificate in place, which has not revealed any shortcomings impacting on the value.
- Freehold interests are not subject to easements, restrictive covenants, encumbrances, leases or licences that would adversely affect their sale.

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- Accuracy and completeness of information provided by Council officers.

6.3 Investment Property Valuation

The accounting treatment for investment properties is set out in Accounting Policy 3.15. The Council's sole Investment Property is measured at Fair Value, using the investment method, which is derived from the market rent and expected yield.

Investment Properties are subject to annual revaluation.

7. Events after the Reporting Period

On the 25 May 2022 Councillor Ben Chapelard became Leader of the Council and formed the Borough Partnership, an administration made up of Liberal Democrats, Tunbridge Wells Alliance and Labour councillors, and the independent councillor for Paddock Wood (East). Following the elections in May 2024, the electoral composition changed to give the Liberal Democrats an overall majority. They have now formed an administration with the same Leader.

On the 31 March 2024 the Mount Pleasant Avenue Car Park and 9-10 Calverley Terrace, Crescent Road, were both still operational assets of the Council and treated as such on the Balance Sheet. Since then, the Council has received acceptable offers for their purchase and their disposal is in progress. The capital receipt for their sale is anticipated to be material.

8. Expenditure and Income Analysed by Nature

The table below breaks down the Surplus or Deficit on the Provision of Services, as shown in the Comprehensive Income and Expenditure Statement, into the different types of income and expenditure.

2022/23		2023/24
£000		£000
19,697	Employee Benefit Expenses	18,072
42,087	Other Service Expenses	45,703
12,696	Depreciation, Amortisation, Impairment	15,669
2,018	Interest Payments	290
2,987	Precepts and Levies	3,367
43	Gain or Loss on Disposal of Non-Current Assets	0
79,528	**Total Expenditure**	**83,101**
(17,884)	Fees, Charges and Other Service Income	(22,679)

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(1,770)	Interest and Investment Income	(3,435)
(12,157)	Income from Council Tax	(12,931)
(3,336)	Retained Business Rates Income	(4,931)
(34,397)	Government Grants and Contributions	(37,408)
0	Gain or Loss on Disposal of Non-Current Assets	(38)
(69,544)	**Total Income**	**(81,422)**
9,984	**(Surplus) or Deficit on Provision of Service**	**1,679**

The fees, charges and other service income is analysed further below between the directorates into which the Council is organised.

2022/23		2023/24
£000		**£000**
(1)	Chief Executive	0
(10,206)	Finance, Policy and Development	(13,882)
(7,677)	Change and Communities	(8,797)
(17,884)	**Total Fees, Charges and Other Service Income**	**(22,679)**

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9. Adjustments between accounting and funding basis under regulations

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

2023/24	General Fund Balance	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves
Reversal of items debited to the Comprehensive I&E Statement					
Amortisation of intangible assets	159	0	0	**159**	**(159)**

Depreciation of non-current assets	3,532	0	0	**3,532**	**(3,532)**
Impairment of non-current assets	7,713	0	0	**7,713**	**(7,713)**
Movements in value of Investment Properties	10	0	0	**10**	**(10)**
Revenue Expenditure financed from Capital under Statute	460	0	0	**460**	**(460)**
Gain or (loss) on sale of non-current assets	(38)	0	76	**38**	**(38)**
Pooled investment fund adjustment	1,223	0	0	**1,223**	**(1,223)**
Council tax and business rates	(532)	0	0	**(532)**	**532**
Pension costs	(558)	0	0	**(558)**	**558**
Donated Assets	(22)	0	0	**(22)**	**22**
Holiday Pay	31	0	0	**31**	**(31)**
Insertion of items not debited or credited to Comprehensive I&E Statement					
Statutory provision for the repayment of debt	(235)	0	0	**(235)**	**235**
Capital expenditure from revenue	(10,600)	0	0	**(10,600)**	**10,600**
Transfer of capital grants and contributions to capital grants unapplied	(2,372)	2,372	0	**0**	**0**
Financing of capital expenditure directly from reserves					
Application of capital grants to finance capital expenditure	0	(1,442)	0	**(1,442)**	**1,442**
Use of the capital receipts reserve to finance capital expenditure	0	0	(107)	**(107)**	**107**

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Total to Movement in Reserves Statement	**(1,229)**	**930**	**(31)**	**(330)**	**330**

2022/23	General Fund Balance	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves
Reversal of items debited to the Comprehensive I&E Statement					
Amortisation of intangible assets	172	0	0	**172**	**(172)**
Depreciation of non-current assets	3,054	0	0	**3,054**	**(3,054)**
Impairment of non-current assets	7,804	0	0	**7,804**	**(7,804)**
Movements in value of Investment Properties	(40)	0	0	**(40)**	**40**
Revenue Expenditure financed from Capital under Statute	679	0	0	**679**	**(679)**
Gain or (loss) on sale of non-current assets	43	0	0	**43**	**(43)**
Non-current asset sale proceeds	0	0	104	**104**	**(104)**
Pooled investment fund adjustment	2,018	0	0	**2,018**	**(2,018)**
Council tax and business rates	(5,092)	0	0	**(5,092)**	**5,092**
Pension costs	2,318	0	0	**2,318**	**(2,318)**
Donated Assets	(183)	0	0	**(183)**	**183**
Holiday Pay	(35)	0	0	**(35)**	**35**
Insertion of items not debited or credited to Comprehensive I&E Statement					

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Statutory provision for the repayment of debt	(1,079)	0	0	**(1,079)**	**1,079**
Capital expenditure from revenue	(72)	0	0	**(72)**	**72**
Transfer of capital grants and contributions to capital grants unapplied	(2,399)	2,399	0	**0**	**0**
Financing of capital expenditure directly from reserves					
Application of capital grants to finance capital expenditure	0	(2,129)	0	**(2,129)**	**2,129**
Use of the capital receipts reserve to finance capital expenditure	0	0	(1,273)	**(1,273)**	**1,273**
Total to Movement in Reserves Statement	**7,188**	**270**	**(1,169)**	**6,289**	**(6,289)**

10. Reserves

The Movements in Reserves Statement shows the annual movements on reserves but only shows a summary of the movements. A detailed analysis and explanation of each reserve is shown below.

10.1 Usable Reserves

General Fund

This represents a non-specific reserve, without legal restrictions on spending, arising from annual surpluses or deficits as well as earmarked reserves to cover specific projects or contingencies.

Earmarked Reserves

The earmarked reserve amounts are transferred from the General Fund, and amounts are withdrawn as required to finance such expenditure. The expenditure itself is charged to the appropriate line in the Comprehensive Income and Expenditure Statement. There are no legal restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund.

The reasons for maintaining the earmarked reserves are shown below:

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Reserve	Description
Capital & Revenue Initiatives	Used to support future capital and revenue schemes in accordance with the Council's Medium Term Financial Plan and Capital Strategy.
On Street Parking	The ring-fenced parking surplus that can be used to fund highways and transport schemes, or climate change/carbon reduction schemes in the borough.
Local Plan	A reserve for costs associated with the Local Plan due to the phasing of timeframes and costs.
Section 106 Contributions	This reserve has now been closed, with the remaining balance transferred to the Capital & Revenue Initiatives reserve, to fund the capital programme.
Garden of Remembrance	The balance in this reserve was used in 2022/23 and it has now been closed.
Strategic Plan	The balance in this reserve was used in 2022/23 and it has now been closed.
RVP Car Park	To provide for maintenance in the car parks used for the Royal Victoria Place shopping centre.
Government Grants	Contains the equivalent amount of grants provided by the Government during the financial year that cannot be used until after 31 March that year.
Invest to Save	This reserve is used to fund revenue and capital initiatives which will result in savings or increase income streams.
Cultural	This reserve holds money to undertake key cultural projects in the Borough.
Housing Renewal	When housing renewal grants are repaid an equivalent contribution is made to this reserve, which will be used to finance future grants.
Insurance	Savings made through higher excess thresholds in the new insurance contract are paid into this reserve, and will be used where necessary to finance expenditure that would previously have been recovered from the insurers.
Grant Volatility	This reserve is used to cushion the impact of any further changes to government grant funding that could not have been anticipated from information available at the time of setting the budget.
ICT MKS Partnership	The balance in this reserve was used in 2022/23 and it has now been closed.

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Establishment	The balance in this reserve was used in 2022/23 and it has now been closed.
Ice Rink	This reserve will be used to smooth the impact of inclement weather on the financial success of the Ice Rink and accompanying events.
Digital Transformation	The balance in this reserve was used in 2022/23 and it has now been closed.
Traveller Protocol	This reserve will be used to manage traveller incursions and will be matched by parish and town Council contributions. The reserve will be used to enable the Borough Council to enforce a Section 77/78 court-ordered eviction or to restore land after the vacation of an unauthorised encampment.
Land Charges Loss of Income	This reserve has been created from an overachievement in Land Charges income to mitigate against the surplus revenue that will be lost if Government centralises the service.
Rent Advance and Deposit	This reserve holds monies set aside by the Council to fund the rent advance and deposit guarantee schemes which support households who have a priority need for accommodation under homelessness legislation.

The tables below show the balance on the General Fund, including the earmarked reserves, and the contributions to and from the reserves.

Reserve	**31 March 2023**	**Income**	**Expenditure**	**31 March 2024**
	£000	**£000**	**£000**	**£000**
General Fund	4,354	0	0	4,354
Capital & Rev Initiatives	9,072	6,921	(10,481)	5,512
On Street Parking	1,064	1,979	0	3,043
Local Plan	1,046	0	0	1,046
RVP Car Park	2,012	0	0	2,012
Government Grants	1,022	100	(108)	1,014
Invest to Save	146	0	(69)	77
Cultural	307	0	0	307
Housing Renewal	326	57	(19)	364
Insurance	100	25	0	125

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Grant Volatility	3,965	0	(1,301)	2,664
Ice Rink	219	0	0	219
Traveller Protocol	13	0	0	13
Land Charges Income	60	0	0	60
Rent Advance and Deposit	511	0	(12)	499
Total	**24,217**	**9,082**	**(11,990)**	**21,309**

Reserve	**31 March 2022**	**Income**	**Expenditure**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
General Fund	4,336	18	0	4,354
Capital & Rev Initiatives	4,839	4,233	0	9,072
On Street Parking	913	159	(8)	1,064
Local Plan	1,026	20	0	1,046
Section 106 Contributions	42	0	(42)	0
Garden of Remembrance	4	0	(4)	0
Strategic Plan	1,353	0	(1,353)	0
RVP Car Park	1,497	515	0	2,012
Government Grants	707	396	(81)	1,022
Invest to Save	681	0	(535)	146
Cultural	298	9	0	307
Housing Renewal	283	43	0	326
Insurance	341	25	(266)	100
Grant Volatility	9,478	0	(5,513)	3,965
ICT MKS Partnership	62	0	(62)	0
Establishment	364	0	(364)	0
Ice Rink	219	0	0	219
Digital Transformation	25	0	(25)	0
Traveller Protocol	15	0	(2)	13
Land Charges Income	60	0	0	60

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Rent Advance and Deposit	470	41	0	511
Total	**27,013**	**5,459**	**(8,255)**	**24,217**

Capital Grants Unapplied Account

The Council receives grants and contributions towards capital expenditure, and, where there are no repayment conditions, or when such conditions have been fulfilled, these are credited to the Income and Expenditure Account and immediately transferred into the Capital Grants Unapplied Account until required to finance capital investment.

Capital Receipts Reserve

Proceeds from the sales of Property, Plant and Equipment are initially credited to the Income and Expenditure Account, but legally can only be used to finance capital expenditure, and so are transferred to the Capital Receipts Reserve and afterwards used for this specific purpose.

10.2 Unusable Reserves

Revaluation Reserve

This reserve consists of accumulated gains on individual items of Property, Plant and Equipment. The Reserve contains only gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date are consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised.

2022/23		2023/24
£000	**Revaluation Reserve**	**£000**
39,341	Balance as at 1 April	48,087
10,285	Upward valuation of non-current assets	3,282
(742)	Downward valuation of assets and impairment losses of not charged to the surplus/deficit on the provision of services	(4,576)
(765)	Adjustment for depreciation on revalued non-current assets	(988)
(32)	Amount written off to the capital adjustment account	(38)
48,087	**Balance as at 31 March**	**45,767**

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Pooled Investment Funds Adjustment Account

This reserve represents the difference between the fair value of the CCLA Property Fund and the purchase price.

2022/23		2023/24
£000	**Pooled Investment Funds Adjustment Account**	**£000**
3,241	Balance as at 1 April	1,223
0	Repayment of investment	(933)
(2,018)	Downward revaluation of investment	(230)
1,223	**Balance as at 31 March**	**0**

Capital Adjustment Account

This reserve receives credits when capital is financed from revenue resources or other usable reserves and receives debits to offset depreciation and other charges relating to capital which are not chargeable against the General Fund. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date on which the Revaluation Reserve was created to hold such gains.

2022/23		2023/24
£000	**Capital Adjustment Account**	**£000**
91,601	Balance as at 1 April	85,465
(172)	Amortisation of intangible assets	(159)
(3,054)	Depreciation of non-current assets	(3,532)
(7,804)	Impairment losses and loss reversals of non-current assets	(7,713)
40	Movements in value of Investment Properties	(10)
(679)	Revenue Expenditure financed from Capital under Statute	(460)
32	Adjusting amounts written out of the revaluation reserve	0
183	Movement in Donated assets	22
1,079	Statutory provision for the financing of capital investment	235
72	Capital expenditure charged against the General Fund	10,600
2,129	Capital expenditure financed from grants and contributions	1,442

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1,273	Use of the capital receipts reserve to finance new capital expenditure	107
765	Adjustment for depreciation of revalued non-current assets	988
85,465	**Balance as at 31 March**	**86,985**

Deferred Capital Receipts

In some cases an asset is disposed of, but the income cannot be collected immediately. The Council maintains records for a short term debtor, offset by a balance in the Deferred Capital Receipts Account. When the income is received the debtor is written down and a transfer is made between this account and the Capital Receipts Reserve.

2022/23		**2023/24**
£000	**Deferred Capital Receipts**	**£000**
147	Balance as at 1 April	0
(147)	Gain or (loss) on sale of non-current assets	0
0	**Balance as at 31 March**	**0**

The Deferred Capital Receipts reserve was credited during 2022/23 as a result of transferring Sherwood Lake to Town and Country Housing.

Pensions Reserve

This reserve is a statutory reserve to offset the Pension Liability assessed on an accounting and actuarial basis, and to ensure that variations in this liability do not affect the General Fund.

2022/23		**2023/24**
£000	**Pensions Reserve**	**£000**
(61,351)	Balance as at 1 April	(5,091)
58,578	Re-measurement of defined benefit liability	2,965
(2,318)	Difference between accounting and statutory pension costs	558
(5,091)	**Balance as at 31 March**	**(1,568)**

Collection Fund Adjustment Account

This reserve represents the differences arising from the recognition of Council tax income and non-domestic rates in the Comprehensive Income and Expenditure Statement as it falls due from tax payers, compared with the statutory arrangements for paying across amounts from the Collection Fund to the General Fund.

2022/23		2023/24
£000	**Collection Fund Adjustment Account**	**£000**
(5,880)	Balance as at 1 April	(788)
5,092	Differences arising from the recognition of Council tax income and non-domestic rates in the Comprehensive Income and Expenditure Statement compared with statutory requirements	532
(788)	**Balance as at 31 March**	**(256)**

Accumulated Absences Account

This Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balances from accruing for compensated absences earned but not taken in the year, for example from 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.

2022/23		2023/24
£000	**Accumulated Absences Account**	**£000**
(199)	Balance as at 1 April	(164)
35	Amounts accrued at the end of the current year	(31)
(164)	**Balance as at 31 March**	**(195)**

11. Summary of capital expenditure and financing

Capital expenditure was incurred and financed as shown below:

2022/23		2023/24
£000		**£000**
6,231	**Opening Capital Financing Requirement as at 1 April**	**5,149**
2,754	Property, Plant and Equipment	11,476
42	Intangible Assets	213
1,706	Revenue Expenditure Funded from Capital under Statute	4,255

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4,502	**Total Capital Investment**	**15,944**
(1,274)	Capital Receipts	(107)
(2,129)	Government Grants and Other Contributions	(1,442)
(1,027)	Grants and Contributions towards REFFCUS	(3,795)
(72)	Revenue Financing	(10,600)
(1,079)	Minimum Revenue Provision	(235)
(5,581)	**Total Financing**	**(16,179)**
(3)	**Movement in Long Term Debtors within Capital Financing Requirement**	**(3)**
5,149	**Closing Capital Financing Requirement as at 31 March**	**4,911**

The Capital Financing Requirement (CFR) is the measure, taken from the Balance Sheet, of the capital expenditure incurred historically by the Council, which has yet to be financed at the end of the financial year.

This Council’s CFR is partly represented by past capital expenditure on assistance to a housing association. The amount advanced is reduced by their annual repayments.

Capital purchases which have yet to be financed make up the remainder of the CFR. The Council has to set money aside from the General Fund as a Minimum Revenue Provision (MRP) to reduce the CFR annually.

The CFR is made up of the following balance sheet totals:

31 March 2023		**31 March 2024**
£000		**£000**
133,528	Property, Plant and Equipment	132,219
3,514	Heritage Assets	3,744
750	Investment Properties	740
833	Intangible Assets	887
76	Long term debtors financed from capital	73
(48,087)	Revaluation Reserve	(45,767)
(85,465)	Capital Adjustment Account	(86,985)
5,149	**Total Capital Financing Requirement**	**4,911**

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12. Property, Plant and Equipment

12.1 Analysis of Carrying Amount

The following table shows the net carrying amounts of the categories of Property, Plant and Equipment, as at 31 March, split between the gross carrying amount and the accumulated depreciation and impairment.

Note 3.17 sets out the methods for measuring the gross carrying amounts, and of calculating depreciation and impairment.

	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2023						
Gross Carrying Amount	127,093	2,658	690	8,534	(651)	**138,324**
Cumulative Depreciation & Impairment	(3,565)	(1,265)	(473)	(144)	651	**(4,796)**
Total	**123,528**	**1,393**	**217**	**8,390**	**0**	**133,528**
Balance as at 31 March 2024						
Gross Carrying Amount	125,557	2,509	669	8,674	940	**138,349**
Cumulative Depreciation & Impairment	(4,156)	(1,307)	(488)	(144)	(35)	**(6,130)**
Total	**121,401**	**1,202**	**181**	**8,530**	**905**	**132,219**

12.2 Reconciliation of Opening and Closing Balances

The table below shows the movements in the different categories for the year:

	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Assets Under Construction	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Movements 2022/23						
Balance at 1 April 2022	103,561	1,624	236	8,566	17,671	131,658
Additions	2,595	107	4	196	0	2,902
Revaluations	9,826	0	0	0	0	9,826
Impairment Losses	(8,502)	0	0	0	0	(8,502)
Impairment Loss Reversals	698	0	0	0	0	698
Depreciation	(2,693)	(338)	(23)	0	0	(3,054)
Reclassifications	18,043	0	0	(372)	(17,671)	0
Total	**123,528**	**1,393**	**217**	**8,390**	**0**	**133,528**
Movements 2023/24						
Balance at 1 April 2023	123,528	1,393	217	8,390	0	133,528
Additions	10,750	131	(14)	140	469	11,476
Revaluations	(1,502)	0	0	0	0	(1,502)
Impairment Losses	(8,256)	0	0	0	0	(8,256)
Impairment Loss Reversals	543	0	0	0	0	543
Depreciation	(3,188)	(322)	(22)	0	0	(3,532)
Disposal	(38)	0	0	0	0	(38)
Reclassifications	(436)	0	0	0	436	0
Total	**121,401**	**1,202**	**181**	**8,530**	**905**	**132,219**

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12.3 Valuation of Property

Revaluations and impairment reversals are treated in line with Accounting Policy 3.17.

Within Property, Plant and Equipment, Land and Buildings and Surplus Assets are subject to valuations. The valuations this year have been provided by Cluttons LLP. Other than the shopping centre and the Council's multi-storey car parks, all assets are revalued at 5 year intervals (20% as at 31 March each year). The multi-storey car parks are revalued every 3 years.

The Royal Victoria Place shopping centre is now valued annually and has been revalued in 2023/24.

Valuations of properties depend on various assumptions, in particular, valuers have to determine:

- The estimated life of the building.
- Whether or not there is a market for the property in its existing use, which means that they could value at such a market value (EUV). If there is no such market, properties are valued at Depreciated Replacement Cost (DRC), which is likely to give a higher value.

The table below analyses the gross carrying cost at 31 March for land and buildings according to the year of valuation, after adjustments for additions in year and depreciation, to ensure a like for like comparison.

31 March 2023		31 March 2024
£000		**£000**
123,528	Net Book Value at 31 March	121,401
(2,695)	Adjust for additions since last valuation	(2,115)
2,916	Adjust for depreciation since last valuation	4,156
123,749	**Total Valuations**	**123,442**
0	Valuation in 2023/24	31,261
64,585	Valuation in 2022/23	54,085
39,565	Valuation in 2021/22	28,065
5,419	Valuation in 2020/21	5,419
4,782	Valuation in 2019/20	4,612
9,398	Valuation in 2018/19	0
123,749	**Total Valuations**	**123,442**

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12.5 Impairments

Impairments are assessed each year, in accordance with the policy in Note 3.17, for losses triggered by such occurrences as physical, environmental or economic damage, but no such impairments have been recorded in 2023/24. As noted above in Note 12.3, the impairments, usually reversals, recorded arise from the revaluation of assets carried out in the year.

12.6 Capital Commitments

As at 31 March 2024 the Council was contractually committed to the payment of £1,049,143 for the acquisition of property, plant and equipment, and intangible assets compared to £1,588,036 at 31 March 2023.

13. Heritage Assets

The Council maintains three groupings of heritage assets:

- Civic Regalia
- The contents of the Museum and Art Gallery, including works of art on display in the Town Hall
- Various monuments and public works of art, including the war memorial, the Canon Hoare memorial and the water fountain in Dunorlan Park

The Museum's assets are generally enhanced by donations from members of the public.

The annual movements in the balance sheet for Heritage Assets are shown below:

2022/23		2023/24
£000		£000
3,763	Balance as at 1 April	3,514
35	Additions by donation	22
(284)	Revaluations	208
3,514	**Balance as at 31 March**	**3,744**

14. Investment Property

14.1 Investment Property

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

2022/23		2023/24
£000		**£000**
710	Balance as at 1 April	750
0	Impairment Losses	(10)
40	Impairment Loss Reversals	0
750	**Balance as at 31 March**	**740**

The Council's investment property consists of one commercial property purchased during 2016/17.

The following income has been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2022/23		2023/24
£000		**£000**
45	Rental Income from Investment Properties	45
45	**Net Gain / (Loss)**	**45**

15. Assets Held for Sale

Following its policy of seeking to dispose of properties not required to provide services, for the best price available, the Council has disposed of a number of pieces of land in recent years. Most of these were considered below the de minimis level for recognising in Property, Plant and Equipment. Note 3.17 specifies that assets made available for sale are held at the lower of carrying value and market value, so that, although the Council expects to gain capital receipts from their disposal, they are not recognised in the Balance Sheet as at 31 March 2024. No assets were held for sale as at 31 March 2024.

16. Financial Instruments

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

16.1 Financial Assets

The following categories of financial assets are carried on the balance sheet:

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	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	Long Term	**Long Term**	**Short Term**	**Short Term**
	Investments	**Debtors**	**Investments**	**Debtors**
	£000	**£000**	**£000**	**£000**
Principal	10,000	89	36,000	3,747
Investment Interest Accrual	0	0	672	0
Cash and Cash Equivalents	0	0	1,201	0
Total Amortised Cost	**10,000**	**89**	**37,873**	**3,747**
Total Financial Assets	**10,000**	**89**	**37,873**	**3,747**
Non-Financial Assets	0	95	0	4,262
Total Investments, Debtors, Cash and Cash Equivalents	**10,000**	**184**	**37,873**	**8,009**

	31 March 2023	31 March 2023	31 March 2023	31 March 2023
	Long Term	**Long Term**	**Short Term**	**Short Term**
	Investments	**Debtors**	**Investments**	**Debtors**
	£000	**£000**	**£000**	**£000**
Principal	5,000	340	28,000	4,151
Investment Interest Accrual	0	0	220	0
Cash and Cash Equivalents	0	0	11,376	0
Cash and Cash Equivalents Interest	0	0	32	0
Total Amortised Cost	**5,000**	**340**	**39,628**	**4,151**
CCLA Property Fund	0	0	10,223	0
Investment Interest Accrued	0	0	109	0

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Total Fair Value through Profit and Loss	**0**	**0**	**10,332**	**0**
Total Financial Assets	**5,000**	**340**	**49,960**	**4,151**
Non-Financial Assets	0	228	0	2,975
Total Investments, Debtors, Cash and Cash Equivalents	**5,000**	**568**	**49,960**	**7,126**

Following the adoption of IFRS 9 Financial Instruments the long-term investment with the CCLA property had been categorised as a fair value through profit and loss asset. The Council used the DLUHC statutory override to account for any changes in the fair value of this pooled investment. The investment was returned during 2023/24.

16.2 Financial Liabilities

The following categories of financial liabilities are carried on the balance sheet:

31 March 2023	31 March 2023		31 March 2024	31 March 2024
Long Term	**Short Term**		**Long Term**	**Short Term**
Creditors	**Creditors**		**Creditors**	**Creditors**
£000	**£000**		**£000**	**£000**
0	(4,307)	Principal	0	(4,322)
0	**(4,307)**	**Total Amortised Cost**	**0**	**(4,322)**
(673)	(19,512)	Non-Financial Liabilities	(829)	(15,093)
(673)	**(23,819)**	**Total Borrowing and Creditors**	**(829)**	**(19,415)**

16.3 Interest and Investment Income Receivable and Payable

The table below sets out the interest receivable and payable for the year related to financial assets and liabilities, reconciled to the amounts included in the Comprehensive Income and Expenditure Statement:

2022/23		2023/24
£000		**£000**
(1,650)	Interest from loans and receivables	(3,312)

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(45)	Investment Income	(45)
(75)	Other Interest Receivable	(78)
(1,770)	**Total Interest and Investment Income**	**(3,435)**
2,018	Pooled investment funds adjustment	290
2,018	**Total Interest Payable**	**290**

16.4 Fair Value

The accounts are required to show the fair value of the financial assets held by the Council. Fair value is defined as the amount for which an asset could be exchanged assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

The fair value of investments is shown in the table below with the level in the fair value hierarchy, as explained in Accountancy Policy 3.10:

31 March 2023	31 March 2023			31 March 2024	31 March 2024
Book Value	**Fair Value**		**Level**	**Book Value**	**Fair Value**
£000	**£000**			**£000**	**£000**
5,000	5,092	Long Term Investments	2	10,000	10,316
5,000	**5,092**	**Long Term Investments**		**10,000**	**10,316**
10,332	10,332	CCLA Property Fund	1	0	0
28,091	28,091	Investments less than one year	2	36,418	36,418
129	129	Add accrued interest on long term investment	2	254	254
38,552	**38,552**	**Short Term Investments**		**36,672**	**36,672**
43,552	**43,644**	**Total Investments**		**46,672**	**46,988**

The fair values valuations have been provided by the Council's Treasury Management advisor, Link Asset Services. The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, the calculations also include accrued interest in the fair value calculation. This figure is calculated up to and including the valuation date. The rates

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quoted in this valuation were obtained by Link from the market on 31st March 2024, using bid prices where applicable.

All other financial assets and liabilities are represented by amortised cost and long-term debtors and creditor on the balance sheet at amortised cost.

16.5 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority.
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Accountancy Team, under policies approved by the Council in the annual Treasury Management Policy and Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

The investment in the CCLA Property Fund was the Council's only investment with a Collective Investment Scheme. The Fund employs a risk management process, including the use of appropriate stress-testing procedures, which enable it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Fund is or may be exposed and their contribution to the overall risk profile of the Fund.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Treasury Management Policy and Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, in accordance with the Fitch Credit Ratings Service. It also reviews ratings from the other agencies, Moodys and Standard and Poors. The Treasury Management Policy and Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The key elements are the security of capital and the liquidity of investments.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions, amounting to £46.7 million at 31 March 2024, cannot be assessed generally, as the risk of any institution failing to make interest payments or to repay the principal sum, will be specific to each individual institution. Recent experience indicates that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2024 that this was likely to crystallise. There has been no experience of default by any of the institutions holding the Council's financial instruments, other than for trade accounts receivable.

The Council has assessed its investments and concluded that the expected credit loss is not material and no allowances have been made.

Liquidity Risk

The Council manages its liquidity position through risk management procedures, the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports, as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available as needed. The Council has ready access to borrowings from the money market to cover any day to day or long-term cash flow need, and the PWLB and money markets for access to longer term funds. The Council is required to provide a balanced budget which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council does not hold any external debt, but has £4,911,000 of Capital Financing Requirement, presently funded through internal borrowing. Should cashflow circumstances change, it may be necessary to borrow externally to fund this debt, thereby incurring an interest charge, that is avoided at present.

As interest rates have been improving, the council has been looking to longer term investments where cashflow permits, alongside shorter term investments, to maximise the interest from deposits.

Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Reductions in interest rates would reduce the interest income credited to the Income and Expenditure Account from investments and decrease the interest expenditure from borrowing, while increases in interest rates would increase the income from investments and increase the interest cost from borrowing.

The Finance team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

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According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been to increase investment income by £668,000.

Price Rate Risk

The Council does not generally invest in equity shares or marketable bonds.

Foreign Exchange Risk

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

17. Debtors

17.1 Debtors

The table below analyses the balance sheet figures between different types of debt.

31 March 2023		31 March 2024
£000		**£000**
2,109	Trade Accounts Receivable	2,040
1,346	Other Trade Debtors	2,063
1,298	Central Government	1,536
455	Prepayments	816
1,918	Other Debtors	1,554
7,126	**Total Short Term Debtors**	**8,009**
568	**Total Long Term Debtors**	**184**
7,694	**Balance as at 31 March**	**8,193**

17.2 Trade Accounts Receivable

As explained in Note 3.10 above, the grouping of ‘Trade accounts receivable’ comes within the definition of Financial Instruments. Invoices are sent to individuals and other entities, where money cannot be obtained in advance of the service being rendered, and where payment is required on the receipt of the invoice.

The Council gives priority to collecting this debt, taking action through collection agencies or legal processes where appropriate, but has to make a prudent provision for impairment for doubtful debts, based on previous experience of default and on assessment of individual outstanding balances. The table below shows the age profile of this debt.

31 March 2023		31 March 2024
£000		**£000**
1,426	Less than 3 months	1,144
82	3 to 6 months	146
293	6 to 12 months	220
308	More than 1 year	530
2,109	**Total Trade Accounts Receivable**	**2,040**

The Council has £2m of outstanding trade accounts debt as at 31 March 2024, compared to £2.1m at the end of 2022/23, with a total impairment provision of £785,000.

The Council has also made impairment provisions of £4,952,000 at 31 March 2024, compared to £4,104,000 at 31 March 2023, covering debts for Housing Benefit overpayments, this Council's share of Council Tax and Non-Domestic Rates debts, housing rents, housing rent deposits, RVP shopping centre rents and Penalty Charge Notices for parking. The approach to assessing these impairment provisions is similar to those for trade debtors, as outlined above. Some, but not all of such debts, fall within the definition of financial instruments.

17.3 Impairment of Debtors Balances

Each debt outstanding as at 31 March has been reviewed and an assessment made on the probability of recovery. If the recovery is considered unlikely then a provision for that sum has been made in the accounts.

There are two debts of note which have been fully provided for in the accounts.

The first is that of the investment property lease holder which went into administration during the pandemic leaving £102,300 of outstanding lease payments. This has not yet been written off, as there may yet be some proceeds from the administration process.

The second is that of the Borough's leisure services provider, which has a contract to manage three sports centres and deliver a return to the Council. They owe the Council £636,700 and are currently unable to settle their debts. Demand for leisure services diminished significantly over the Covid period and has not recovered. In addition, the escalation of energy costs due to the war in Ukraine, has made it financially challenging to operate sports centres, especially those with swimming pools. A number of operators have already fallen into administration.

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17.4 Contingent Assets

In March 2023, litigation was concluded challenging HMRC on the VAT treatment of the provision of Leisure Services by Local Authorities. Previously, they were treated as undertaking a business activity, whereas the case determined that Local Authorities' Leisure Services are provided under a statutory framework and can be treated as non-business for VAT purposes. The council made a claim to HMRC for the refund of VAT on the Leisure Services it provides and received £264,000.

There are no other known contingent assets outstanding as at 31 March 2024.

18. Creditors

18.1 Creditors

The table below analyses short-term and long-term creditors between different types of creditors.

31 March 2023		31 March 2024
£000		**£000**
(10,822)	Central Government	(6,080)
(3,744)	Local Authorities	(4,666)
(9,253)	Other Creditors	(8,669)
(23,819)	**Total Short Term Creditors**	**(19,415)**
(673)	Local Authorities	(829)
(673)	**Total Long Term Creditors**	**(829)**
(24,492)	**Balance as at 31 March**	**(20,244)**

18.2 Provisions

Appeals against Business Rate Valuations and Appeals not yet lodged

As part of the changes relating to business rates retention that came into force in 2013, a provision is now made to allow for the potential losses from appeals against valuations.

The Valuation Office have finally settled all appeals relating to the 2010 list, so there are no further provisions for that list.

The 2017 Rating list, applicable from 1 April 2017, was subject to a new, and significantly more complex appeal process. This meant that in the early years far fewer appeals were

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made than would normally have been expected. It was also considered that consultancy companies, which assist businesses to appeal, would not make their appeals in the first years of the new rating list, in order to maximise their earnings from retrospective years' commission.

A new 2023 Ratings list came into effect from 1 April 2023 and a deadline of 30 September 2023 was set for any appeals relating to the 2017 rating list. As at the 31 March 2024, there were 40 appeals still to be determined, against which a provision of £9,707,052 was made for retrospective appeal refunds and interest. This was calculated according to the Rateable Value reduction claimed and the retrospective effective date provided by the Valuation Office for each appeal.

The provision for appeals relating to 2023/24 for the new 2023 Ratings list was calculated to be £2,429,303. It could be argued that the amounts to be appealed against the 2023 List and the timescales for the appeals, cannot be determined and therefore should be a contingent liability. However, the DLUHC has provided an estimate that 1.95p in every £1 would be appealed for the 2023 Ratings list and in order to reflect this material sum, a provision has been made in the Collection Fund. The provision calculation provides on the basis of that 1.95p in every £1, but then recognises those businesses that are in receipt of the various business rate reliefs, which means they are less likely to appeal their rateable value.

This has meant an overall decrease in the level of appeals provision to £12,136,556. The Council's 40% share of the total provision has been decreased to £4,854,542 (£5,399,464 at 31 March 2023).

18.3 Contingent Liabilities

Municipal Mutual 'Run Off' Liabilities

Municipal Mutual Insurance Limited (MMI) was the main local authority insurer for many years up until 1992 when the company failed and went into "run-off". A Scheme of Arrangement was approved in 1994 with the aim of meeting all claims and achieving a solvent run-off. For a number of years the Administration and Creditors Committee reported that a solvent run off was likely to be achieved and sought to sell the business to another insurer to bring the arrangement to a conclusion. Unfortunately a sale has never been achieved and more recently claims have emerged where courts have ruled in favour of claimants rather than MMI. In 2015/16 a review of the Scheme of Arrangements concluded that a 25% levy must be charged on claims since the Scheme of Arrangement commenced and the Council duly paid this. There are no outstanding claim reserves with MMI as at 31 March 2024.

Local Plan Examination Process

The Local Plan examination has been ongoing through 2023/24, following the completion of the Stage 1 and 2 public hearings in March to July 2022. The Inspector's initial findings letter was received in late 2022 which raised several matters that required further detailed consideration and evidence to support the progress of the Local Plan.

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Consequently, this has required further consultation and now Stage 3 hearings requiring King's Counsel support. The Council has set aside £1.046m in an Earmarked Reserve to provide for the costs of delivering the Local Plan.

Planning Inquiries

There are three Planning appeals currently in progress: Land North of Grandshore Farm, Frittenden, The Ranch UK, Pembury and 5 Calverley Park, Royal Tunbridge Wells. The potential award of legal costs is estimated to be a total of £60,000.

There is one Enforcement appeal in progress: Plot 3417, Blind Lane, Goudhurst, with potential award of costs of £15,000.

It is likely that the Council will need King's Counsel support around ongoing discussions with regards to the Secretary of State call-in on the Turnden development in Cranbrook. This is following Berkeley Homes successful challenge to the original decision of the Secretary of State, which has now been quashed. This legal support is estimated to require up to £25,000 of costs.

19. Grants and Contributions

19.1 Grants and Contributions

The table below outlines Government grants and other contributions accounted for within Cost of Services within the Comprehensive Income and Expenditure Statement and the Cash Flow Statement.

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£000	£000	£000		£000	£000	£000
Grants	Contribs	Total		Grants	Contribs	Total
(22,803)	0	(22,803)	DWP Benefits Grants	(23,182)	0	(23,182)
(182)	(374)	(556)	Cost of Living grants and contributions	0	(249)	(249)
(790)	0	(790)	Homelessness Support	(1,010)	0	(1,010)
0	(3,647)	(3,647)	Contribution from Other Local Authorities and Health Sector	0	(3,670)	(3,670)
0	(1,027)	(1,027)	Contributions to revenue expenditure financed from capital	0	(3,795)	(3,795)

(223)	(192)	(415)	Other grants and contributions	(380)	(241)	(621)
(23,998)	**(5,240)**	**(29,238)**	**Total Within Cost of Services**	**(24,572)**	**(7,955)**	**(32,527)**

Within the table for 2022/23 was an amount of £556,000 for cost of living grants and contributions, which was made up of £182,000 for the Discretionary Energy Rebate scheme and £374,000 for Household Support Funds. For 2023/24 the Council received £249,000 from the Household Support Fund. This funding was received through Kent County Council and the Council deemed itself to be acting as principal for the scheme.

The table below outlines Government grants and other contributions accounted for within Taxation and Non-Specific Grant Income within the Comprehensive Income and Expenditure Statement and the Cash Flow Statement.

2022/23	**2022/23**	**2022/23**		**2023/24**	**2023/24**	**2023/24**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
Grants	**Contribs**	**Total**		**Grants**	**Contribs**	**Total**
(6,086)	0	(6,086)	Business Rate Reliefs	(5,226)	0	(5,226)
(6,086)	**0**	**(6,086)**	**Business Rates Income**	**(5,226)**	**0**	**(5,226)**
(44)	0	(44)	Covid-19 Support Grants	0	0	0
(150)	0	(150)	Cost of Living grants and contributions	(31)	0	(31)
(1,146)	0	(1,146)	New Homes Bonus	(768)	0	(768)
(517)	0	(517)	Benefits & Business Rates administration grants	(532)	0	(532)
(177)	(241)	(418)	Council Tax	(12)	(242)	(254)
(301)	0	(301)	Other grants and contributions	(902)	0	(902)
(2,335)	**(241)**	**(2,576)**	**Government Grants and Contributions**	**(2,245)**	**(242)**	**(2,487)**
(1,079)	(1,321)	(2,400)	Capital Grants and Contributions	(230)	(2,142)	(2,372)

(1,079)	**(1,321)**	**(2,400)**	**Capital Grants and Contributions**	**(230)**	**(2,142)**	**(2,372)**
0	(183)	(183)	Donated Assets	0	(22)	(22)
0	**(183)**	**(183)**	**Donated Assets**	**0**	**(22)**	**(22)**
(9,500)	**(1,745)**	**(11,245)**	**Total within Taxation and Non-Specific Grant Income**	**(7,701)**	**(2,406)**	**(10,107)**

Within the table for 2022/23 is an amount of £44,000 which related to new burdens grants for business rate schemes which were administered as a response to the Covid pandemic. The table also shows new burdens funding for the delivery of the Council Tax Energy schemes, which was £150,000 in 2022/23 and £31,000 in 2023/24.

19.2 Covid-19 Pandemic, Cost of Living Crisis and the Wars in Ukraine and Gaza

In 2022/23, the Council paid residents £556,000 for cost of living grants. £182,000 related to the Discretionary Energy Rebate scheme, which the Council delivered on behalf of the Government and therefore deemed itself to be acting as agent for the scheme. £374,000 was provided by Kent County Council as part of the Household Support Fund. The Council was able to determine which of its residents should benefit and deemed itself to be acting as principal for these schemes.

For 2023/24 the Council received £249,000 from the Household Support Fund. This funding was again received through Kent County Council and the Council deemed itself to be acting as principal for the scheme.

19.3 Capital Grants Receipts in Advance

The Council receives grants and contributions that have yet to be recognised as income as they have no conditions attached to them that will require the monies to be returned to the giver. The balances at year end are as follows:

31 March 2023		31 March 2024
£000	**Short Term Capital Grants Receipts in Advance**	**£000**
(1,540)	Balance as at 1 April	(1,638)
(805)	Grants Received	(75)
754	Applied to revenue & capital expenditure	1,419
(47)	Transfer from Long Term Grants	(1,028)

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(1,638)	**Balance as at 31 March**	**(1,322)**

31 March 2023		31 March 2024
£000	**Long Term Capital Grants Receipts in Advance**	**£000**
(4,936)	Balance as at 1 April	(7,206)
(3,256)	Grants Received	(2,860)
939	Other Transfers	838
47	Transfer to Short Term Grants	1,028
(7,206)	**Balance as at 31 March**	**(8,200)**

The Council receives contributions under Section 106 of the Town and Country Planning Act 1990, which enables developers to make contributions in connection with the granting of planning permission. Where these contributions are to be used towards capital investment, and if the agreements contain a condition specifying a date by which the contribution must be used for a specific purpose, this income is held on the balance sheet under the heading ‘capital grants receipts in advance’. Balances under ‘current liabilities’ represent those expected to be used to finance capital in the next financial year, and other balances are held under ‘long term liabilities’.

20. Officers’ Remuneration

20.1 Remuneration of Senior Management

The tables below set out in more detail the remuneration of the senior staff of the Council. The pay of the officers concerned is also included in the remuneration band table set out in Note 20.2 below.

2023/24	Salary	Expenses	Pension	Total
	£		£	£
Chief Executive	149,370	1,221	29,208	179,799
Director of Finance, Policy & Development (s151 Officer)	117,122	651	22,369	140,142
Director of Change & Communities	108,612	0	21,397	130,009
Total	**375,104**	**1,872**	**72,974**	**499,950**

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2022/23	Salary	Expenses	Pension	Total
	£		£	£
Chief Executive	142,182	835	24,998	168,015
Director of Finance, Policy & Development (s151 Officer)	112,411	626	19,010	132,047
Director of Change & Communities	102,612	0	18,016	120,628
Total	**357,205**	**1,461**	**62,024**	**420,690**

It should be noted that:

- No bonuses were payable to any of these officers.
- The remuneration is gross of any eligible salary sacrifice schemes.
- The figures for the Chief Executive include fees payable for the role of Returning Officer for electoral purposes. The amounts fluctuate between years, depending on what elections fall due during the financial year. £7,094 was paid in 2023/24 compared to £8,408 in 2022/23.
- Similarly, the figures for the Director of Finance, Policy and Development include fees payable for elections. £1,397 was paid in 2023/24 compared to £1,157 in 2022/23.

20.2 Remuneration Bands

The table below shows the number of employees in the year whose remuneration was greater than £50,000. For this purpose remuneration means amounts paid to or receivable by an employee (not including pension benefits), and includes sums due by way of expenses allowance (so far as these sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash. The table displays two columns for each year: the first column, in line with the Accounts and Audit Regulations, shows amounts paid to individuals including severance pay. As this can vary considerably between years, a second column is included which excludes severance pay completely.

The table below shows total remuneration paid to individual employees for the year, whereas the detailed tables above in Note 20.1 show remuneration against the relevant senior post. This does not cause any difference for the two years reported above, but in other years a particular post may be held by more than one employee during the course of the year, and conversely an employee may occupy different posts during the year.

2022/23	2022/23		2023/24	2023/24
Including Severance	**Excluding Severance**	**Remuneration Band**	**Including Severance**	**Excluding Severance**
16	16	£50,000 - £54,999	16	16

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8	8	£55,000 - £59,999	7	7
4	3	£60,000 - £64,999	7	7
1	1	£65,000 - £69,999	1	1
0	0	£70,000 - £74,999	2	2
1	1	£75,000 - £79,999	1	1
1	1	£80,000 - £84,999	1	1
2	2	£85,000 - £89,999	1	1
1	1	£90,000 - £94,999	2	2
0	0	£95,000 - £99,999	1	1
1	1	£100,000 - £104,999	0	0
0	0	£105,000 - 109,999	1	1
1	1	£110,000 - £114,999	0	0
0	0	£115,000 - £119,999	1	1
1	1	£140,000 - £144,999	0	0
0	0	£145,000 - £149,999	1	1
37	**36**	**Total**	**42**	**42**

21. Defined Benefit Pension Schemes

21.1 Participation in defined liability pension plan

As part of the terms and conditions of employment of its employees, the Council makes contributions towards the cost of post-employment benefits. Although these will not actually be payable until employees retire, the Council has a commitment to make the payments, and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, and therefore in the Kent Pension Scheme, which is administered by Kent County Council.

Under the Local Government Pension Scheme retirement benefits are based on the employee's final salary and are increased each year in line with the Consumer Price Index.

The accounting policy for this pension plan, including the recognition of actuarial gains and losses, is set out in the accounting policies set out in Note 3.8.

21.2 Annual Movement in Plan Obligations and Assets

The table below shows separately the movements in the obligations and assets relating to the accounting group:

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£000	£000	£000		£000	£000	£000
Liabilities	Assets	Net		Liabilities	Assets	Net
(180,503)	**118,932**	**(61,571)**	**Asset / Liability as at 1 April**	**(123,975)**	**118,884**	**(5,091)**
(3,664)	0	(3,664)	Current Service Cost	(1,924)	0	(1,924)
(46)	0	(46)	Curtailments	0	0	0
(4,969)	3,881	(1,088)	Interest expense and income	(5,844)	5,665	(179)
0	(73)	(73)	Administration expenses	0	(107)	(107)
(8,679)	**3,808**	**(4,871)**	**Surplus/Deficit on Provision of Services**	**(7,768)**	**5,558**	**(2,210)**
0	2,773	2,773	Employer Contributions	0	2,768	2,768
(696)	696	0	Employee Contributions	(731)	731	0
5,611	(5,611)	0	Payments to beneficiaries	5,244	(5,244)	0
4,915	**(2,142)**	**2,773**	**Other Movements**	**4,513**	**(1,745)**	**2,768**
0	(2,349)	(2,349)	Return on assets excluding interest income	0	(1,230)	(1,230)
67,270	0	67,270	Changes in financial assumptions	2,777	0	2,777
4,696	0	4,696	Changes in democratic assumptions	1,746	0	1,746

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(11,674)	0	(11,674)	Experience gains and losses	(328)	0	(328)
0	635	635	Other actuarial gains/(losses)	0	0	0
60,292	**(1,714)**	**58,578**	**Re-measurements**	**4,195**	**(1,230)**	**2,965**
(123,975)	**118,884**	**(5,091)**	**Asset / Liability as at 31 March**	**(123,035)**	**121,467**	**(1,568)**

In 2015, the Government introduced reforms to public sector pensions, with most public sector workers moved into new pension schemes. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judicial (McCloud) and fire fighter’s (Sargeant) schemes as part of the reforms, breached age discrimination rules. This case has impacted upon other areas of the public sector and in 2019/20 the Council reflected the additional liability. Regulations in respect of McCloud and Sargeant judgements came into force in October 2023. This could be a risk to the liability, which has been factored into the calculation methodology since 2022/23. The Goodwin case could similarly be a risk but it is the actuary’s expectation that the impact on the scheme will not be material.

A large reduction in the pension liability was seen in 2022/23 as a result of a change in financial assumptions, with the determined discount rate based on bond yields as at 31 March 2023. Bond yields increased significantly, impacting the discount rate, and a change in CPI inflation reduced the employer liabilities. Changes to the discount rate and CPI inflation have reduced the liability further in 2023/24.

21.3 Plan Assets

The plan’s assets and expected return consist of the following categories:

31 March 2023	31 March 2023		31 March 2024	31 March 2024
£000	%		£000	%
75,861	64%	Equities	70,663	58%
651	1%	Gilts	8,900	7%
15,614	13%	Bonds	17,489	14%
11,866	10%	Property	10,898	9%
2,133	2%	Cash	1,934	2%
8,709	7%	Target Return Portfolio	6,137	5%
4,050	3%	Infrastructure	5,446	5%
118,884	**100%**	**Total**	**121,467**	**100%**

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21.4 Actuarial Assumptions

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 on mortality rates, salary levels, etc. The liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2024. The main assumptions used for the purposes of the calculations are:

2022/23		2023/24
	Mortality assumptions:	
21.1 years	Longevity at 65 for current pensioners: Men	20.8 years
23.5 years	Longevity at 65 for current pensioners: Women	23.3 years
22.3 years	Longevity at 65 for future pensioners: Men	22 years
25.0 years	Longevity at 65 for future pensioners: Women	24.7 years
	Other assumptions:	
3.95%	Rate of increase in salaries	3.90%
2.95%	Rate of increase in pensions	2.90%
4.80%	Rate for discounting scheme liabilities	4.90%
50.0%	Take-up option to convert annual pension into retirement lump sum	50.0%

21.5 Sensitivity Analysis

The estimates depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the Council with expert advice about the assumptions to be applied. The table below shows the impact of small changes to the major assumptions for 2023/24:

	£000	£000	£000	£000	£000
Adjustment to Discount Rate:	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Projected value of total obligation	114,390	121,221	123,035	124,895	132,819
Projected service cost	1,501	1,732	1,794	1,859	2,143
Adjustment to Salary Increases:	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Projected value of total obligation	123,691	123,164	123,035	122,907	122,403

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Projected service cost	1,801	1,796	1,794	1,793	1,788
Adjustment to Pension Increases:	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Projected value of total obligation	132,314	124,800	123,035	121,312	114,824
Projected service cost	2,152	1,860	1,794	1,730	1,491
Adjustment to Mortality Estimates:		**+ 1 year**	**None**	**- 1 year**	
Projected value of total obligation		128,301	123,035	118,017	
Projected service cost		1,866	1,794	1,725	

21.6 Funding Arrangements

The estimated contribution for 2024/25 is £3,128,000 compared with the actual contribution of £2,793,000 for 2023/24.

22. Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the tables below. In 2023/24 the Council paid £18,000 in exit packages to 5 former members of staff, compared to £50,000 paid to 1 former member of staff in 2022/23.

2023/24	**Number of compulsory redundancies**	**Number of other agreed departures**	**Total Number of Exit Packages**	**Total Cost of Exit Packages**
Banding				**£000**
£20,000 - £39,999	0	5	5	18
Total	**0**	**0**	**0**	**0**

2022/23	**Number of compulsory redundancies**	**Number of other agreed departures**	**Total Number of Exit Packages**	**Total Cost of Exit Packages**
Banding				**£000**
£40,000 - £59,999	0	1	1	50
Total	**0**	**1**	**1**	**50**

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The tables above includes exit packages that have been charged to the Comprehensive Income and Expenditure Statement. The costs shown include severance pay, any curtailment costs relating to the cost of allowing employees to take their pensions before normal retirement age, and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the authority.

23. Members' Allowances

The total amount of Member's allowances paid in 2023/24 was £387,759 compared to £379,738 in 2022/23.

The Council provides a statement, in accordance with the Local Authorities Members' Allowance (England) Regulations 2003, giving details of the allowance paid. The statement may be seen on the Council's website or copies can be obtained by writing to the Service Manager for Democratic and Executive Support, Town Hall, Royal Tunbridge Wells, Kent TN1 1RS, or email committee@tunbridgewells.gov.uk

24. External Audit Costs

The audit fees for 2023/24, payable to Grant Thornton, are set out below:

2022/23		2023/24
£000		**£000**
47	Fees payable with regard to external audit services carried out by the appointed auditor for the year	150
0	Fee Variations in Respect of 2023/24	8
19	Fee Variations in Respect of 2022/23	(5)
9	Value for Money Audit in Respect of 2022/23	0
30	Fees payable for the certification of grant claims and returns for the year	44
0	Certification of grant claims 2021/22 variation	9
105	**Sub Total**	**206**
(21)	Redmond Review Implementation Grant	(21)
84	**Total**	**185**

25. Leasing

25.1 Operating Leases – Council acting as lessor

The Council leases out various properties that it does not directly occupy, for purposes such as housing, leisure and economic development. The minimum lease payments receivable as shown in the above table do not include rents that are contingent upon events taking place after the start of the lease, such as adjustments following rent reviews.

The future minimum lease payments receivable under non-cancellable leases as at the end of the financial year are:

31 March 2023		31 March 2024
£000	**Leases expiring:**	**£000**
(1,579)	Within one year	(2,421)
(5,689)	Between two and five years	(7,116)
(149,300)	Later than five years	(7,409)
(156,568)	**Total**	**(16,946)**

The minimum lease payments receivable as shown in the above table do not include rents that are contingent upon events taking place after the start of the lease, such as adjustments following rent reviews.

As at 31 March 2023 the figure included the ground rent for Royal Victoria Place shopping centre, for which there was a lease term of 200 years. The total included for this as at 31 March 2023 was £149,146,000. Following the purchase of the long leasehold of the shopping centre the Council instead receives rental receipts from leases with tenants of the centre. The payments receivable from these leases included as at 31 March 2024 total £5,454,000.

25.2 IFRS 16 Leases

In 2021/22 the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) agreed to defer the implementation of IFRS 16 Leases by a further two years. This means the effective date for implementation is now 1 April 2024, which will impact the statements in 2024/25. See Note 4 for further information.

26. Related Parties

The term “Related Party” covers relationships between the Council and a body or individual where one of the parties can exercise significant influence over the policies and decisions of the other.

26.1 Central Government

The UK central government provides much of the Council's funding and determines its statutory framework. Details of transactions with central government are shown in the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, and Note 17 Debtors, Note 18 Liabilities and Note 19 Grants and Contributions.

26.2 Kent Pension Scheme

The Council participates in the Kent Pension Scheme, making annual contributions to the Kent Pension Fund as set out in Note 20. Although the scheme is administered by Kent County Council, the pension fund is a separate legal entity, and Kent County Council is not in itself a related party.

26.3 Tunbridge Wells Property Holdings Ltd

This company was incorporated on 9 March 2015, with the purpose of owning and managing some of the Council's property portfolio, particularly those properties being developed as part of the capital programme. The company is wholly owned by the Council and there are 3 company Directors, comprising 2 Councillors and the Head of Economic Development and Property. A letting agent has been appointed to manage the tenant relationships and the administration is provided by the Council and recharged to the company.

The company started trading on the 18 May 2015, when 8 properties were leased to the company by the Council on 22 year leases and since then a further 11 properties have been leased. 2023/24 is the ninth year of trading the company is expected to make a small profit in the region of £31,000. The accounts will be filed at Companies House by December 2024. Group Accounts have not been prepared as the revenue is immaterial as shown in Note 5 Critical Judgements in Accounting Policies.

26.4 Members and Senior Officers

All members and senior officers are required to complete an annual return, disclosing the details of any interest of themselves and their close family members, which might have an impact on their activities on behalf of the Council. Members also disclose such interests in the Register of Members' Interests, which is held at the Town Hall, Tunbridge Wells, and is open to public inspection.

Councillor Matthew Sankey has a controlling interest in The Old Fishmarket Ltd, Brittany Inns Ltd, SRGM Holdings LTD and Sankey's Fishmongers Ltd. Councillor David Knight has a controlling interest in Southern Care Maintenance Ltd. Councillor David Hayward has a controlling interest in Mediterranean Agency Ltd. Councillor Nicholas Pope has a controlling interest in Keyhurst Limited. Councillor Katherine Britcher-Allan has a controlling interest in Charlie's Angels Kitchens C.I.C.

Returns were received from all Councillors elected for the 2023/24 financial year and all Chief Officers and there were no transactions considered of material significance to warrant separate disclosures in the accounts.

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Details of payments to senior officers and to members are shown in Note 20 Officers' remuneration and Note 23 Members' allowances respectively.

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Collection Fund Statement

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

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£000	£000	£000		£000	£000	£000
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
(96,618)	(47,699)	(144,317)	Income Collectable	(103,256)	(46,461)	(149,717)
0	0	0	Council Tax Support Fund	(143)	0	(143)
(96,618)	**(47,699)**	**(144,317)**	**Income Receivable**	**(103,399)**	**(46,461)**	**(149,860)**
			Apportionments of previous year surplus:			
830	0	830	Kent County Council	864	0	864
129	0	129	Kent Police Authority	138	0	138
46	0	46	Kent Fire and Rescue Service	47	0	47
145	0	145	Tunbridge Wells Borough Council	151	0	151
			Precepts and central share:			
67,918	2,900	70,818	Kent County Council	72,726	4,466	77,192
10,604	0	10,604	Kent Police Authority	11,526	0	11,526
3,828	322	4,150	Kent Fire and Rescue Service	4,138	496	4,634
11,993	12,890	24,883	Tunbridge Wells Borough Council	12,822	19,847	32,669
0	16,113	16,113	Government	0	24,809	24,809
			Transfer to General Fund:			

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0	168	168	Cost of collection	0	169	169
			Impairments of debts:			
218	243	461	Write offs	323	138	461
748	(115)	633	Allowance for impairments	987	334	1,321
			Impairments resulting from appeals:			
0	2,040	2,040	Allowance for impairments	0	(1,362)	(1,362)
0	339	339	Transactional protection payments	0	(4,215)	(4,215)
0	118	118	Renewable energy schemes	0	346	346
96,459	**35,018**	**131,477**	**Expenditure**	**103,722**	**45,028**	**148,750**
(159)	**(12,681)**	**(12,840)**	**(Increase) / Reduction in fund balance**	**323**	**(1,433)**	**(1,110)**

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£000	**£000**	**£000**		**£000**	**£000**	**£000**
Council Tax	**Business Rates**	**Total**	**Collection Fund Balance**	**Council Tax**	**Business Rates**	**Total**
(1,812)	15,271	13,459	Balance at 1 April	(1,971)	2,590	619
(159)	(12,681)	(12,840)	(Increase) / Reduction in fund balance	323	(1,433)	(1,110)
(1,971)	**2,590**	**619**	**(Surplus) / Deficit Balance at 31 March**	**(1,648)**	**1,157**	**(491)**

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Notes to the Collection Fund Statement

1. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimated at 1 April 1991 values for this specific purpose. The property valuations are carried out by the Valuation Office Agency. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Kent County Council, the Police and Crime Commissioner for Kent, Kent and Medway Fire and Rescue Authority and this Council for the forthcoming year and dividing this by the Council Tax Base

The Council Tax base is the number of chargeable dwellings in each valuation band, adjusted where discounts apply, converted to an equivalent number of Band D dwellings. This was calculated as follows:

	Multiplier	2022/23	2022/23	2023/24	2023/24
		Properties	**Band D Equivalent**	**Properties**	**Band D Equivalent**
A	6/9	2,210.64	1,473.88	2,225.30	1,483.59
B	7/9	3,835.73	2,983.35	3,840.19	2,986.79
C	8/9	11,129.98	9,893.30	11,278.29	10,025.12
D	9/9	9,266.48	9,266.45	9,437.09	9,437.05
E	11/9	6,345.77	7,755.92	6,491.53	7,934.07
F	13/9	4,565.66	6,594.78	4,726.73	6,827.48
G	15/9	5,135.49	8,559.14	5,259.62	8,766.02
H	18/9	572.30	1,144.58	578.76	1,157.48
	Total	**43,062.05**	**47,671.40**	**43,837.51**	**48,617.60**
	Collection Rate		**0.975**		**0.975**
	Tax Base		**46,479.60**		**47,402.10**

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2. Non-Domestic Rates

The total non-domestic rateable value at 31 March 2024 was £142.200 million (£134.971 million as at 31 March 2023). The national non-domestic multiplier for the year was 51.2p, the same as 2022/23. The principle is that a revaluation should take place every 5 years to ensure that rateable values reflect changes in the property market. Government postponed the most recent valuation by one year, and the new valuations were introduced from 1 April 2023. At each revaluation the multipliers are revised so that the overall national business rates bill only changes in line with inflation.

In 2015/16 the Council joined the Kent Non-Domestic Rates Pool, which enables the County to retain much of the Business Rates Levy that would otherwise have been paid to government, and therefore maximise the retention of locally generated business rates.

2.1 Covid-19 Pandemic, Cost of Living Crisis and the Wars in Ukraine and Gaza

Business rates income, after reliefs applied, is shown to be £46,461,000 for 2023/24 compared to £47,699,000 for 2022/23. In response to the coronavirus pandemic the Government expanded business rates Retail, Hospitality and Leisure relief by increasing it to 100% in 2020/21. This continued into 2021/22, although the discount reduced to 66% from July 2021. In 2022/23 the relief was reduced to 50%, but was increased again to 75% in 2023/24 to support high streets and town centres. The reduction in the Business Rates income reflects this relief. The Council is reimbursed for the reliefs granted by Government through the payment of Section 31 grants, however these grants do not get paid to the Collection Fund and are instead credited to the appropriate line in the Comprehensive Income and Expenditure Statement.

2.2 Business Rates Appeals

Both the 2017 Rating list (applicable from 1 April 2017) and the 2023 Rating list (applicable from 1 April 2023), are subject to a significantly complex appeal process. The basis of the appeals provision is explained in Note 17.2 Provisions. There has been a decrease in the level of appeals provision to £12,136,356 (£13,498,660 at 31 March 2023).

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