



Annual Financial Report

**for the
year ended**

31 March 2024

**Lisa Fillery CPFA
Director of Resources**

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The Council

Swale Borough Council is located on the county of Kent's north coast between Medway, Maidstone and Canterbury, around 45 miles from London, but set in rolling Kentish countryside, and less than 30 miles from the Channel Tunnel. With an area of 373 square kilometres and a population of 155,000, Swale includes the towns of Sittingbourne and Faversham, the Isle of Sheppey, and an extensive rural hinterland.

The Council provides a wide range of services, such as waste collection, recycling, street cleansing, parking, planning, leisure, homelessness support, housing benefit, public conveniences and environmental health.

The Council has 47 councillors (also known as 'Members') covering 24 wards. Each Councillor is elected for a term of four years, with the last election on 4 May 2023. Councillors are elected to represent their constituents and to take decisions upon Council services and policies. Swale continues to be controlled by a Coalition under a Committee System implemented from May 2022. At the start of the 2023/24 financial year, the Leader of the Council was Councillor Baldock, following the elections on 4 May Councillor Gibson became the Leader of the Council. The Council's services are organised into Directorates and Departments.

The Council's Corporate Plan can be found here: <https://swale.gov.uk/news-and-your-council/publications/council/corporate-plan>

The Council's priorities are:

- Community – To enable our residents to live, work and enjoy their leisure time safely in our borough and to support community resilience.
- Economy – Working with the businesses and community organisations to work towards a sustainable economy which delivers for local people.
- Environment – To provide a cleaner, healthier, more sustainable and enjoyable environment, and to prepare our borough for the challenges ahead.
- Health & Housing – To aspire to be a borough where everyone has access to a decent home and improved health and wellbeing.
- Running the Council – Working within our resources to proactively engage with communities and outside bodies to deliver in a transparent and efficient way.



Narrative Report

Introduction

This narrative report provides a guide to the Council's accounts and financial position as of 31 March 2024. It includes:

- An explanation of the Annual Financial Report, and each of the main financial statements;
- A look back at financial performance in 2023/24;
- Any major events or changes in presentation and accounting that impact on the accounts; and
- A look at the future financial position and challenges.

Annual Financial Report

Swale Borough Council's Annual Financial Report for 2023/24 provides a record of how the Council has used its financial resources during the year.

The Annual Financial Report has the following sections:

- the Narrative Report, which will cover financial and non-financial performance;
- an Annual Governance Statement showing how the Council meets set standards when carrying out its responsibilities;
- a report from Grant Thornton, after they have reviewed the Council's accounts;
- the Statement of Accounts – see below; and,
- a glossary to explain any technical terms used in the report.

The Annual Governance Statement

This statement is not part of the Statement of Accounts, but is an accompanying report, and is therefore included within the Annual Financial Report.

The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

Auditors report

The Council's accounts and all relevant documents are subject to review by Grant Thornton UK LLP – the Council's external auditors. At the conclusion of their work, the external auditors provide an independent opinion on whether the financial statements present a "true and fair view" of the financial position of the Council at the balance sheet date, and of its income and expenditure for the year. They also report on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The main financial statements

The Statement of Accounts, through the main statements and accompanying notes, provides a record of the Council's financial position and performance for the year ended 31 March 2024. It has been prepared in accordance with the Accounts and Audit Regulations 2015 which require the accounts to be prepared and signed by the responsible officer by 31 May 2024.

The format meets the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

The local authority accounting year runs from 1 April to 31 March. Throughout the accounts figures in brackets represent income or negative figures. The statements are produced using figures rounded to the nearest thousand. This can lead to rounding variances in some of the totals included within the statements and the notes to the accounts.

The Statement of Accounts appears on pages 31 to 94. The Expenditure and Funding Analysis is not a core financial statement but has been included at this stage of the Statement of Accounts to assist readers with a logical path through the detailed financial reporting.

Expenditure and Funding Analysis page 31 – this shows the final net spend for each service for the year and their impact on the Council's resources and then converts these figures in accordance with accounting regulations so that they match those in the Comprehensive Income & Expenditure Statement.

The Council's core financial statements are listed below along with a brief explanation of their purpose.

Comprehensive Income & Expenditure Statement page 34 – shows all of the Council's spending, income and changes in value in providing its services during the year in accordance with generally accepted accounting practice.

Movement in Reserves Statement page 36 – shows the movement on all the Council's reserves (funds set aside) due to the increase or decrease in the Council's net worth as a result of its spending, the income it received, and changes in the value of its assets.

Balance Sheet page 37 – summarises the Council's financial position at 31 March each year. It shows the assets (what the Council owns) that the Council holds and its liabilities (what the Council owes) to other parties, and the Council's reserves, separated into those that can be used for future spending (usable reserves) and those created to reconcile the technical aspects of accounting (unusable reserves).

Cash Flow Statement page 39 – summarises the cash movements in and out of the Council's bank accounts over the year.

Notes to the Core Financial Statements on pages 40 to 90 – present information about the basis of preparation of the financial statements and the accounting policies used. The notes also disclose information required by the Code that is not presented elsewhere in the financial statements but is relevant to understanding them.

Collection Fund on pages 91 to 94 – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement,

Reviewing the Council's Performance

and accompanying notes, show the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Financial Performance in 2023/24

This section gives an overview of the financial performance of the Council in 2023/24, including reasons for significant variances from planned expenditure.

The finances of the Council are now thought to have recovered as far as they will from the impact of Covid-19, as activity levels have settled into a new routine. However, the year continued to be impacted by the cost of living crisis in the UK, and global events such as the war in Ukraine.

As in recent years, the Council has continued to receive grant funding to pay over to residents in the form of the Housing Support Fund and energy support schemes, to help households manage increasing costs.

There were regular reports to Policy and Resources committee and senior management on the monitoring of spend against budget. In 2023/24 the final outturn position was balanced, with the use of £1.232m from the budget contingency reserve. The budget for 2023/24 included the use of £2.045m from the budget contingency reserve, so the final position was an improvement of £813k. The major variances against budget were an overspend on temporary accommodation, offset by savings on salaries and additional income, including much higher investment income earned throughout the year as a result of interest rates remaining high, and delays in spend on capital projects. A report will go to Policy and Resources Committee on 15 July 2024 which details how the Council spent its money against its budget and how this expenditure was financed.

The employment market remains buoyant, with some signs of loosening. This strength in the employment market has resulted in difficulties recruiting to some vacancies, so although staff vacancies have led to financial savings in 2023/24 this is not an ongoing saving. The difficulties recruiting have also resulted in the use of agency staff, so these vacancies do need to be filled in order for the Council to deliver the required services and budget savings, and attempts to recruit continue.

Reviewing the Council's Performance

Revenue Expenditure and Income for 2023/24

The table below shows spend against budget for the Council's service departments:

	Budget 2023/24 £'000	Spend 2023/24 £'000	Over/ (Under) Spend 2023/24 £'000
Chief Executive	705	673	(32)
Communications	306	312	6
Elections, Democratic Services & Information Governance	1,117	1,077	(40)
Housing & Community	4,958	5,180	221
Planning	573	1,087	514
Environment & Leisure	8,339	7,655	(684)
Regeneration & Economic Development	(154)	(302)	(148)
Finance & Procurement	815	769	(46)
Revenues & Benefits	311	337	25
Environmental Health	548	572	24
Information Technology	1,285	1,277	(7)
Internal Audit	176	128	(48)
Human Resources	449	406	(43)
Legal	575	618	43
Drainage Board Levy	951	911	(40)
Corporate Overheads and Capital Financing	2,980	2,429	(551)
Cost of Services	23,933	23,128	(805)
Financed by:			
Budget Contingency Reserve	(2,045)	(1,232)	813
Revenue Support Grant	(317)	(317)	0
Other Grants	0	(8)	(8)
Services Grant	(671)	(671)	0
Business Rates	(10,159)	(10,159)	0
New Homes Bonus	(1,103)	(1,103)	0
Collection Fund Surplus	45	45	0
Council Tax	(9,684)	(9,684)	0
(Surplus) in Year	(0)	(0)	0
	Budget	Actual	Variance
	2023/24	2023/24	2023/24
	£'000	£'000	£'000
General Fund Balance 1 April 2023	(3,103)	(3,103)	0
Surplus in year	0	0	0
General Fund Balance 31 March 2024	(3,103)	(3,103)	0

The above table shows that the General Fund balance has remained at £3.103m for 2023/24. The Council's policy is to maintain a balance of at least £1.5 million in the General Fund. The balance of £3.103 million at 31 March 2024 represents 13.4% of the Cost of Services for 2023/24 and is therefore deemed to be at an adequate level by the Head of Finance and Procurement.

Reviewing the Council's Performance

In addition, the Council:

- collected £105m of Council Tax for Police, Fire, Kent County Council (KCC), Parish Councils and itself (£99m in 2022/23);
- collected £53m of Business Rates for the Government, Fire, KCC, and itself (£51m in 2022/23);
- paid out £31m on benefits and received £30m in grant (£31m paid, £31m received in 2022/23).

The main variances between the budget and the outturn are set out below by service.

Activity	Variance (£000) ()=underspend +ve = overspend	Explanation of variance
Housing and Community	221	The variance is largely due to an increase in the cost of the temporary accommodation which has outstripped the hard work of the team in reducing the number of placements during 2023/24. This is offset with salary underspends within the Customer Service Centre and the Stay Put/Private Sector areas.
Planning	514	The variance is due to increased costs of temporary staffing due to difficulties in recruiting permanent staff, this is a net position as additional income was also achieved during the year. The team restructure implemented in 2024/25 aims to address the recruitment issue.
Environment and Leisure	(684)	The variance is largely attributable to a lower cost of indexation for the refuse collection and street cleansing contract than was initially budgeted. The waste and street cleansing budgets for 2024/25 have been calculated on the new contract. In addition parking activity has recovered well and the final position is therefore better than anticipated. Leisure and Technical Services are reporting an overspend of £215k. This is mainly as a result of an increased cost on leisure and sports centres in relation to an increase in leisure centre utility costs.
Regeneration & Economic Development	(148)	There have been a number of rent reviews that have increased rents due. These also attracted an element of back rent, so rental income has a one year peak.
Shared Services	(32)	There were a number of staff vacancies across the shared services that created savings within the year. Legal Services overspend was as a result of higher than budgeted use of interim staff and external legal services across the Council.

Reviewing the Council's Performance

Corporate Items	(551)	The main reason for the variance is higher than anticipated investment income due to the increased bank rate as well as a saving on pensions costs. Reduced insurance contract costs offset additional external audit costs. Where the savings are ongoing the changes have been reflected in the budget for 2024/25.
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Capital Spending for 2023/24

Where spending is on an asset which will benefit the Council over a number of years, it is called capital. It is funded mainly by Government grants, borrowing, reserves and capital receipts (money from selling land and other assets). The revenue impact of implementing the capital programme is reflected in the revenue budget.

The Council's spend on capital schemes in 2023/24 was £11.02 million. The outturn position of the capital programme is detailed in the table below, along with a breakdown of how it was funded.

	Revised Budget		Spend		Slippage	Variance
	Gross	Net	Gross	Net		to Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Levelling up - Sheerness Revival	7,349	0	1,029	0	6,320	0
Waste vehicle fleet	7,035	5,035	6,047	4,247	788	0
Disabled facilities grants	6,103	0	1,545	0	4,558	0
Local Authority housing	5,263	5,263	0	0	5,263	0
Housing temporary accommodation	4,539	3,842	959	262	3,580	0
Open spaces play equipment	488	0	147	0	338	0
Swale House refurbishment	282	282	261	261	21	0
Leisure centres	287	287	0	0	287	0
Faversham Creek basin regeneration	200	200	0	0	200	0
ICT replacement programme	192	0	122	0	0	0
Barton's Point toilet & shower block	180	0	128	0	0	0
Changing Places toilet upgrades	150	20	131	20	19	0
Rural Prosperity Fund grants	126	0	111	0	14	0
Lynsted churchyard walls	120	0	0	0	0	0
Sheerness public toilets	120	0	86	0	0	0
High Street town centres	76	0	0	0	57	0
Other services	827	195	454	0	214	0
Total	33,336	15,124	11,020	4,789	21,660	0
Sources of funding						
Capital grants and other contributions			3,780			
Earmarked reserves			623			
Borrowing			4,789			
Capital receipts			1,800			
Direct revenue funding			28			
Total capital funding			11,020			

The main capital expenditure items in 2023/24 were waste vehicle fleet, disabled facilities grants, the levelling up Sheerness Revival project and the purchase of housing for temporary accommodation.

Reviewing the Council's Performance

There are currently no anticipated under or overspends within the capital programme, and unspent budget in the year of £21.66m will therefore be slipped into 2024/25. The reason for the slippage is mainly due to the spend on disabled facilities grants being dependent on applications received, as well as a delay in starting the Levelling Up project whilst awaiting funding decisions.

How the Council Manages its Surplus Funds

The Council's total investment averaged £23 million during 2023/24 (£30 million for 2022/23) and closed at £15 million at 31 March 2024 (see Note 42, Table 4) (£9.4 million at 31 March 2023). The Council achieved a return of 4.37% for 2023/24, amounting to £1,171,000 (£704,000 in 2022/23).

The Council meets Government and accounting requirements on treasury management which emphasise the security of funds. The policy is to avoid unnecessary risk, so the Council only puts money with the safest and most secure financial institutions and a number of very large, wide-ranging money market funds (these are well rated, highly diversified pooled investment vehicles).

At 31 March 2024, the Council had two loans of £5 million each, from a local authority and PWLB at an average rate of 4.45%.

How the Council Collects Tax

The Council collects Council Tax on behalf of Kent County Council (KCC), Police, Fire, and Parishes, and Business Rates for the Government, KCC, and Fire service, which is recorded in the Collection Fund which can be seen on page 91. At the year-end, this account had a deficit balance of £0.3 million (surplus balance of £0.5m at 31 March 2023).

Transparency of the Council's Spending

By law, all Councillors must fill in a Declaration of Members' Interest form to register their financial or other interests. The Monitoring Officer maintains the full Register. The public can see it on the Council's website at <http://www.swale.gov.uk/register-of-interests/>.

The Government has promoted how local authorities make information on senior staff salaries and payments to the Council's suppliers available to the public. This information can be found on the Council's website at: <http://www.swale.gov.uk/transparency/>.

Pensions

The Council is a member of the Local Government Pension Scheme (LGPS), which KCC administers on the Council's behalf. Every three years the value of this fund is valued by a firm of actuaries (professionally qualified independent consultants). This valuation estimates how much money will be needed to pay pensions in the future and compares this to the expected income. A valuation is carried out every three years and this sets the amount that the Council has to pay to the Kent Pension Fund.

However, the pensions note in the accounts (Note 9) is based upon a different method of valuing the Pension Fund from the one described above. Instead, the value of pensions in the accounts is based on an International Accounting Standard (IAS 19) using different assumptions from the approach described above. In the accounts, the pension deficit according to IAS 19 has decreased from £14 million at 31 March 2023 to £11 million at 31 March 2024. However, this IAS 19 approach does not affect the amount that the Council

Reviewing the Council's Performance

has to pay to the Kent Pension Fund which is set by the results of the three year valuation described above.

The table below compares these two differing methods of valuation for the past few years.

Year	IAS 19 Review Pension Deficit £'000	3 Year Review Pension Deficit £'000
2021/22	62,604	15,453
2022/23	13,924	8,460
2023/24	10,749	20,220

The reduction of the IAS 19 deficit is in line with our expectations based on our maturity level and the increase in discount rates.

The reasons for the contrast in the valuations between the two methods are the different methods and assumptions underlying their calculations.

Reports on the Kent Pension Fund are available from: KCC, Treasury and Investments, County Hall, Maidstone, Kent ME14 1XQ or by using the following link:

<https://www.kentpensionfund.co.uk/>

Significant changes to the local authority financial regime

New Accounting Policies in 2023/24

There were no new significant accounting changes or policies that were adopted for the 2023/24 Accounts.

Future Accounting Policies

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) have deferred the implementation of International Financial Reporting Standard (IFRS) 16 on Leases until 1 April 2024.

Future financial position and challenges

The future of local government funding remains very uncertain, with little to no information available on funding for district councils from April 2025 onwards.

Fundamental changes planned to the funding basis of councils have been deferred yet again. There will be no changes made before the next general election and it is unclear how soon any new government will look to make changes. No announcement has been made about the baseline reset or any of the other business rates reforms. There was no announcement on the Fair Funding Review and the growing sense that it too will be delayed until at least 2026/27.

As well as business rates reset and the Fair Funding Review, there are upcoming changes to the funding of waste collection and disposal services. At this time there are many unknowns around this, which adds to uncertainty around future finances.

The budget strategy is intended to ensure that the Council has a balanced and sustainable budget that provides the financial resources needed to implement the key priorities.

Medium Term Financial Plan

The Medium Term Financial Plan presented to Council on 21 February 2024 forecast a revenue budget gap of £733,000 in 2024/25, growing to a gap of £3.5 million in 2026/27 and therefore this will need to be addressed in future budget rounds. It is not sustainable to rely on significant transfers from reserves to support the base budget position.

Future budgetary issues include: potential changes to central Government funding of local authorities, impact of the local and UK economy on business rates income, increasing costs of temporary accommodation and supporting homeless applications, increased service demand due to cost of living, and reducing reliance on reserves.

The Council seeks to maintain a minimum of £1.5m as its General Fund balance, but this minimum level will be reviewed next year. At 31 March 2024 the balance was £3.1m. The Council holds earmarked reserves for specific purposes. The Director of Resources' view is that the level of reserves and balances held by the Council are at a reasonable level.

The Medium Term Financial Plan is detailed in the Council's report on setting the Budget and Council Tax for 2024/25 which was approved by Council meeting on 21 February 2024 which can be found on the Council's website here: [Agenda for Council on Wednesday, 21 February 2024, 7.00 pm \(swale.gov.uk\)](#)

Capital Strategy

The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services.

Looking ahead to 2024/25 there will be three major capital projects which are reflected in the Capital Budget:

- Housing company - in October 2020 Cabinet agreed to establish Swale Rainbow Homes Ltd. The outline business case envisaged the Council providing up to £23 million of funding through loans to support the delivery of new homes. The exact arrangements for the drawdown of this funding will follow the detailed planning and procurement phases. The cost of the borrowing will be wholly met by the company.
- Purchase of temporary accommodation – the Housing and Health Committee on 17 January 2023 agreed a budget of £11 million to purchase up to 50 properties within the borough to accommodate households in need of housing. The funding for this project will be a reallocation of temporary accommodation spend to cover the capital financing costs. This project commenced in 2023/24 but the majority of purchases are expected in 2024/25.
- Levelling Up Scheme – the council has been successful in its bid for funding from the Levelling Up scheme. This project will use funding to improve health, education, leisure and employment opportunities in Sheerness through the Sheerness Revival project. This is expected to be a two-year capital project, with the budget profiled across 2023/24 and 2024/25. Due to delays in announcing the award of funding, there may be a need to reprofile part of the budget into early 2025/26.

Reviewing the Council's Performance

The Director of Resources believes that the Capital Strategy and Capital Programme proposed are sustainable. The capital strategy and programme are detailed in the Council's report on setting the Budget and Council Tax for 2024/25 which was approved by Council meeting on 21 February 2024 and can be found on the Council's website here: [Agenda for Council on Wednesday, 21 February 2024, 7.00 pm \(swale.gov.uk\)](https://www.swale.gov.uk/agenda/council-on-wednesday-21-february-2024-7-00-pm)

Conclusions

It has been another challenging year for the Council, but financial plans have been substantially delivered and plans are in place to help identify and deliver savings in future years whilst continuing to strive to minimise any negative impact on services.

I would like to thank all staff within the Council for their efforts in delivering quality services largely within the Council's financial plans. The hard work of all staff puts the Council in the best possible position to deal with the serious financial challenges that we continue to face, and I have faith that staff will strive to meet these challenges.

Particular thanks are due to the finance team for their work in producing this Statement of Accounts in a very short timescale, in a period when their workload exceeded their available work hours.

Claire Stanbury CPFA

Date: 31 May 2024

Head of Finance and Procurement

Reviewing Performance

The Council's Performance

The Council continues to monitor its performance against a range of performance indicators and, where possible, to benchmark its performance with those of other local authorities. In addition to numerous indicators in use within specialist teams, Members, through Policy and Resources Committee, and Management monitored a set of 43 'corporate' indicators on a regular basis. The Council publishes a summary performance report each month on its website at <http://www.swale.gov.uk/managing-performance/>.

The Council's People

The Council has developed its values to describe clearly how the Council does things and all employees should be aware how the Council expects them to work. The Council has an engagement plan to ensure that staff know where they fit in and the importance of their role in delivering the priorities of the Council. An important part of the engagement plan is the approach to staff communications which are regular and made through a variety of communication channels.

The Workforce Strategy is being updated and is due to be adopted in 2024/25.

The monitoring of workforce information by SMT continues to focus on sickness absence with improvements seen in 2023/24, with an average of 5.88 days per employee (2022/23 8.63 days per employee). This is below the average for public sector organisations of 7.7 days. The Council has continued to provide a proactive approach to sickness management and has continually enhanced an active programme of well-being initiatives to encourage staff to take responsibility for their own health.

How the Council Manages Data

The Council has a responsibility to securely keep the personal data it holds. In 2023/24 there were 38 reported incidents which amounted to breaches of the Data Protection Act and seven near misses. Each case is investigated fully before the Council's Data Protection Officer decides on the appropriate response. In 2023/24 three incidents were reported to the Information Commissioner – two of these resulted in no further action being required, and the third case is still ongoing. In addition, there were 2 breaches of data by third parties, both of which were reported to the Information Commissioner.

How the Council Manages Risk

The Council has a well embedded approach to risk management, and this is reflected in the Risk Management Framework. The framework was reviewed and updated in 2022/23 and approved by Audit Committee in July 2022. The framework details the Council's approach to the management of corporate and operational risks and is available to all officers and Members.

The risk management process is coordinated by Mid Kent Audit and regularly reported to SMT and Policy and Resources Committee. Audit Committee also maintain an oversight of the process.

The last annual report on the Council's risk management arrangements was taken to Audit Committee on 4 April 2024 and can be found here: [Risk Management Report 2023/24](#).

Mid Kent Audit continues to provide guidance, advice and works across the Council to improve risk culture and understanding of effective risk management.

1. Scope of Responsibility

- 1.1 Swale Borough Council is responsible for ensuring that:
 - (i) its business is conducted in accordance with the law and proper standards;
 - (ii) public money is safeguarded and properly accounted for; and
 - (iii) public money is used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure 'Best Value' in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In meeting this obligation, the Council has a responsibility for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.4 The Council works to an updated Local Code of Corporate Governance based upon the 2016 Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework 'Delivering Good Governance in Local Government'. There are no changes to the Code for this year but it notes that it is important that the Annual Governance Statement is kept up to date at time of publication. In March 2022 the Chartered Institute of Public Finance and Accountancy (CIPFA) Practice Oversight Panel issued an advisory note on governance. The note emphasises that all local authorities should reflect upon any weaknesses in governance identified and identify learning points to mitigate the risk of similar issues arising. In addition, CIPFA requires councils to disclose compliance with the CIPFA Financial Management Code and identify any outstanding areas for improvement or change.
- 1.5 This Statement explains how Swale Borough Council has complied with the principles of good governance and reviews the effectiveness of these arrangements. It also meets the requirements of the Accounts and Audit Regulations 2015 (Amended).
- 1.6 The May 2023 elections resulted in control of the Council changing from a five party coalition comprising the Labour, Swale Independent Alliance, Liberal Democrats, Green and Independent groups to a three party coalition comprising the Labour, Swale Independent Alliance and the Green groups. The new administration brought a change in leadership with Councillor Tim Gibson taking the role of Leader with Councillor Mike Baldock as Deputy Leader. The administration has developed a new corporate plan that defines the Council's priorities for the next few years.

2. Impact of external factors on the Council

- 2.1 The last four years has seen external factors have a significant impact on the activity and finances of the Council. The main issues have been Covid-19, the war in Ukraine, and a cost of living crisis in the UK.
- 2.2 Covid-19 was the most significant event this country has dealt with since the end of the Second World War. Government looked to councils to take a major role in the response primarily in supporting the most vulnerable in the local community. Activity has largely recovered to an expected level, the war in Ukraine and the cost of living crisis continue to have an impact, and it is difficult to differentiate the impact between all of these global events.

- 2.4 Staff continue to work from home on an average of three days a week. IT technology of the Council continues to support the hybrid approach to home and office based work and the previous decision to move all staff to work on laptops was highly beneficial. All councillors were also allocated a Swale laptop. In general staff adapted very well to working from home. This also proved beneficial during the summer of 2023 when staff were required to work from home again whilst refurbishment work at Swale house was completed to create an open plan hot-desking working environment. The aim of this project was to provide a welcoming workspace for those staff working from the office whilst creating dedicated space for those teams that required it. The outcome of the project has been well received by all staff and has freed up space for the council to provide office space for external tenants.
- 2.5 Council committee meetings are now operating to a normal calendar of meetings, with the ability for officers and members to join remotely, albeit without voting rights of in person attendance.
- 2.6 Reflecting on the experience with Covid a new delegation to the Chief Executive was agreed in January 2022, enabling her in emergencies or other circumstances in which the council or a committee cannot meet, to take decisions which would otherwise be taken by members. The decisions will have regard as fully as possible to the views of the members who would otherwise have made the decision. This delegation remains in place.
- 2.7 The council is continuing to manage the cost of living crisis and increased (albeit falling) inflation and interest rates. This has implications for both the cost of council services and cost of living for our residents.

3. The Purpose of the Governance Framework

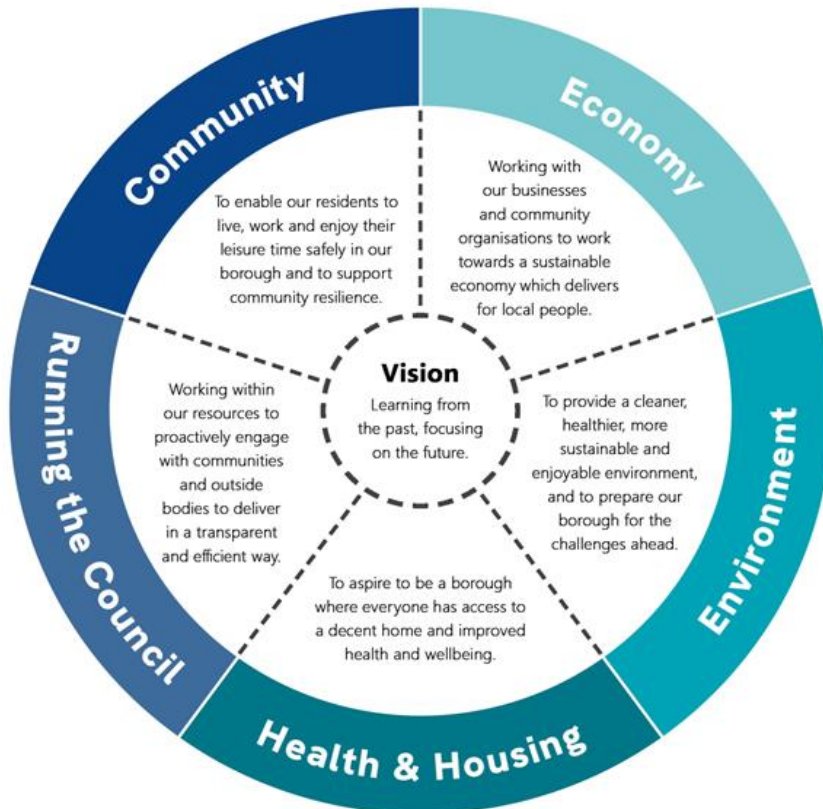
- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives, and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and therefore can only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to:
- (i) identify and prioritise the risks to the achievement of Council's policies, aims and objectives;
 - (ii) evaluate the likelihood of those risks being realised and the impact should they be realised; and,
 - (iii) manage them efficiently, effectively and economically.
- 3.3 The governance framework has been in place at the Council for the year ended 31 March 2024, and up to the date of approval of the Statement of Accounts.

4. The Council’s Governance Framework

4.1 A brief description of the key elements of the Council’s governance framework is described below.

Communicating the Council’s Vision

4.2 In March 2024 Council agreed a new Corporate Plan “Learning from the past, focusing on the future”. The plan is structured around five high level priorities, each containing a number of specific objectives. The priorities are:



4.3 Area Committee meetings continued in 2023/24. These are intended to have a local focus and to more widely engage councillors and the community, with four committees meeting quarterly.

Management of Resources

4.4 The Council seeks to use its resources efficiently and obtains value for money via a number of arrangements. These include:

- (i) A medium term financial plan and annual budget process that ensures that financial resources are directed to the Council’s priorities.
- (ii) A financial monitoring process which closely monitors expenditure and income with detailed quarterly reporting to SMT and Policy & Resources Committee.
- (iii) Increasing the use of growth in Business Rate income achieved since Localisation in Business Rates was introduced in 2013/14.
- (iv) A capital strategy again directed at administration priorities in particular increasing the supply of affordable housing.

- (v) An annual review of fees and charges.

Member and Officer Working Arrangements

- 4.5 Roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. In May 2022 the Council moved to a committee system, replacing the Cabinet system that was previously in place. There are five service committees, each chaired by a member of the administration and supported by a vice chair. The transition was informed by the work of a cross-party constitution review working group, who developed proposals for the detailed working of the new system.
- 4.6 The Council also appoints a number of committees to discharge the Council's regulatory responsibilities. These arrangements, and the delegated responsibilities of officers, are fully set out in the Council's Constitution.
- 4.7 The Constitution also includes both a Member and an Officer Code of Conduct, which describe and regulate the way in which members and officers should interact to work effectively together. Following on from the adoption of the LGA model for the Councillor Code of Conduct in 2022/23, Standards Committee in December 2023 recommended that Full Council agree the adoption of a Member/Officer protocol. (This was subsequently agreed at Full Council on 3 April 2024.)
- 4.8 The results from the Council's LGA Peer Review that took place in 2023 were reported to the administration following the Election in May 2023. This was as a result of poor officer / member relations and a lack of trust of officers by members. The LGA Peer Review team identified that relationships had deteriorated on the 12 months since the initial Peer visit. One of the recommendations was to *Develop and embed joint values and behaviours for Swale BC members and officers*. The introduction of the joint protocol is the first step towards delivering this recommendation.
- 4.9 The Council's Audit Committee has a remit consistent with those identified in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'. During 2023/24 the Committee agreed that it is not required to have an independent person appointed to the committee for the next 4 year cycle of committees. The committee provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework, and internal control environment. The Committee regularly reviews the internal audit work programme, the results of internal audit work, and management's implementation of audit recommendations.
- 4.10 A central role on governance issues is undertaken by the Council's three statutory officers; the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.
- 4.11 The Chief Executive (and Head of Paid Service) is accountable for the delivery of the Council's services, the work of the Council's employees, and the work undertaken for the Council by a variety of partners and contractors who deliver a wide range of services to the community. The role of Chief Executive is a permanent appointment, which requires the approval of the full Council and is currently held by Larissa Reed.

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- 4.12 Section 5 of the Local Government and Housing Act 1989, as amended by paragraph 24 of schedule 5 to the Local Government Act 2000, requires the Council to designate one of its senior officers as the Monitoring Officer. During 2023/24 the council appointed Robin Harris as the Monitoring Officer, replacing David Clifford who left the council in April 2023, he is responsible for:
- (i) Ensuring that the Council acts and operates within the law. He has a duty to report to the whole Council if he believes any action or proposal has been or is likely to be contrary to the rule of law.
 - (ii) Maintaining arrangements to support the Council's functions and activities, including regular reviews of the Council's Constitution.
 - (iii) Dealing with complaints against members under the Code of Conduct, supporting the Council's Standards Committee, and helping to promote and maintain high standards of conduct by Council members, officers, partners and contractors.
 - (iv) Establishing and maintaining registers of interests, gifts and hospitality for members and officers.
 - (v) Receiving reports and taking action under the Council's Confidential Reporting Code, which supports whistleblowing by staff.
- 4.13 The Director of Resources, as the Section 151 Officer appointed under the 1972 Local Government Act, carries overall responsibility for the financial administration of the Council. This role is held by Lisa Fillery. The Council's governance arrangements relating to this role comply with those arrangements set out in the CIPFA statement on the role of the Chief Financial Officer in Local Government (2010).
- 4.14 The role of Head of Internal Audit is assigned to the post of the Head of Audit Partnership - an arrangement covering the three Mid Kent Services Councils (Swale, Maidstone and Tunbridge Wells Borough Councils) and Ashford Borough Council. This role is responsible for the Council's internal audit service, including drawing up the Internal Audit Strategy and related annual plan, and giving the annual Audit Opinion. The Council's arrangements conform to Public Sector International Audit Standards, as independently assessed by CIPFA. The Standards are the "proper practices in relation to internal control" referenced in the Accounts and Audit Regulations 2015 (Amended). The Head of Audit Partnership's operational responsibilities are set out in the Internal Audit Charter and are consistent with the independence requirements set out in the Standards. The Head of Audit Partnership role also conforms to the principles set out in the CIPFA Statement on the Role of Head of Internal Audit (2019).
- 4.15 The Council has clearly set out terms and conditions for the remuneration of members and officers, and there is an effective structure for managing the process of review. A Scheme of Members' Allowances has been set by the Council, having regard to a report of an Independent Panel made up of non-Councillors. The Council sets and publishes a 'Pay Policy Statement' which provides transparency with regard to the Council's approach to setting the pay of its employees. The 'Pay Policy Statement' is reviewed annually.
- 4.16 All employees have clear conditions of employment, and job descriptions which set out their roles and responsibilities.

Promoting Values and Upholding High Standards of Conduct and Behaviour

- 4.17 The Council has a Standards Committee to promote high standards of member conduct. Elected members have to agree to follow a Code of Conduct to ensure high standards in the way they undertake their duties. As referred to above, a new code of conduct was approved and members are now working to the LGA model.
- 4.18 Officer behaviour is governed by the Officer Code of Conduct. The Code has been formulated to provide a set of standards of conduct expected of employees at work and the link between that work and their private lives.
- 4.19 As referred to above, a new Member/Officer protocol was developed by the Standards Committee during 2023/24 with consultation taking place with members, staff and the Trade Unions. Council adopted the Member/Officer protocol in April 2024 and work will be undertaken to embed the protocol and the code in the way Members and Officers undertake their duties.
- 4.20 The Council takes fraud, corruption and maladministration seriously, and as such has established policies and processes which aim to prevent or deal with such occurrences. These include:
- (i) An Anti-Fraud and Anti-Corruption Strategy.
 - (ii) A Whistleblowing Policy.
 - (iii) Various HR policies regarding discipline of staff involved in such incidents.
 - (iv) Various procurement policies.
 - (v) A corporate complaints procedure exists to receive and respond to any complaints received.
- 4.21 Arrangements exist to ensure that members and employees are not influenced in their decision-making by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include:
- (i) Registers of disclosable pecuniary and non-pecuniary interests;
 - (ii) Declarations of disclosable pecuniary and non-pecuniary interests at the start of each meeting in which discussions involve a matter in which a member has an interest;
 - (iii) Register of interests for officers;
 - (iv) Registers of gifts and hospitality for members and officers;
 - (v) An Equalities Scheme and Equal Opportunities Policies; and,
 - (vi) Member induction and ongoing member training.

Taking Informed and Transparent Decisions and Managing Risk

- 4.22 The Council's decision-making processes are clear, open and transparent. The Council's Constitution sets out how the Council operates and the processes for policy and decision-making which is now operated under a committee system. Agendas and minutes of all meetings are published on the Council's website.

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- 4.23 The Council provides decision-makers with full and timely access to relevant information. The committee report template requires information to be provided explaining the legal, financial and risk implications of decisions, as well as inter alia implications for the corporate priorities, and any equality and diversity implications.
- 4.24 The Council has a well embedded approach to the management of risk and this is reflected in the Risk Management Framework which was reviewed, updated and approved by Audit Committee in July 2022. Policy and Resources committee receives regular reports on the Council's key risks, and the Audit Committee maintains an oversight of the process.

Developing the Capacity and Capability of Officers and Members

- 4.25 The Council recognises that the success of its business is built upon the knowledge, expertise, and commitment of its workforce. Development and retention of staff therefore remains a priority for the Council. The use of the Check-In system for staff performance and the quarterly workforce report provides key information on employees including well-being of staff to ensure that the system and support being provided meets the requirements of the organisation.
- 4.26 In response to the B-Heard survey a Leadership Development Programme was initiated from September 2022. The initial training programme ran until March 2023 with the Council senior officer leadership team embarking on a programme of development leadership training to make a Council fit for the future.
- 4.27 Following on from the work done with an external company and the Planning Team to deliver a process of cultural transformation, the team are continuing to make changes to improve the service, with new personnel at a senior level leading that change. A restructure of the planning service was initiated in November 2023 alongside a new head of service role, Head of Place. Joanne Johnson was confirmed as Head of Place from 1 April 2024.
- 4.28 Local government recruitment continues to be a concern across many services and a national project to look into this issue was launched in 2023/24. The council has been involved in this project across several areas that have been hard to recruit and a further project is in hand for our Legal team to address high level of vacancies and subsequent reliance on agency and locum staff.
- 4.29 The cross-party Member Development Working Group takes an overview of the approach to member development. Work is ongoing to update the member training plan in line with member requirements.

Engagement with Local People and Other Stakeholders to Ensure Robust Public Accountability

- 4.30 The Council engages with partners and stakeholders through various partnerships to ensure collaboration on strategic issues and joint responsibility for working together for the benefit of the residents of Swale.
- 4.31 During 2023/24 the council was one of the founding members of the LGA Special Interest Group on Internal Drainage Board Levy funding. Working with other levy paying local authorities to lobby for change in the way in which drainage boards are funded to avoid additional pressures on local government budgets.

- 4.32 The Council also engages with the voluntary, community and business sectors, working closely with Swale CVS and communicating through appropriate networks. During 2023/24 work has been carried out to strengthen and empower the VCS to support our residents and communities further and more sustainably. It also disseminates and incorporates information about the Council within various e-bulletins and newsletters that go to these groups.
- 4.33 In addition, the Council uses a variety of corporate communications channels to engage with and inform local people about the work of the Council and its decisions including:
- (i) Ensuring the Council provides an accessible website for delivering online services, providing a comprehensive information source and easy access to transparency data.
 - (ii) Transparent processes for undertaking consultations, public meetings, Council and Committee meetings with free public access to consultation documents and responses, meeting agendas, reports and minutes via the Council website.
 - (iii) Publishing and distributing 'Inside Swale' magazine to 64,000 households twice a year to provide a trusted source of Council news and information.
 - (iv) Comprehensive use of official social media and email bulletins to promote the Council services and engage with stakeholders, responding to local peoples' comments, questions and concerns online.
 - (v) Providing an 'Ask the leader' channel to enable any stakeholder the opportunity to engage directly with the leadership, with all questions and responses openly published on the Council website.

Outcomes and value for money

- 4.34 Much of this document is concerned with processes for governance and promoting internal control. But it is essential to consider to what extent do the organisation's governance arrangements support the achievement of outcomes and delivery of value for money.
- 4.35 From a financial perspective the 2023/24 outturn is a reduction in the planned use of reserves of £813,000 (the original budget requirement was £2.045m). The low level of Revenue Support Grant is highly disadvantageous to a Council such as Swale with both a low absolute level of Council tax, a relatively low Council tax base and high levels of need. Given the highly constrained revenue budget the administration has continued to use one off funds to pump-prime the achievement of their priorities. The savings proposals agreed for the 2023/24 budget have in the main been delivered. The except to this is the planned reduction in spend on homelessness. Despite the team's success in reducing the number of homelessness placements during the year, the increase in cost of nightly let accommodation has meant that the savings are not achievable. Other reported overspends in services are not resulting from savings proposals that have not been achieved.
- 4.36 Progress on the new Local Plan had been paused awaiting further clarity and direction from central government in anticipation of further changes being introduced

Annual Governance Statement

to policy, guidance and legislation as a result of the Environment Act and the Levelling Up and Regeneration Bill and changes to the National Planning Policy Framework. Changes to the NPPF came to pass in December 2023, and a reversal of the pause has been recommended to Policy and Resources Committee (by the Planning and Transportation Policy Working Group, in March 2024), alongside a Local Development Scheme.

- 4.37 Despite external factors previously discussed the Council's work in the year once again shows good progress has been made across a range of administration priorities:
- (i) Constitutional reform – An in year review of the Committee system that was introduced from May 2022 has reduced the number of committee meetings to be held in the coming civic year (this is also in response to a recommendation from the LGA peer review). Area Committees continued during the year with a more local focus.
 - (ii) Local housing company - Work is ongoing to revise the initial business plans that were produced pre Covid.
 - (iii) Homelessness and rough sleeping - Transformation work has been undertaken within the service and resources invested both in staffing and property acquisition to reduce the financial burden to the Council of meeting our statutory obligations.
 - (iv) Climate change emergency action plan.
 - (v) Improvements to town centres, coastal amenities, open spaces, visitor attractions and heritage public realm in the borough.
 - (vi) Support to community projects across the borough.
 - (vii) Spirit of Sittingbourne project for Sittingbourne delivered, with work ongoing to let the remaining vacant units within the site.
 - (viii) Refurbishment work largely completed at Swale House and the work on Master's House now included within the LUF scheme.
 - (ix) Sheerness Revival LUF project year 1 delivery in progress.
- 4.38 The last week of 2023/24 saw the launch of the district's new waste contract. This involved the transition to a new supplier, the acquisition of new vehicles, the introduction of new reporting tools and the transfer of staffing to the new supplier. The first 8 weeks of the contract have seen some bedding in issues that were to be expected in a change in contract of this scale and complexity.
- 4.39 Extensive communications were put in place with residents to inform them of the proposed changes to their waste collection days, with ongoing updates continuing on our website and social media pages.

- 4.40 Regular meetings are still being held with senior administration members and wider group leaders to keep members updated on the progress of the introduction of the new contract.
- 4.41 The 2024/25 budget position had looked extremely difficult with significant pressures in service provision arising from the procurement of a new waste contract, increased costs for homelessness temporary accommodation and pressures arising from cost of living increases. Early engagement with the member budget working group helped focus the areas for Heads of Service to propose savings that helped to offset some of these pressures. Confirmation of a further year of government grant reduced the reliance on reserves to balance the budget, however a last minute loss in funding to support our waste contract increased that position again. The Council still faces a very significant funding gap over the medium term and is unlikely to benefit from significant extra Government financial support, the uncertainty of which for district councils threatens both the delivery of core business and administration priorities. A savings plan will be included in the budget preparation and Medium Term Financial Plan (MTFP) work for 2025/26 as agreed by the administration during the last budget round.

CIPFA Financial Management Code

- 4.42 The CIPFA Financial Management (FM) Code “is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time the FM Code sets out the standards of financial management for local authorities”.
- 4.43 For the 2023/24 accounts the Council is required to disclose its compliance with the FM Code and identify any outstanding areas for improvement or change. Given the financial crisis all councils have faced due to the external factors referenced above there has been less attention paid to the Code. However, Swale compares well against the Code as most standards are built into our business as usual processes. As in previous years the Chief Executive and Director of Resources will be leading on ensuring that the financial sustainability of the authority in the longer term is addressed in the future budget and medium term financial planning.

5. Review of Effectiveness

- 5.1 The Council annually reviews the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, through the work of internal audit, and by comments made by the external auditors and other inspection agencies.
- 5.2 The processes applied in maintaining and reviewing the effectiveness of the system of governance include:
- (i) The work of the Audit Committee.
 - (ii) The work of the Standards Committee.
 - (iii) The operation of the Council’s performance management frameworks, including an Annual Report and the wider approach to risk management.
 - (iv) The work of Internal Audit as an assurance function that provides an independent and objective opinion to the Council on its control environment.

Annual Governance Statement

- (v) The external auditor's opinion report on the Council's financial statements, and his conclusion on whether the Council has put in place proper arrangements to secure efficiency and effectiveness in its use of resources (the Value for Money conclusion).
- (vi) The roles of the Council's Statutory Officers.
- (vii) The corporate complaints procedure.
- (viii) The anti-fraud and corruption and whistleblowing framework.

5.3 To further support the review of its effectiveness, the council engaged in a LGA corporate peer review in 2023. The aims of the review were as follows:

- (i) Assess the general health of the council.
- (ii) Request specific feedback on the following:
 - a) The number, input levels and scrutiny function of the new committee structure.
 - b) Whether we are doing the right things to ensure members and officers work well together.
 - c) How can we achieve the savings required whilst still delivering member priorities.
- (iii) Positive recommendations for a new administration.
- (iv) Provide constructive challenge where required.

5.4 The feedback from the Peer Review was reported to the Council following the May 2023 election in order to inform the new administration, and a review of progress took place in March 2024.

5.5 The Peer Review highlighted 10 key recommendations for the council which resulted in an action plan. The recommendations are

- Recommendation 1 - Work at pace to develop a new Corporate Plan that has a clear and well defined strategic vision with strategic priorities, owned by members and clearly communicated to staff, residents and partners.
- Recommendation 2 - Develop and embed joint values and behaviours for Swale members and officers.
- Recommendation 3 - Develop a robust and detailed savings plan, ensuring clear ownership of projects/plans by the administration and officers.
- Recommendation 4 - Continue to work on the member/officer protocol and work to improve member/officer relationships.
- Recommendation 5 - Develop a comprehensive induction and support programme for members which includes the statutory roles of the Council, budget responsibilities, and building internal/external positive relationships.

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- Recommendation 6 - Conduct a review of committee meetings including the number of meetings and capacity to support their frequency. Test further opportunities for wider scrutiny and challenge within the committee system.
- Recommendation 7 - Maximise your links with small and big businesses. Tap into their work on corporate social responsibility activity, employment opportunities and how these can support your local priorities.
- Recommendation 8 - Prioritise work on developing your communications and engagement strategy.
- Recommendation 9 - Celebrate and communicate the council's successes.
- Recommendation 10 - Closely monitor the impact of the 34-hour week, considering the impact on the organisation and residents.

5.6 Full details of the action plan can be found here [LGA Peer Challenge Action Plan \(swale.gov.uk\)](https://www.swale.gov.uk) and progress on delivery of the recommendations will be reported to members through 2024/25.

5.5 In the 2022/23 Annual Governance Statement six main areas for attention moving forward were identified. The latest position on these is as follows:

Issue	Updated position
Produce a robust savings plan to support the delivery of a balanced budget.	The 2024/25 balanced budget included savings proposals of £2.4m plus a further £733k contribution from reserves. There are ongoing pressures for future years including uncertainty over local government funding, meaning that further savings plans need to be developed to deliver a balanced position for the future.
Develop a member-officer protocol to support good governance.	The member code of conduct was reviewed and a new code, in line with the LGA model, was adopted in February 2023. Work is ongoing to embed the code of conduct. Further to this, a member/officer protocol went through the standards committee in 2023 and was adopted by Council in April 2024. Work is ongoing to embed the new code of conduct and member/officer protocol in the new civic year.
Delivery of the new senior management structure including the appointment of a new Monitoring Officer.	The new structure, including a new Monitoring Officer, was implemented in April 2023.
Delivery of the Sheerness Revival LUF project in line with agreed timescales and government reporting requirements.	The Sheerness Revival project is progressing well. However, delays to the notification of funding has meant that the project is behind the original timescales. The project team are working closely with government, ensuring they are aware of

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	timescales and raising concerns at the appropriate times. Permission to deliver through until October 2025 has been secured, reflecting the time period lost due to notification delays.
Planning and implementation of the new waste contract in March 2024.	The new waste contract began in March 2024. There has been a period of instability in service delivery as new ways of working are embedded. This has been resource intensive, and business continuity plans have been exercised.
Develop an action plan to deliver on findings received from the Peer Review.	An action plan was developed following feedback from the Peer Review, and work is progressing towards the agreed actions. Some have been completed, whilst others remain work in progress at this point in time.

6. Significant Governance Issues

6.1 There were no significant governance weaknesses in 2023/24.

6.2 The main areas for member and senior management attention in the coming year are:

- (i) Produce a robust savings plan to support the delivery of a balanced budget.
- (ii) Embed the code of conduct and member-officer protocol to support good governance.
- (iii) Delivery of the Sheerness Revival LUF project in line with agreed timescales and government reporting requirements.
- (iv) Planning and implementation of the new waste contract from March 2024.
- (v) Continue to participate in the LGA special Interest group on Internal Drainage Board Levy funding to address the pressure on local authorities.

Agreed:

Cllr Tim Gibson
Leader of the Council

Larissa Reed
Chief Executive

Auditor's Report

Independent auditor's report to the members of Swale Borough Council

Grant Thornton will be carrying out an audit on these accounts and reporting to the Audit Committee in due course.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

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

The Director of Resources' Responsibilities

As the Director of Resources, I am the S151 Officer and am responsible for the preparation of the Council's 2023/24 Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that the accounts present a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2024.

Lisa Fillery CPFA
Director of Resources

Date: 31 May 2024

Certification of the Chairman of the Audit Committee

I confirm that the adoption process for the 2023/24 Statement of Accounts has been formally completed and that the Statement of Accounts for the year ended 31 March 2024 was approved by Swale Borough Council in accordance with the Accounts and Audit Regulations (England) 2015 at the meeting of the Audit Committee.

Date:

Chair of the Audit Committee

**Explanatory Note to the Accounts: Expenditure and Funding Analysis –
Change in Spend Per Department from Reported Basis to Accounting Basis**

Net exp charged to the General Fund	2022/23 Restated Adjustments for:			Net exp in the CIES		Net exp charged to the General Fund	2023/24 Adjustments for:			Net exp in the CIES
	Capital	Pensions	Other				Capital	Pensions	Other	
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
791	0	78	9	878	Chief Executive	673	0	(10)	3	666
297	0	30	1	328	Communications	312	0	(5)	92	399
1,160	3	55	22	1,240	Elections, Democratic Services and Information Governance	1,077	3	(8)	73	1,145
5,660	182	345	59	6,246	Housing & Community Services	5,180	39	(53)	106	5,272
1,182	0	172	52	1,406	Planning	1,087	0	(21)	30	1,096
6,662	1,171	191	35	8,060	Environment & Leisure	7,655	968	(27)	121	8,717
681	2,365	97	272	3,415	Regeneration & Economic Development	(302)	(393)	(13)	2,394	1,686
846	(70)	74	678	1,527	Finance & Procurement	769	7	(10)	788	1,554
1,099	0	151	89	1,340	Revenues & Benefits	337	0	(18)	(127)	192
658	9	0	(81)	587	Environmental Health	572	9	0	23	604
1,318	27	0	(484)	861	Information Technology	1,277	0	0	(255)	1,022
135	0	0	0	135	Internal Audit	128	0	0	0	128
404	0	3	22	429	Human Resources	406	0	(1)	22	427
430	0	127	(41)	516	Legal	618	0	(17)	(184)	417
660	0	0	(676)	(17)	Corporate Items	3,340	15	(21)	(3,457)	(123)
21,983	3,688	1,323	(43)	26,951	Cost of Services	23,129	648	(204)	(371)	23,202
(22,012)					Financed by Council Tax, Business Rates & Grants	(23,129)				
(29)					(Surplus) in Year	0				
					General Fund Balance:					
(3,074)					As at 1 April	(3,103)				
(29)					Deficit/(surplus) in Year	0				
(3,103)					As at 31 March	(3,103)				

**Explanatory Note to the Accounts: Expenditure and Funding Analysis –
Change in Spend Per Department from Reported Basis to Accounting Basis**

The 2022/23 figures have been restated as a result of a reorganisation in 2023/24. This has resulted in a change to our service structure as reported to Policy and Resources Committee. The change is as follows:-

Net exp charged to the General Fund	2022/23 Original				Net exp in the CIES		2022/23 Restated				Net exp in the CIES
	Adjustments for:			Net exp			Adjustments for:			Net exp	
	Capital	Pensions	Other				Capital	Pensions	Other		
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	
232	0	25	0	257	Chief Executive	791	0	79	8	877	
1,707	3	102	31	1,844	Policy, Governance, Transformation & Customer Services	0	0	0	0	0	
178	0	21	0	199	Director of Regeneration	0	0	0	0	0	
131	0	15	0	147	Director of Resources	0	0	0	0	0	
0	0	0	0	0	Communications	297	0	30	1	329	
0	0	0	0	0	Elections, Democratic Services and Information Governance	1,160	3	55	22	1,241	
2,248	3	164	31	2,446		2,248	3	164	31	2,446	

The left hand column for each year shows the final spend for the year as reported to Policy and Resources Committee. The middle columns show changes that have to be made in order to report the Council's expenditure on an accounting basis, which is shown in the column on the right, which then appears in the next statement – the Comprehensive Income & Expenditure Statement as the Cost of Services.

Column Explanations

Capital – includes the accounting cost of depreciation of assets or the change in valuation of assets as these are not charged to the taxpayer;

Pension – shows the cost of pensions based on the accounting standard IAS 19 rather than the actual payments made to the Kent Pension Fund;

Other – reporting differences between outturn and the Comprehensive Income and Expenditure statement, plus taking out Corporate Items which are not in Comprehensive Income & Expenditure Statement Cost of Services, e.g. movement to/from reserves.

**Explanatory Note to the Accounts: Expenditure and Funding Analysis –
Change in Spend Per Department from Reported Basis to Accounting Basis**

The table below reconciles the Cost of Services to the Deficit on the Provision of Services on the Comprehensive Income & Expenditure Statement:

Net exp charged to the General Fund	2022/23				Net exp in the CIES		Net exp charged to the General Fund	2023/24			Net exp in the CIES	
	Adjustments for:			Other				Adjustments for:				Other
	Capital	Pensions	Other					Capital	Pensions	Other		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
21,983	3,687	1,323	(42)	26,951	Cost of Services	23,129	648	(204)	(371)	23,202		
(69,330)	(317)	1,032	48,101	(20,514)	Other (Income) & Expenditure	(29,332)	562	344	2,430	(25,996)		
(47,347)	3,370	2,355	48,059	6,437	(Surplus)/Deficit on the Provision of Services	(6,203)	1,210	140	2,059	(2,794)		
47,318	(3,370)	(2,355)	(48,059)	(6,466)	Adjustments from Accounting Basis	6,203	(1,210)	(140)	(2,059)	2,794		
(29)	0	0	0	(29)	(Surplus) in Year	0	0	0	0	0		

**Comprehensive Income & Expenditure Statement –
Why the Council's Resources Changed**

2022/23 Restated				2023/24		
Gross Exp £'000	Gross Income £'000	Net Exp £'000	Note	Gross Exp £'000	Gross Income £'000	Net Exp £'000
878	0	878	Chief Executive	666	0	666
329	(1)	328	Communications Elections, Democratic Service and	403	(4)	399
1,242	(2)	1,240	Information Governance	1,326	(181)	1,145
13,404	(7,158)	6,246	Housing & Community Services	12,696	(7,424)	5,272
3,252	(1,846)	1,406	Planning	3,139	(2,043)	1,096
13,923	(5,863)	8,060	Environment & Leisure	15,438	(6,721)	8,717
4,859	(1,444)	3,415	Regeneration & Economic Development	2,567	(881)	1,686
1,528	(0)	1,527	Finance & Procurement	1,286	268	1,554
34,677	(33,337)	1,340	Revenues & Benefits	33,306	(33,114)	192
625	(39)	587	Environmental Health	727	(123)	604
865	(4)	861	Information Technology	1,030	(8)	1,022
135	0	135	Internal Audit	128	0	128
437	(8)	429	Human Resources	433	(6)	427
1,793	(1,278)	516	Legal	1,918	(1,501)	417
0	(17)	(17)	Corporate Items	0	(123)	(123)
77,947	(50,996)	26,951	Sub Total Cost of Services	75,063	(51,861)	23,202
			Other Operating Expenditure			
906	0	906	Drainage Board levy	952	(41)	911
1,661	0	1,661	Parish and Town Council precepts	1,730	0	1,730
505	(130)	375	(Gain)/loss on disposal of assets	14 1,896	0	1,896
4,500	(4,044)	456	Financing & Investment	11 1,711	(4,405)	(2,694)
			Taxation and Non-Specific Grant Income and Expenditure			
0	(10,868)	(10,868)	Council Tax	0	(11,368)	(11,368)
0	(21,781)	(21,781)	Business Rates income	0	(23,786)	(23,786)
0	(3,448)	(3,448)	S31 Business Rate Relief Grants	0	(8,704)	(8,704)
12,912	0	12,912	Tariff & levy Business Rates	18,520	0	18,520
4,485	(2,582)	1,903	Business Rates Kent Pool	3,051	(1,767)	1,284
0	(120)	(120)	Revenue Support Grant	0	(317)	(317)
0	(1,407)	(1,407)	New Homes Bonus	0	(1,102)	(1,102)
0	(1,103)	(1,103)	Other grants and contributions	0	(2,366)	(2,366)
102,916	(96,479)	6,437	(Surplus)/Deficit on Provision of Services	102,923	(105,717)	(2,794)
			Net surplus on revaluation of non-current			
		(4,465)	assets	18		(1,178)
		(49,554)	Re-measurement of net defined pension			(2,265)
		235	liability	9		
		235	Receipts from long-term debtors	19		34
		(47,347)	Total Comprehensive (Income) and Expenditure			(6,203)

This shows the cost of providing services on an accounting basis resulting in net income of £6.203 million, which increases the value of the Council's assets. The cost of providing services funded from taxation is shown in the Movement in Reserves Statement.

**Comprehensive Income & Expenditure Statement –
Why the Council's Resources Changed**

The 2022/23 figures have been restated as a result of a reorganisation in 2023/24. This has resulted in a change to our service structure as reported to Policy and Resources Committee. The change is as follows:-

2022/23 Original			2022/23 Restated		
Gross Exp	Gross Inc	Net Exp	Gross Exp	Gross Inc	Net Exp
£'000	£'000	£'000	£'000	£'000	£'000
257	0	257	877	0	877
1,846	(3)	1,844	0	0	0
199	0	199	0	0	0
147	0	147	0	0	0
0	0	0	330	(1)	329
0	0	0	1,243	(2)	1,241
2,449	(3)	2,446	2,449	(3)	2,446

Movement in Reserves Statement – The Change in the Council's Resources

	General Fund Balance £'000	Revenue Earmarked Reserves £'000	Total General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
2023/24								
Opening Balance	(3,103)	(15,130)	(18,233)	(2,946)	(713)	(21,892)	(35,983)	(57,875)
Reclassification	0	0	0	903	(903)	0	0	0
Total Comprehensive Expenditure & (Income) 2023/24	(2,794)	0	(2,794)	0	0	(2,794)	(3,409)	(6,203)
Adjustments between accounting basis and funding basis (note 46)	1,055	0	1,055	1,651	(148)	2,559	(2,559)	(0)
Transfers (to)/from earmarked reserves (note 17)	1,739	(1,739)	0	0	0	0	0	0
(Increase)/decrease in year	0	(1,739)	(1,739)	2,554	(1,051)	(235)	(5,968)	(6,203)
Balance at 31 March 2024	(3,103)	(16,869)	(19,971)	(392)	(1,764)	(22,127)	(41,951)	(64,078)
2022/23								
Opening Balance	(3,074)	(23,741)	(26,814)	(2,843)	(511)	(30,169)	19,641	(10,528)
Total Comprehensive Expenditure & (Income) 2022/23	6,437	0	6,437	0	0	6,437	(53,784)	(47,347)
Adjustments between accounting basis and funding basis (note 46)	2,145	0	2,145	(103)	(202)	1,840	(1,840)	0
Transfers (to)/from earmarked reserves (note 17)	(8,611)	8,611	0	0	0	0	0	0
(Increase)/decrease in year	(29)	8,611	8,582	(103)	(202)	8,276	(55,624)	(47,347)
Balance at 31 March 2023	(3,103)	(15,130)	(18,233)	(2,946)	(713)	(21,892)	(35,983)	(57,875)

The Movement in Reserves Statement (MIRS) shows the movements in the year for the Council's usable reserves, (those that can be used for future funding of services), and unusable reserves (there to deal with accounting entries only). It begins by showing the effect of the previous statement – the Comprehensive Income & Expenditure Statement, and then reverses out accounting entries to show the balance on each of the reserves at the end of the financial year. In summary, there was an increase in the Council's usable reserves of £0.235 million resulting in a balance of £22.127 million.

Balance Sheet – The Council's Resources

31 March 2023			31 March 2024	
£'000	£'000		£'000	£'000
	89,953	Total Property, Plant and Equipment	24	97,041
100		Assets Held for Sale	29	100
2,330		Heritage Assets	27	2,329
4,173		Investment Properties	28	3,896
41		Intangible Assets		26
2,863		Long-Term Investments	42	2,752
2,007		Long-Term Debtors	39	1,942
	11,513			11,045
	101,466	Total Long-Term Assets		108,086
		Current Assets		
1		Inventories		0
19,889		Short-Term Debtors	40	26,304
5,166		Cash and Cash Equivalents	41	12,333
	25,055	Total Current Assets		38,637
	126,521	Total Assets		146,723
		Current Liabilities		
(24,941)		Short-Term Creditors	34	(36,256)
0		Cash and Cash Equivalents	41	(1,750)
(10,000)		Short-Term Loans	42	(5,000)
(46)		S106 Deferred Revenue Receipts	35	(45)
(1,971)		Revenue Grant Receipts in Advance	12	(1,254)
(3,162)		Provisions	37	(992)
	(40,121)	Total Current Liabilities		(45,297)
	86,401	Total Assets less Current Liabilities		101,425
		Long-Term Liabilities		
(60)		Long-Term Creditors	33	(60)
0		Long-Term Loans	42	(5,000)
(13,924)		Liability Related to Defined Benefit Pension Scheme	9(f)	(10,749)
(12,753)		Capital Grants and Contributions	36	(20,147)
(90)		S106 Deferred Revenue Receipts	35	(46)
(1,698)		Provisions	37	(1,344)
	(28,526)	Total Long-Term Liabilities		(37,347)
	57,875	Net Assets		64,079
		Financing:		
		Unusable Reserves		
(31,944)		Revaluation Reserve	18	(32,695)
(6)		Deferred Capital Receipts Reserve		(6)
(18,173)		Capital Adjustment Account	19	(20,492)
(190)		Collection Fund Adjustment Account	20	18
270		Accumulated Absences Account	22	227
13,924		Pensions Reserve	23	10,749
137		Pooled Fund Adjustment Account	21	248
	(35,983)	Total Unusable Reserves		(41,951)
	(21,892)	Total Usable Reserves	MIRS	(22,127)
	(57,875)	Total Reserves		(64,079)

Balance Sheet – The Council’s Resources

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

There was an increase in the value of the Council’s net assets in 2023/24 which was mainly due to revaluation increases in property, plant and equipment. There was also a net improvement in short term assets and liabilities, but largely due to a replacement loan being taken out on a long term basis, creating an increase in long term liabilities.

The usable reserves are detailed on the Movement in Reserves Statement and can be used to fund expenditure or reduce local taxation.

The movement in cash that has resulted in the Cash and Cash Equivalents balance of £10.582m shown above is detailed in the Cash Flow Statement.

As the Responsible Financial Officer for Swale Borough Council, I hereby certify that these accounts give a true and fair view of the Council’s financial position and financial performance in advance of approval.

Lisa Fillery CPFA

Date: 31 May 2024

Director of Resources

Cash Flow Statement – Movement in Council’s Resources in Cash

2022/23 £'000	Note	2023/24 £'000
(6,437) Net surplus/(deficit) on the provision of services		2,794
Adjustments to net surplus or deficit on the provision of services for non-cash movements		
1,518 Depreciation		1,553
1,892 Revaluation gains/impairments & downward valuations		(886)
565 Adjustments for movements in fair value of investments classified as Fair Value through Profit & Loss a/c		111
10 Movement in debt impairment		16
(17,220) Movement in creditors		11,169
(1,689) Movement in debtors		(5,334)
874 Movement in pension liability		(910)
446 Movement in provisions		(2,524)
506 Carrying amount of assets held for sale, sold or derecognised		2,155
(143) Investment property valuation movements & upward revaluations		235
24 Other movements		15
(13,217)		5,600
(3,785) Adjustment for items that are investing or financing activities		(4,075)
(23,439) Net cash inflow/(outflow) from Operating Activities		4,319
Investing Activities		
(3,659) Purchase of property, plant & equipment, investment property & intangible assets		(2,431)
(146,434) Purchase of short-term investments		(59,505)
(745) Other payments for investing activities		(554)
0 Proceeds from the sale of property, plant & equipment, investment property & intangible assets		131
154,034 Proceeds from short-term investments		59,505
4,219 Other receipts from investing activities		9,237
7,415 Net cash inflow/(outflow) from Investing Activities		6,383
Financing Activities		
10,000 Movement on short and long-term borrowing		10,000
5,588 Council Tax and Business Rates adjustments		(5,286)
(10,000) Repayment of short-term borrowing		(10,000)
5,588 Net cash inflow/(outflow) from Financing Activities		(5,286)
(10,436) Net increase/(decrease) in Cash and Cash Equivalents		5,416
15,602 Cash and cash equivalents at 1 April	41	5,166
5,166 Cash and cash equivalents at 31 March	41	10,582
(10,436)		5,416

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period and how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The figures for 2022/23 have been restated to split out adjustments for movements in fair value of investments classified as Fair Value through Profit & Loss.

The cash flow for operating activities includes £1,175,000 for interest received (£705,000 in 2022/23) and £240,000 for interest paid (£90,000 in 2022/23) due to increased interest rates combined with a consistently low level of loans.

Accounting Policies

1. Accounting Policies – General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 primarily comprise of the Code, supported by IFRS and other guidance. The appropriate note details the critical judgements and estimations about the future made when applying the Accounting Policies.

(a) Accounting Convention

The accounting convention adopted in the Statement of Accounts for the basis of measurement is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts are prepared on a going concern basis reflecting the economic and statutory environment in which local authorities operate. These provisions confirm that as authorities cannot be created or dissolved without statutory prescription it is only appropriate for their financial statements to be prepared on a going concern basis. The going concern assumption under the Code is therefore drawn up to assume that a local authority's services will continue to operate for the foreseeable future.

The accounting concepts are supported by the fundamental qualitative characteristics of relevance, faithful representation and materiality and four enhancing qualitative characteristics of comparability, verifiability, timeliness and understandability. Where a particular accounting treatment is prescribed by legislation, then the treatment prevails even if it conflicts with one or other of the above accounting concepts. In the unlikely event of this arising, a note to that effect will be included in the accounts. The Code only requires local authority financial statements to disclose information which is material.

(b) Accruals and Revenue Recognition

In accordance with IFRS 15, activity is accounted for in the year that it takes place, not simply when cash payments are made or received and relates to activity on all of the Council's functions including non-exchange transactions e.g. Council Tax and Business Rates. In particular:

- the Council recognises income when or as control over the goods or services is transferred to the customer or service recipient and the income reflects the consideration expected for those goods or services;
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council;
- supplies are recorded as expenditure when they are consumed;
- expenses in relation to services received, including those from employees, are recorded as expenditure when the services are received rather than when payments are made;
- revenue relating to such things as council tax, business rates, etc. are measured at

Notes to the Core Financial Statements

the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates;

- 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;
- accruals are recognised where the value exceeds £1,000;
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to Cost of Services for the income that might not be collected;
- exceptions are utility bills, insurance premiums and income from car parking, which are, in the main, charged or credited to the year in which billed, rather than be apportioned between years as the effect of adjusting for opening and closing balances would not be material to the total of transactions for the year. This policy also covers larger payments credited to the year in which they were billed and not apportioned between years; and,
- the annual review of the impairment allowance for non-payment of debt will take into account the prevailing economic climate.

2. Accounting Policies

(a) Capital Receipts

When an asset is disposed of or de-commissioned, the carrying amount and the receipt from the sale are charged to the Comprehensive Income & Expenditure Statement. The receipt is required to be credited to the usable capital receipts reserve and can only be used to finance capital expenditure or set aside to reduce the Council's borrowing requirement.

(b) Cash and Cash Equivalents

Cash and Cash Equivalents are highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value and are shown on the Balance Sheet at their nominal value. The Council has defined cash equivalents as investments that do not require notice for withdrawal.

Notes to the Core Financial Statements

(c) Employee Benefits – Costs

Termination benefits are amounts payable due to 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. They are charged on an accruals basis to the appropriate service or, where applicable, to the Comprehensive Income & Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require that the General Fund is charged with the amount payable by the Council to the Kent Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Kent Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

(d) Employee Benefits – Post-Employment Benefits

The liabilities of the Kent Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. The value of the Kent Pension Fund liabilities has been assessed by Barnett Waddingham, an independent firm of actuaries.

Liabilities are discounted to their value at current prices, using a discount rate of 4.9%. The discount rate is calculated using the annualised Merrill Lynch AA-rated corporate bond curve, chosen to meet the requirements of IAS 19 and with consideration of the estimated duration of employer's liabilities.

The assets of the Kent Pension Fund attributable to the Council are included in the Balance Sheet at their fair value.

The negative balance that arises on the Pensions Reserve measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Fund's Actuary determines employers' contributions to the Pension Fund on a triennial basis. The last actuarial valuation took place on 31 March 2022 and the change in contribution rates as a result of that valuation took effect from 1 April 2023.

(e) Estimation Techniques

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

(f) Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the instrument. However, "other debtors" are an exception as they are not recognised when the Council becomes committed to supply the

Notes to the Core Financial Statements

goods or service but when the ordered goods or services have been delivered or rendered. Similarly, "other creditors" are recognised when the ordered goods or services have been received.

Financial assets are classified as one of:

- fair value through profit and loss – this category includes:
 - Money Market Funds (MMFs) and are initially measured and carried in the Balance Sheet at fair value; and
 - Investment in Church, Charities and Local Authorities (CCLA) Property Fund carried at fair value at 31 March 2024.
- amortised cost – this category includes debtors and are initially measured at fair value and carried in the Balance Sheet at their amortised cost.

The fair value of a financial instrument on initial recognition is generally the market price. Financial liabilities are measured in the Balance Sheet at amortised cost.

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. No impairment is calculated for assets which are classified as fair value through profit and loss as the risk is reflected in the movement in their fair value.

The reconciliation of amounts based on accounting regulations charged to the Comprehensive Income & Expenditure Statement to the net charge required by statute against the General Fund balance, is accounted for by a transfer to or from the Pooled Fund Adjustment Account in the Movement in Reserves Statement.

(g) Government Grants and Other External Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income & 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 in the form of 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.

Receipts defined as grants and contributions for which conditions have not been satisfied are included on the Balance Sheet as creditors. When conditions are satisfied, grants specific to a service will be credited against that service expenditure line. General grants, e.g. Revenue Support Grant and the Council's share of business rates from the Collection Fund are credited and disclosed separately in the Comprehensive Income & Expenditure Statement under Taxation and Non-Specific Grant Income. Where capital grants are credited to the Comprehensive Income & 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.

(h) Heritage Assets

A Heritage Asset is a tangible or intangible asset that is intended to be preserved in trust for future generations because of its historical, artistic, scientific, technological, geophysical or environmental qualities and is held and maintained principally for its contribution to knowledge and culture. Heritage assets are carried at valuation (the majority are based on insurance valuations) rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon.

(i) Intangible Assets

These are non-current assets that do not have physical substance but are identifiable and are controlled through custody or legal rights. An intangible asset is initially measured at cost and is not subject to revaluation. It is, however, subject to amortisation over its 'useful' life, which for computer software has been assessed as up to a maximum of seven years.

(j) Investment Property

Investment properties are those that are used primarily to earn rentals and/or for capital appreciation. They are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between parties at arm's length (i.e. market value, the amount that would be paid for the asset in its highest and best use). Properties are not depreciated but are revalued annually according to market conditions at the year-end and any gains or losses on revaluation or disposal are taken to the Comprehensive Income & Expenditure Statement and are reversed out of the General Fund balance via the Movement in Reserves Statement and posted to the Capital Adjustment Account.

(k) 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 as Lessee

i) Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Notes to the Core Financial Statements

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period). The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

ii) Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Council as Lessor

i) Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (where Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against the Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Notes to the Core Financial Statements

ii) Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Where the impact would be material, credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease term are charged as an expense over the lease term, on the same basis as the rental income.

(l) Long-Term Liabilities

Long-Term Liabilities are those due beyond the next 12 months. The current portion of any long-term liabilities due to be settled within 12 months after the Balance Sheet date are included within current liabilities.

(m) Material Items of Income and Expense

Material items of income and expense are required by the Code to be shown separately within the Statement of Accounts. The Council has decided that for this purpose an item is judged to be financially material if it is in excess of £1.5m.

(n) Non-Current Assets – Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as PPE. Assets which are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Assets or Assets Held for Sale, are recorded as Surplus Assets.

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The authority does not capitalise borrowing costs incurred while assets are under construction.

The Council operates a de-minimus level of £10,000 for non-current assets. Any expenditure below this level is charged to revenue in the year of acquisition.

Each of the PPE asset classifications are revalued periodically in stages on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS), as follows:

- infrastructure, assets under construction and community assets are valued at historic

Notes to the Core Financial Statements

cost, net of depreciation (where applicable), and

- other land and buildings, vehicles, plant, furniture, equipment and surplus assets are valued at current value.

For assets that are carried in the Balance Sheet at current value, the measurements reflect the economic environment prevailing for the service or function the asset is supporting at the reporting date. The current value measurement bases include:

- Depreciated Replacement Cost, for assets where there is no market and/or the asset is specialised;
- Existing Use Value defined in accordance with RICS Valuation – Professional Standards for assets providing service potential to the Council where an active market exists; and
- Fair Value, for surplus assets that are not being used to deliver services, but which do not meet the criteria to be classified as either Investment Assets or Assets Held for Sale.

The value of any surplus property is measured at its fair value with the purpose being to return the highest possible valuation, the estimated use of the property being taken as that which best supports this highest value. Surplus property valuations are based on using pricing information derived from an accessible market with the highest volume and level of activity for property transactions available. The valuer will use one or several measurements and/or factors to determine the value of the property, some of which may be more significant in assessing the valuation than others. Many of these inputs are observable, e.g. they can be seen, measured or found from existing data and records. Other inputs however may not be observable, e.g. an input based solely on the judgement of the valuer or where data is not available and assumptions are made. The inputs used in valuations are classified into separate hierarchies, which are a guide in assessing the risk of the valuation being more based on subjective interpretation than fact. For building and land valuations, observable inputs are classed as Level 2 and unobservable inputs are classed as Level 3.

The Council's approach to revaluation is to have a rolling programme of revaluations over five years. Assets that have a significant value are revalued annually, even if they are not scheduled to be so according to the five-year programme.

The Council's principal assets are revalued regularly and any gains arising from revaluations are reflected in the Revaluation Reserve or, where previous losses have occurred, are credited to the Comprehensive Income & Expenditure Statement to the limit of the previous loss. A loss on valuation is charged to the Revaluation Reserve to the limit of that fund and thereafter is charged to the Comprehensive Income & Expenditure Statement. The programme of revaluations is continuing on this cyclical basis although material changes to asset valuations will be adjusted in the interim periods, as they occur. Where assets are valued at depreciated replacement cost, this has only been undertaken where there is no active market for that asset.

The Council applies the principles of component accounting where an asset has a gross book value in excess of £1m and a residual life of over 25 years.

Impairment – assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where impairment losses are identified, they are charged against the Revaluation Reserve up to the amount attributable to each specific asset held in that reserve. Any excess of this amount is then chargeable to the Comprehensive Income & Expenditure Statement. Any charges to the Comprehensive Income & Expenditure Statement

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are reversed out to the Capital Adjustment Account via the Movement in Reserves Statement.

Depreciation – depreciation is provided for on all PPE with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

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

The standard useful lives for each category of asset are as follows:

Asset	Depreciation Methodology
Operational buildings	Usually 50, although this can vary according to the individual asset
Operational land	30 to 50 years (usually relating to car parks)
Land	Depreciation is not normally provided for freehold land
Non-operational buildings	40 to 60 years depending on the individual asset
Community assets	According to whether it is land, building or equipment as above
Infrastructure assets	20 to 50 years
IT equipment	3 to 7 years depending on the nature of the asset
Non-IT furniture and equipment	10 to 20 years
Vehicles	Up to 10 years depending on the type of vehicle

Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets, as fairly as possible over their useful lives.

Where an asset has major components with different estimated useful lives, the components are depreciated separately. If there is a change in the depreciation charge because of an impairment which is material, full year depreciation is charged in the year of impairment.

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 historic cost. The value of the depreciated revaluation gain is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals – when an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

When infrastructure assets are replaced, the underlying assumption will be that the part replaced was worn out and fully depreciated. As such, there will be no accounting transactions for the derecognition of the replaced or renewed part of the infrastructure asset. The exception to this will be where the asset renewed or replaced is distinctly recognisable and valued, or where an infrastructure asset is fully removed from use (not replaced or renewed).

The written-off value of disposals is not a charge against council tax, as the cost of non-

Notes to the Core Financial Statements

current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the Comprehensive Income & Expenditure Statement. The costs of disposal up to 4% of the capital receipts are met from the sale proceeds.

The concept of materiality is fundamental to the preparation of the financial statements. In the public sector, as entities tend to be primarily 'spending' to provide public services rather than profit making or asset holding, it is common practice to use gross revenue expenditure as the appropriate financial reporting metric to apply materiality. However, for the purposes of disclosure requirements and adherence to relevant accounting principles and statutory requirements for non-current assets it is more appropriate to apply a materiality level of 2% of net non-current asset value which for 2022/23 is £1.9 million (2022/23 £1.8m).

(o) Non-Current Assets – Charges to Revenue

Service revenue accounts and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the non-current assets used by the relevant service;
- revaluation and impairment losses, where they are in excess of the sum available in the Revaluation Reserve; and,
- amortisation of intangible non-current assets attributable to the service.

These charges are reversed out of the Comprehensive Income & Expenditure Statement via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement, the Minimum Revenue Provision (MRP) (normally equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance) and approved each year by Council.

(p) Provisions, Contingent liabilities and contingent assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Notes to the Core Financial Statements

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

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

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

(q) Reserves

Expenditure is not charged directly to a reserve, but to the service revenue account within the Comprehensive Income & Expenditure Statement. This is then offset by a reserve appropriation within the Movement in Reserves Statement.

(r) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure that may be capitalised under statutory provisions but which does not result in the creation of a non-current asset has been charged to the relevant service in the Comprehensive Income & Expenditure Statement. If the Council has decided to finance this expenditure from existing capital resources or by borrowing, then the cost is reversed out of the General Fund so there is no impact on the level of Council Tax, by a transfer in the Movement in Reserves Statement.

(s) Shared Services

The Council maintains 'shared service' operations for a number of services. The shared service arrangements have been assessed against the definitions within the Code and the Council has decided that the Mid Kent Services (MKS) Board is a non-decision making body (decisions to enter into a shared service and the level of involvement and consequent cost lie with each council via its own decision making mechanism) and there is then a collaboration agreement in place for each shared service. Accordingly, all expenditure and income of these services is included within the Comprehensive Income & Expenditure Statement. During 2023/24 the preparation to include the Revenues and Benefits service within the shared services was undertaken and the transfer being completed in April 2024.

(t) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

(u) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service where the total cost needs to be reflected at service level. In those cases the total absorption costing principal is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

(v) Council Tax and National Non-Domestic Rates

The Council is a billing authority and, as such, is required to bill local residents and

Notes to the Core Financial Statements

businesses for council tax and national non-domestic (business) rates. The Council collects council tax on behalf of the major precepting authorities - Kent County Council, Kent Police & Crime Commissioner, and Kent Fire and Rescue Service, and collects business rates on behalf of the Government, Kent County Council and Kent Fire and Rescue Service. The Council therefore acts as agent on behalf of these major preceptors. These accounts only show the amount owed to/from taxpayers in respect of council tax demanded by this Council. Amounts owing to/from taxpayers for council tax for major precepting authorities are shown as net debtors or creditors on the balance sheet. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted. The amounts shown as council tax/business rates in the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement (CIES) represent the amounts due to this Council for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

3. Accounting Standards That Have Been Issued But Not Yet Adopted

Accounting standards that have been issued but not yet adopted are:

- IFRS 16 Leases, which has been deferred until 2024/25;
- Classification of liabilities as current or non-current (amendment to IAS 1) issued in January 2020;
- Lease liability in a sale and leaseback (amendment to IFRS 16) issued in September 2022;
- Non-current liabilities with covenants (amendment to IAS 1) issued in October 2022 in relation to deferred settlement of liabilities subject to compliance with covenants;
- International tax reform: Pillar Two model (amendment to IAS 12) issued in May 2023 and applicable to multinational groups;
- Supplier finance arrangements (amendments to IAS 7 and IFRS 7) issued in May 2023.

None of the above are expected to have a material effect on the Council's finances in 2024/25.

4. Accounting Estimates

In order to prepare the accounts, the Council makes accounting estimates for the value of pensions, property, plant and equipment, financial instruments, and the impairment allowance for debtors. These are supported by professional advice from Barnett Waddingham (actuaries on pensions), Arlingclose (treasury advisors on financial instruments), and Wilks, Head & Eve (valuers for property, plant and equipment). Their professional advice is reviewed and challenged by Council officers, including comments made by Grant Thornton, the external auditors, in previous audits. For these items, the accounts include a forecast of the financial impact of a change (typically 1%) in the accounting estimate made.

The effects on the estimation uncertainty in the Statement of Accounts are as follows:

(a) Pension Scheme

Swale Council did not consider it appropriate to make an allowance for their actual member mortality experience over the accounting year as this would require a full valuation of updated membership data and would incur additional fees. Therefore, the accounts are based on a roll forward approach in calculating the liabilities, rather than carry out a full valuation of member data. This means that mortality experience is estimated through the benefits paid out to members. The difference between this estimate and the employer's actual mortality experience will then be incorporated once the next actuarial valuation of the fund is complete.

From an accounting perspective, the current methodology in deriving assumptions continues to be appropriate with the current uncertainties in the market. This approach is in line with the current FRS102/IAS19 accounting standard.

(b) Financial Instruments

The fair values used in the preparation of the Council accounts have not been affected by any material uncertainty.

(c) Impairment Allowance for Non-Payment of Debt

It is prudent to establish a provision (impairment allowance) for non-payment of debt. Whilst the economy is now considered to have recovered from the impact of the Covid-19 pandemic, debt levels are still impacted due to the backlog of court work that built up over that time. This results in a higher impairment level than pre-pandemic, although that is expected to largely clear through the next financial year. The cost of living crisis could potentially have an adverse impact on collectability of debt and will be the subject of ongoing review. Due to these issues, a prudent approach has been taken when setting the rates for bad debt provisions, which are reflected in these financial statements. The impact of this uncertainty is noted in Note 40.

(d) Non-Current Assets

To reduce estimation uncertainty, the valuation date for investment and high value assets of the Council were as at 31 March 2024.

In preparing the accounts the Council was not aware of any specific impact to the value of the assets within its portfolio because of the ongoing global conflicts.

The economic climate has created uncertainty about the ability to maintain assets to the usual level. More details of the impact of this uncertainty can be found in Note 24.

Notes to the Core Financial Statements

5. Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Director of Resources on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date have provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted if material to reflect the impact of this information.

6. Authorisation of Accounts for Issue

The Statement of Accounts was authorised for issue by Lisa Fillery, the Director of Resources, on 31 May 2024.

Pay and Pensions

7. Officers' Remuneration and Termination Benefits

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more, in bands of £5,000, was:

2022/23		2023/24
Number of Employees	Remuneration Band	Number of Employees
12	£50,000 - £54,999	9
2	£55,000 - £59,999	3
8	£60,000 - £64,999	7
1	£65,000 - £69,999	2
1	£70,000 - £74,999	0
1	£75,000 - £79,999	2
1	£80,000 - £84,999	1
4	£85,000 - £89,999	2
0	£90,000 - £94,999	1
2	£95,000 - £99,999	0
1	£105,000 - £109,999	1
0	£110,000 - £114,999	1
1	£130,000 - £134,999	1
34	Total	30

Remuneration comprises:

- all sums paid to or receivable by an employee including non-taxable termination payments, redundancy pay and pay in lieu of notice;
- the monetary value of any other benefits.

Notes to the Core Financial Statements

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

2022/23			Band	2023/24		
Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Cost of Exit Packages £		Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Cost of Exit Packages £
6	0	79,043	£0 - £20,000	8	0	14,168
1	1	48,214	£20,001 - £40,000	1	0	0
0	1	40,953	£40,001 - £60,000	1	0	44,117
0	1	75,158	£60,001 - £80,000	1	0	67,436
7	3	243,368	Total paid to employees	11	0	125,721
			0 Total paid to KCC for contracted payments for pension scheme			49,190
		243,368	Total			174,910

The table below reports the details of officers with statutory responsibilities and those reporting direct to the Chief Executive.

Point	2022/23				2023/24		
	Salary, Fees & Allowances £'000	Pension Contribution £'000	Total £'000		Salary, Fees & Allowances £'000	Pension Contribution £'000	Total £'000
	132	25	157	Chief Executive	144	27	171
	99	18	117	Director of Resources	107	22	129
	107	20	127	Director of Regeneration & Neighbourhoods	111	23	134
1	87	16	103	Head of Policy, Governance & Customer Services	6	1	7
	84	15	99	Head of Legal Partnership	89	18	107
2	0	0	0	Deputy Head of Legal Partnership	59	14	73
	509	94	603	Total	516	105	621

Point 1: Post holder left in April 2023.

Point 2: Post holder took up statutory Monitoring Officer duties in April 2023.

Notes to the Core Financial Statements

8. Members' Allowances

2022/23 £'000	2023/24 £'000
306 Basic allowance	316
90 Special responsibility allowance	68
5 Members' travel, subsistence & IT allowance	2
401 Total	386

The Members' Allowances Scheme can be inspected on the Council website <http://www.swale.gov.uk/members-allowances/>.

9. Defined Benefit Pension Scheme

a) Nature of Benefits of Defined Benefit Pension Schemes

The Council is a member of the Local Government Pension Scheme (LGPS) which is a national scheme that is administered locally on its behalf by KCC – all employees have the right to join the scheme. This is a funded defined benefit career average salary scheme, so that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. The fund provides index linked pensions and other retirement benefits based upon employees' pay and length of service and these benefits are determined independently from investments of the scheme. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. Employee contribution rates are set by Government and range from 5.5% to 12.5%. The fund actuary, Barnett Waddingham, sets the employer contribution rate, and for 2023/24 the rate was 20.5%, plus an annual fixed sum.

b) Regulatory Framework of Defined Benefit Pension Schemes

The Kent Pension Fund is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Superannuation Committee of KCC. This committee is responsible for setting investment strategy, appointing professional fund managers, carrying out regular reviews, monitoring of investments, monitoring the administration of the Pension Fund and determining Pension Fund policy with regard to employer admission arrangements. Policy is determined in accordance with the Pensions Fund Regulations.

c) Risks of Defined Benefit Pension Schemes

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

d) Other Factors Affecting Pension Payments

The Council has arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment

Notes to the Core Financial Statements

assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

e) Revenue Transactions Relating to Post-Employment Benefits

The costs of retirement benefits are recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the accounting based cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund balance via the Movement in Reserves Statement:

2022/23 Comprehensive Income & Expenditure Statement	2023/24
£'000	£'000
Cost of services comprising:	
2,833 Current service cost	1,450
59 Administration expenses	87
1,032 Net interest on the net defined benefit liability	344
3,924 Total post-employment benefits charged to the provision of services	1,881
Post-employment benefits charged to Other Comprehensive Income & Expenditure:	
0 Change in accounting estimate	(101)
2,093 Return on plan assets in excess of interest	1,309
(138) Other actuarial gains/(losses) on assets	0
(4,006) Change in demographic assumptions	(1,531)
9,408 Experience loss on defined benefit obligation	276
(56,911) Change in financial assumptions	(2,218)
(49,554) Total remeasurements recognised in Other Comprehensive Income & Expenditure	(2,265)
(45,630) Total post-employment benefits credited to the Comprehensive Income & Expenditure Statement	(384)

2022/23 Movement in Reserves Statement	2023/24
£'000	£'000
(874) Reduction of charges made to the deficit on the Provision of Services for post-employment benefits to equal actual payments in accordance with the Code (see Note 46)	910
3,050 Employers' contributions payable to the scheme	2,791
(2,093) Actual return on scheme assets less interest	(1,309)

Notes to the Core Financial Statements

f) Pension Assets and Liabilities Recognised in the Balance Sheet

The amounts included in the Balance Sheet arising from the Council's obligation in respect of its defined benefits plans are as follows:

2022/23 £'000	2023/24 £'000
108,098 Present value of the defined benefit obligation	106,088
(96,090) Fair value of plan assets	(97,096)
12,008	8,992
1,916 Present value of unfunded obligation	1,757
13,924 Net liability in the balance sheet	10,749

g) Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets and Liabilities (Defined Benefit Obligation)

The Pensions Reserve figure in the Balance Sheet consists of the total assets plus liabilities detailed below:

2022/23 £'000	Reconciliation of present value of the scheme liabilities	2023/24 £'000
(158,419)	Opening balance as at 1 April - defined benefit obligation	(110,014)
(2,792)	Current service cost	(1,412)
(41)	Past service cost	(38)
(4,366)	Interest cost	(5,219)
(601)	Contributions by scheme participants	(582)
56,911	Changes in financial assumptions	2,218
(9,408)	Experience loss on defined benefit obligation	(276)
4,006	Changes in demographic assumptions	1,531
4,696	Benefits paid including unfunded pension payments	5,947
(110,014)	Closing balance as at 31 March - defined benefit obligation	(107,845)

2022/23 £'000	2023/24 £'000
95,815	Opening balance as at 1 April - fair value of scheme assets
0	Opening balance adjustment
3,334	Interest on assets
(2,093)	Return on assets less interest
(59)	Administration expenses
3,050	Employer contributions
601	Contributions by scheme participants
138	Other actuarial gains/(losses)
(4,696)	Benefits paid including unfunded pension payments
96,090	Closing balance as at 31 March - fair value of scheme assets

Notes to the Core Financial Statements

h) Pension Fund Assets

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

31 March 2023			31 March 2024	
£'000	%		£'000	%
61,381	64	Equity investments	56,486	58
527	1	Gilts	7,114	7
12,633	13	Bonds	13,980	14
9,601	10	Property	8,711	9
1,625	2	Cash	1,546	2
7,046	7	Absolute return fund	4,906	5
3,277	3	Infrastructure	4,353	4
96,090	100	Total	97,096	100

i) Basis for Estimating Assets and Liabilities

Estimates of the liability are based on the rolled forward value of the employer's liabilities calculated for latest full funding valuation, allowing for the different assumptions required under IAS 19. These values are based on the triennial valuation carried out at 31 March 2022.

31 March 2023	31 March 2024
Mortality assumptions	
Longevity at 65 if retiring today:	
21.1 years Men	21.1 years
23.5 years Women	23.3 years
Longevity at 65 if retiring in 20 years:	
22.3 years Men	22.0 years
25.0 years Women	24.7 years
3.20% to 3.40% Rate of inflation (Retail Price Index (RPI) increases)	3.25%
2.85% to 2.95% Rate of inflation (Consumer Price Index (CPI) increases)	2.90%
3.95% Rate of increase in salaries	3.90%
2.95% Rate of increase in pensions	2.90%
4.80% Rate of discounting scheme liabilities	4.90%

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2024 is estimated to be 3.76% (1.30% for the year 31 March 2023).

The estimation of the defined benefit obligations is sensitive to the assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

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Uncertainty	Sensitivity Analysis				
	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	100,367	106,277	107,845	109,452	116,296
Projected service cost	1,260	1,444	1,494	1,546	1,770
Adjustment to long-term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	108,590	107,992	107,845	107,699	107,128
Projected service cost	1,499	1,495	1,494	1,493	1,489
Adjustment to pension increases and deferred revaluations	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	115,682	109,336	107,845	106,391	100,913
Projected service cost	1,778	1,546	1,494	1,443	1,253
Adjustment to life expectancy assumptions		+1 Year	None	-1 Year	
Present value of total obligation		112,459	107,845	103,444	
Projected service cost		1,553	1,494	1,437	

j) Funding and Investment Strategy

KCC as administering authority for the Kent Pension Fund maintains a Funding and Investment Strategy as required by the pensions and (where relevant) investment regulations. The funding objectives are to ensure the long-term solvency of the Fund, ensure that sufficient funds are available to meet all benefits as they fall due for payment and enable employer contribution rates to be kept as nearly constant as possible and at a reasonable cost to taxpayers. The aim of its investment strategy is to minimise the risk of an overall reduction in the Fund's value and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Funding and Investment Strategy is reviewed annually or more frequently if necessary.

k) Impact of Pension Fund on Council's Cash Flows

An objective of the scheme is to keep employers' contributions at as constant a rate as possible and funding levels are monitored on an annual basis. The Fund is valued once every three years and the valuation as at 31 March 2022 disclosed a net deficit of £8.5m on Swale Borough Council's share of the fund, a reduction of £7m from the 2019 valuation deficit of £15.5m. The last actuarial valuation took place on 31 March 2022 and the change in contribution rates as a result of that valuation took effect from 1 April 2023. The primary rate increased from 18.5% to 20.5%, but the secondary rate has fallen to a fixed annual amount of £850,000 per year for the next 3 years (secondary rate payments of £850,000 were made in 2023/24).

The movement in financial assumptions is due to the change in the discount rate and inflation forecasts.

The total contributions (not including unfunded) expected to be made to the Kent Pension Fund by the Council in 2024/25 is £2.575m (£2.73m in 2023/24).

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2023/24 (2022/23 average was 16 years).

Notes to the Core Financial Statements

Day to Day Spending – Revenue

10. Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

2022/23 Net Expenditure £'000	2023/24 Net Expenditure £'000
31,429 Housing Benefit payments	30,977
15,970 Employee costs	13,711
17,397 Business rates paid to Government and pool	21,571
23,049 Other service expenses	20,224
8,531 Major contracts	10,494
1,661 Parish precepts	1,730
906 Drainage board levy	952
2,743 Trading undertakings losses	698
67 Investment properties	83
1,163 Other items	2,483
102,916 Total expenditure	102,923
(30,944) Housing Benefit income (Note 12)	(30,351)
(24,363) Business rates income	(25,553)
(3,448) s31 retail relief grant	(8,704)
(12,617) Fees, charges and other service income	(13,797)
(10,868) Council tax	(11,368)
(1,407) New homes bonus	(1,102)
(2,883) Trading undertakings gains	(2,923)
(120) Revenue support grant	(317)
(7,436) Grant income credited to cost of services (Note 12)	(7,712)
(1,103) Other grants and contributions	(2,366)
(1,290) Other items	(1,524)
(96,479) Total income	(105,717)
6,437 Deficit/(Surplus) on provision of services	(2,794)

11. Financing and Investment Income and Expenditure

2022/23 Net Expenditure £'000	Note	2023/24 Net Expenditure £'000
90 Interest payable & similar charges		239
1,032 Net interest on the net defined pension liability	9	344
(705) Interest receivable & similar income		(1,176)
(140) Net gains on trading undertakings		(2,225)
(243) Income – investment properties	28	(224)
(143) Change in fair value of investment properties	28	235
565 Net (gains) / losses on financial assets through profit and loss	42	112
456		(2,695)

Notes to the Core Financial Statements

12. Grant Income

a) Grants Credited to Taxation and Non-Specific Grant Income

These are detailed in the Comprehensive Income & Expenditure Statement.

b) Revenue Grants – Receipts in Advance

The revenue grants receipts in advance at 31 March 2024 were £1,254,000 (£1,971,000 at 31 March 2023).

c) Capital Grants and Contributions

Please see Note 36 for a breakdown of Capital Grants and Contributions.

d) Grants Credited to Services

2022/23 £'000 Grant Area	Provider	2023/24 £'000
(30,944) Housing benefit grant	DWP	(30,351)
(1,253) Queenborough & Rushenden Klondyke land improvement funded by Housing Infrastructure Fund	HCA	0
0 UK Shared Prosperity Fund	DLUHC	(335)
0 Levelling Up Fund	DLUHC	(513)
(1,753) Housing repair grants - disabled facilities	DLUHC	(1,545)
(876) Homelessness grant	DLUHC	(920)
0 Council Tax and Elections New Burdens	DLUHC	(329)
(648) Household Support Fund	KCC	(717)
(351) Energy Rebate Scheme	DLUHC	0
(114) Coronavirus revenue grants - other	Various	(325)
0 Council Tax Support Fund S13A	DLUHC	(257)
(581) Rough sleeper initiative	DLUHC	(722)
(411) Housing benefit admin subsidy	DWP	(399)
(134) Council Tax Support Scheme Admin Grant	KCC	(134)
(260) Discretionary housing payment	DWP	(248)
(169) Localising Council Tax support administration subsidy grant	DLUHC	0
(113) Implementing welfare reform changes	DWP	(103)
(29) Council Tax & Business Rates grants	BEIS	(24)
(66) Open spaces & play areas - commuted sums	Various	(53)
(678) Other grants	Various	(1,088)
(38,380)		(38,063)

13. External Audit Costs

The Council's auditors are Grant Thornton UK LLP.

2022/23 £'000	2023/24 £'000
73 Fees payable for external audit service	195
28 Fees payable for the certification of grant claims and returns	35
100 Total	230

14. Gains and Losses on Disposal of Non-Current Assets

Total assets valued at £2,208,000 were written out in 2023/24. Of this, £2,052,000 related to highways works in relation to Sittingbourne Town Centre, that were transferred back to the county council, and £42,000 related to an investment property. A total net loss of £1,864,000 was incurred for 2023/24 for all derecognised assets, with £1,896,000 being the loss excluding investment properties.

One investment property was disposed of in 2023/24, with a gain of £33,000. No investment assets were disposed of in 2022/23. Gains and losses on investment properties are shown within Financing and Investment Income and Expenditure in the Comprehensive Income & Expenditure Statement.

Council Resources – Reserves

15. Usable Capital Receipts Reserve

This reserve holds the income from the disposal of land and other assets, which can only be used to fund new capital expenditure or to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied at year-end.

In 2023/24 repayments of Disabled Facilities Grants, previously held as capital receipts, were reclassified as capital grants unapplied.

2022/23	2023/24
£'000	£'000
(2,843) Balance as at 1 April	(2,946)
0 Capital receipts in year from sale of assets	(131)
(130) Capital receipts in year from repayment of grants	(18)
0 Reclassification of capital receipts	903
27 Capital receipts applied during the year - financing long-term assets	1,800
(2,946)	(392)

16. Capital Grants Unapplied Account

This reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance at 31 March 2024 of £1.764m is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Notes to the Core Financial Statements

17. Revenue Earmarked Reserves

This note sets out the amounts set aside from the General Fund to earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23 and 2023/24.

	Balance 31 March 2022 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance 31 March 2023 £'000	Transfers out 2023/24 £'000	Transfers in 2023/24 £'000	Balance 31 March 2024 £'000
Budget Contingency Reserve	(2,818)	1,714	(1,816)	(2,920)	3,140	(2,058)	(1,837)
Kent Pool Economic Development Business Rates	(1,739)	1,170	(1,318)	(1,888)	289	(1,119)	(2,717)
North Kent Housing & Commercial Growth Business Rates	(1,580)	246	0	(1,333)	204	0	(1,129)
Business Rates Volatility	(1,395)	537	(147)	(1,005)	108	(3,144)	(4,041)
Building and Asset Maintenance	(681)	20	(80)	(741)	0	0	(741)
Service Reserves	(1,516)	225	0	(1,291)	0	(278)	(1,569)
Waste and Environment	(470)	14	0	(456)	17	(420)	(859)
ICT Equipment Reserve	(416)	27	(105)	(494)	197	(167)	(464)
Repairs and Renewals	(342)	90	(53)	(305)	0	(37)	(341)
Miscellaneous	(6,219)	3,336	(408)	(3,290)	1,254	(630)	(2,667)
Total Earmarked (Excl General Fund)	(17,176)	7,380	(3,927)	(13,723)	5,209	(7,852)	(16,366)
Ring Fenced / Accounting / Collection Fund							
Collection Fund & Grants In Advance	(5,632)	4,368	(60)	(1,325)	1,247	(92)	(170)
Accounting Adjustments	(933)	851	0	(82)	0	(250)	(332)
	(23,741)	12,598	(3,987)	(15,130)	6,456	(8,195)	(16,869)
Net transfer (to) / from reserves			8,611			(1,739)	

Notes to the Core Financial Statements

Budget Contingency Reserve	Cabinet 16 March 2022 approved the creation of this reserve. The purpose of the reserve is to support the revenue budget over future years, smoothing the impact of unexpected events, and providing a level of resilience.
Kent Pool Economic Development Business Rates	This fund was established as a result of the Council joining the Kent Business Rates Pool. It is to fund economic development as agreed by the Council and KCC. As agreed by Cabinet on 16/12/2020 the balance on this reserve is to be retained for potential top ups and for new initiatives or pressures.
North Kent Housing & Commercial Growth Business Rates	Under the Kent Business Rates 2018/19 Pilot there was to be an allocation of funds called the Housing & Commercial Growth Business Rates which was allocated among “clusters” of authorities for each cluster to determine the final allocation. SBC is in the “North Kent” cluster. Cabinet on 16/12/2020 agreed that this fund was to be used to fund the Local Housing Company, for set up costs and future investment, including possible investment in Sheppey.
Business Rates Volatility	To assist the Council in managing the volatility of business rate income as a result of business rate localisation.
Building and Asset Maintenance	To meet items of backlog building maintenance as well as urgent or unexpected items. Each year the reserve is topped up by any underspend on the building maintenance revenue budget.
Service Reserves	Savings made in a number of services have been transferred to reserve over time. These reserves are then used to cover future additional costs, shortfalls in government grants, or required system developments.
Waste & Environment	This is used for work relating to the collection of waste, including service improvements. It also contains income from Fixed Penalty Notices that can be used to support environmental initiatives, ensuring this income is used to create a cleaner and greener environment.
ICT Equipment Reserve	This funds future IT expenditure. Underspends on ICT expenditure are transferred to this reserve, allowing the cost of replacement equipment to be smoothed.
Repairs and Renewals	Regular contributions are made to this fund for a number of services to fund the future cost of significant items of expenditure.
Miscellaneous	This consists of a number of smaller reserves, some of which have been fully committed. They have been earmarked for a number of different purposes such as election costs and car park investment.
Collection Fund and Grants In Advance	These reserves are fully committed to offset the business rate collection fund deficit arising from timing differences due to the receipt of Government awarded rate relief and the collection fund accounting requirements.
Accounting adjustments	These are reserves created by accounting entries but are not available to support general Council expenditure.

Notes to the Core Financial Statements

18. Revaluation Reserve

This reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment assets, heritage assets and frozen gains re investment assets (incurred prior to the assets being classified as investment assets).

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; or disposed of and the gains are realised.

The gains and losses greater than £100,000 in 2023/24 are shown below.

(Gains) or losses on revaluation		2023/24
		£'000
Swallows Leisure Centre, Sittingbourne	Gain	(185)
Land at Brielle Way, West Minster	Loss	329
Hotel Building, Sittingbourne	Gain	(377)
Barton's Point Toilet & Shower Block	Gain	(111)
Princes Street Retail Park	Gain	(451)

Some of the large value properties are split between their components e.g. roof, structure, electrics, heating etc. which are all separately valued. The gains and losses shown above are the net change in value of the whole asset.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date were consolidated into the balance on the Capital Adjustment Account.

2022/23	2023/24
£'000	£'000
(27,899) Balance as at 1 April	(31,944)
0 Opening balance adjustment	(28)
(6,197) (Upward) revaluation of assets	(1,960)
1,732 Downward revaluation of assets and impairment losses not charged to the deficit on the provision of services in the Comprehensive Income & Expenditure Statement	809
(4,465) Sub total of revaluations	(1,178)
420 Write down re gains derived from depreciation differences, between historic costs and current value	416
0 Write down of accumulated gains on disposed assets	12
(31,944) Balance as at 31 March	(32,695)

19. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. It is debited with the cost of acquisition/enhancement as depreciation, revaluation and impairment losses and amortisations are charged to the Comprehensive Income & Expenditure Statement. It is credited with the amounts set aside to finance the costs of acquisition/enhancement. The account also contains accumulated gains/losses on assets pre-dating 1 April 2007.

Notes to the Core Financial Statements

2022/23 £'000	Note	2023/24 £'000
(18,769)		(18,173)
Balance as at 1 April		
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
1,518		1,553
24		15
3,319	30	2,317
Write down Revenue Expenditure Funded by Capital Under Statute (REFCUS)		
3,556		314
Revaluation losses taken to Comprehensive & Expenditure Statement - other assets		
23		235
Revaluation losses taken to Comprehensive & Expenditure Statement - investment assets		
(1,664)		(1,200)
Revaluation gains and reversal of prior losses taken to Comprehensive Income & Expenditure Statement - other assets		
(166)		0
Revaluation gains taken to Comprehensive Income & Expenditure Statement - investment assets		
506		2,155
Disposal & derecognition of assets - write out of notional net book value		
Write down of Revaluation Reserve:		
(420)	18	(416)
Write down of Revaluation Reserve depreciation (gains)		
0	18	(12)
Write down of Revaluation Reserve accumulated gains on disposed assets		
Capital financing applied in the year:		
(27)	32/15	(1,800)
Capital financing - capital receipts		
(3,462)	32	(3,796)
Capital financing - Government grants and external contributions		
(1,812)	32	(623)
Capital financing - capital reserves		
(6)	32	(28)
Capital financing - direct revenue funding		
(1,028)	32	(1,067)
Minimum revenue provision		
235		34
Write down of financing long-term debtors		
(18,173)		(20,492)
Balance as at 31 March		

20. Collection Fund Adjustment Account

This manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income & Expenditure Statement as it falls due from council taxpayers and business ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The balance effectively shows the Council's share of the overall Collection Fund surplus, plus the deficit for renewable energy income retained by the Council. The balance at 31 March 2024 was a net deficit of £18,000 (£190,000 surplus in 2022/23).

21. Pooled Fund Adjustment Account

The movement in year of £112,000 represents the decrease in value of the CCLA Property Fund. The fair value is based on public price quotations in an active market for this financial instrument and without this investment counting as capital expenditure.

22. Accumulated Absences Account

This absorbs the differences that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year, e.g. annual leave due carried forward at 31 March 2024. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from this Account. The movement on this reserve in 2023/24 was a decrease of £43,000.

Notes to the Core Financial Statements

23. Pensions Reserve

This reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for these benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the Kent Pension Fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve of £10,749,000 (reduced from £13,924,000 in 2022/23) therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them under accounting regulations. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Details on the movement in 2023/24 are shown in Note 9(f).

2022/23	2023/24
£'000	£'000
62,604 Balance at 1 April	13,924
(49,554) Remeasurements of the net defined benefit liability	(2,265)
3,924 Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive I&E Statement	1,881
(3,050) Employer's pension contributions	(2,791)
13,924 Balance at 31 March	10,749

Notes to the Core Financial Statements

Long-Term Spending – Capital

24. Property, Plant and Equipment (PPE) Assets

Movements in 2023/24:

	Operational Assets				Non-Operational Assets		Total Assets
	Land & Buildings	Vehicles & Equipment	Infrastructure	Community	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2023	77,824	6,427	1,445	7,848	2,085	1,931	97,559
Opening balance adjustment	12	0	0	0	0	0	12
Additions	1,578	6,309	0	0	816	0	8,704
Disposals	(12)	(53)	0	0	(2,085)	(17)	(2,166)
Depreciation written out	(2,231)	0	0	0	0	(0)	(2,232)
Revaluation to Reval Reserve	1,483	0	0	0	0	(333)	1,150
Revaluation to CIES	893	0	0	0	0	(7)	887
Reclassified	0	0	0	0	0	0	0
As at 31 March 2024	79,549	12,683	1,445	7,848	816	1,575	103,915
Accumulated Depreciation and Impairment							
As at 1 April 2023	(1,359)	(4,663)	(543)	(1,041)	0	(0)	(7,606)
Depreciation charge	(1,179)	(237)	(40)	(95)	0	(0)	(1,552)
Disposals	0	53	0	0	0	0	53
Depreciation written out	2,231	0	0	0	0	0	2,232
Reclassified	0	0	0	0	0	0	0
As at 31 March 2024	(307)	(4,848)	(583)	(1,136)	0	0	(6,874)
Net Book Value							
As at 31 March 2024	79,242	7,835	862	6,711	816	1,575	97,041
Net Book Value							
As at 31 March 2023	76,465	1,764	902	6,807	2,085	1,931	89,953

Notes to the Core Financial Statements

Comparative movements in 2022/23:

	Operational Assets					Non-Operational Assets Under Construction	Surplus Assets	Total Assets
	Land & Buildings	Vehicles & Equipment	Infrastructure	Community	Leased			
	£'000	£'000	£'000	£'000	£'000			
Cost or Valuation								
As at 1 April 2022	74,191	5,638	2,282	7,845	646	2,085	1,063	93,750
Additions	3,080	441	16	3	0	0	0	3,540
Revaluations	553	0	0	0	0	0	868	1,421
Disposals	0	(229)	(854)	0	(69)	0	0	(1,152)
Reclassified	0	0	0	0	0	0	0	0
As at 31 March 2023	77,824	5,850	1,444	7,848	577	2,085	1,931	97,559
Accumulated Depreciation and Impairment								
As at 1 April 2022	(1,269)	(4,051)	(914)	(945)	(646)	0	0	(7,825)
Depreciation charge	(1,180)	(202)	(39)	(96)	0	0	0	(1,517)
Depreciation written out on revaluations	1,090	0	0	0	0	0	0	1,090
Disposals	0	167	410	0	69	0	0	646
As at 31 March 2023	(1,359)	(4,086)	(543)	(1,041)	(577)	0	0	(7,606)
Net Book Value								
As at 31 March 2023	76,465	1,764	901	6,807	0	2,085	1,931	89,953
Net Book Value								
As at 31 March 2022	72,922	1,587	1,368	6,900	0	2,085	1,063	85,925

Notes to the Core Financial Statements

The main additions in the year came from the expenditure on the Beachfields Levelling Up Development (£685,000), the purchase of properties for use as temporary accommodation (£959,000) and the purchase of a fleet of waste collection and street cleansing vehicles (£6,047,000).

Asset disposals included the derecognition of highway works carried out as part of Sittingbourne Town Centre regeneration, as the highways were handed back to Kent County Council. Other disposals included the sale of a beach hut, a piece of land in St Michaels Road, and the replacement of equipment in the Council chamber.

Surplus Land & Buildings

The Council's surplus assets have been revalued this year and the inputs used to measure their fair value have been assessed as being within hierarchy Level 2 for valuation purposes (see accounting policies note for explanation of fair value valuation input levels).

This confirms that no significant unobservable inputs have been used in the valuation of the Council's surplus assets and that they are all valued to their highest and best value.

Significant changes in any of the judgements made on fair values could result in a significantly lower or higher fair value measurement for these assets. If the value of the Council's surplus assets were to reduce by 10% this would result in £159,000 being charged to the Comprehensive Income & Expenditure Statement.

25. Non-Current Asset Valuation

The Council carries out a rolling programme that ensures that all property, plant and equipment which is required to be measured at current value is revalued at least every five years. The freehold and leasehold properties which comprise the Council's property portfolio have, for this and past years, been valued by Wilks, Head and Eve Chartered Surveyors.

In 2023/24 Wilks, Head and Eve valued Property, Plant and Equipment assets, and also Investment assets, to a total value of £69,549,000. This total value comprises of valuations carried out on 1 January 2024 totalling £1,632,000 and 31 March 2024 totalling £67,917,000.

An impairment and market review was also carried out by Wilks, Head and Eve as part of the valuation contract. The impairment review considered if there were material differences to the valuations performed at 1 January 2024 which would require these to be updated at 31 March 2024, but the result was that there were no material changes to the valuations advised. David Johnson MRICS, a member of the Royal Institution of Chartered Surveyors and an employee of the Council, reviewed both tasks.

Notes to the Core Financial Statements

The table below shows the progress of the rolling programme of revaluation of the Council's non-current PPE assets:

	Land & Buildings £'000	Vehicles & Equipment £'000	Infrastructure £'000	Community £'000	Assets Under Construction £'000	Surplus Land & Buildings £'000	Total Property, Plant & Equipment £'000
Carried at historical cost	959	0	861	6,711	816	0	9,348
Carried at depreciated historical cost	0	7,836	0	0	0	0	7,836
Valued at current value as at:							
2019/20	1,878	0	0	0	0	0	1,878
2020/21	8,434	0	0	0	0	0	8,434
2021/22	2,375	0	0	0	0	0	2,375
2022/23	1,533	0	0	0	0	0	1,533
2023/24	64,061	0	0	0	0	1,575	65,636
Total Cost/Valuation as at 31 March 2024	79,242	7,836	861	6,711	816	1,575	97,041

Using Wilks, Head and Eve market data, the Council has undertaken a review of all assets that were valued before 2023/24 to ensure that their carrying value does not differ materially from current value.

As previously advised, each of the PPE asset classifications are revalued periodically in stages on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by RICS. In order to ensure consistency in the valuation of the varying types of property within the different asset classifications, all assets of the same type are valued at the same time, using the same valuation technique.

The above table shows that Infrastructure and Community Assets are held at historical cost. There is a reducing usefulness to the reader of the accounts of the historical cost of long-lived assets and as a local authority, the Council's capital financing is not dependent on the outstanding historical value of these assets. The historical value of these assets could not be reliably used to inform any decision considered by a reader of the Accounts.

Notes to the Core Financial Statements

26. Losses and Impairments on Non-Current Assets

The Code requires disclosure by class of assets of the amounts for losses and impairments, and subsequent reversals, charged to the Provision of Services and to Other Comprehensive Income & Expenditure (net total reversals being credited to these CIES items). These disclosures are consolidated in Notes 24 and 28, reconciling the movement over the year in the asset balances for property, plant and equipment and investment properties.

During 2023/24 the Council has recognised a net gain of £652,000 in respect of its non-current assets (net loss of £1,749,000 in 2022/23).

2022/23	Note	PPE	Investment	2023/24
Total		Assets	Assets	Total
£'000		£'000	£'000	£'000
1,609	Revaluation - increase recognised in the Provision of Services	608	0	608
221	Depreciation written out to the Provision of Services	592	0	592
1,830	Total Gain (credit to deficit)	1,200	0	1,200
(3,908)	Revaluation - decrease recognised in the Provision of Services	(346)	(235)	(581)
329	Depreciation written out to the Provision of Services	32	0	32
(3,579)	Total Loss (debit to deficit)	(314)	(235)	(548)
(1,749)	Net Total (Loss)/Gain Debited/Credited to the Provision of Services	887	(235)	652

The greatest revaluation gains were incurred on four properties, being Princes Street Retail Park (£494,000), the cinema building, Bourne Place (£399,000), the hotel building Bourne Place (£191,000), and the multi-storey car park, Sittingbourne (£58,000). Six other properties incurred gains, averaging just under £10,000 per property.

The greatest revaluation loss on PPE assets was incurred on one property, being Swale House council offices, Sittingbourne (£243,000). Four other properties incurred losses, averaging £18,000 per property.

Revaluation losses were incurred on six investment properties totalling £235,000.

Notes to the Core Financial Statements

27. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

	War Memorials & Public Statues £'000	Civic Regalia £'000	Historical Items of Cultural Interest £'000	Civic Clocks £'000	Total Heritage Assets £'000
Cost or Valuation					
As at 1 April 2023	165	401	115	1,651	2,332
Additions	0	0	0	0	0
Revaluations	0	0	0	0	0
As at 31 March 2024	165	401	115	1,651	2,332
Accumulated Depreciation & Impairments					
As at 1 April 2023	0	0	0	(1)	(1)
Depreciation charge	0	0	0	(1)	(1)
As at 31 March 2024	0	0	0	(2)	(2)
Net Book Value As at 31 March 2024	165	401	115	1,649	2,329
Net Book Value As at 31 March 2023	165	401	115	1,649	2,330

The War Memorials and Public Statues include the Rushenden Hill stone sculpture “Shoalstone”, the bronze wreath and stone plinth war memorial at Central Avenue, Sittingbourne and ‘The Bargee’ sculpture in Sittingbourne High Street.

The Civic Regalia includes the Great Mace of the Borough of Queenborough and other multiple items of regalia.

The Historical Items includes the Battle of Britain commemorative lace panel, collections of furniture, silverware and paintings and multiple other items of historic and cultural interest.

The civic clocks include six clocks located at Faversham, Sittingbourne (2), Milton, Queenborough and Sheerness. The highest clock value of £1.4 million is for the clock and tower in Sheerness High Street, a grade II listed structure of cast iron construction, built in 1902 to commemorate the coronation of King Edward VII.

28. Investment Properties

The following items of income and expenditure in relation to investment properties have been included within Financing and Investment in the Comprehensive Income & Expenditure Statement (Note 11):

2022/23 £'000	2023/24 £'000
(310) Rental income	(307)
67 Direct operating expenses	83
(243) Net gain	(224)

Notes to the Core Financial Statements

The net loss on revaluation for investment properties in the year was £235,000 (£143,000 gain in 2022/23), representing a valuation reduction of 5.7%. The Council's investment property portfolio has been assessed as input hierarchy Level 2 for valuation purposes (see accounting policies note for explanation of fair value valuation input levels).

2022/23	2023/24
£'000	£'000
4,030 Balance as at 1 April	4,173
0 Disposals	(42)
166 Gains from revaluations	0
(23) Losses from revaluations	(235)
4,173 Balance as at 31 March	3,896

The fair value of investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council area. Market conditions for these assets are such that the level of observable inputs are significant with no significant Level 3 inputs used, leading to the properties being categorised as Level 2 in the fair value hierarchy. In estimating the fair value of the Council's investment properties, the highest and best use of the properties has been applied.

Significant changes in any of the judgements made on fair values could result in a significantly lower or higher fair value measurement for these assets. If the value of the Council's investment assets were to reduce by 10% this would result in £390,000 being charged to the Comprehensive Income & Expenditure Statement.

29. Assets Held for Sale

The sole asset has a current net book value of £100,000. The value of the property was assessed to its highest and best use, input hierarchy Level 2 for valuation purposes (see accounting policies note for explanation of fair value valuation input levels); however, the value is restricted to no greater than its original net book value as an asset Held for Sale in accordance with accounting requirements (any higher assessed value may only be recognised when actual gain is achieved upon its disposal).

Notes to the Core Financial Statements

30. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

REFCUS relates to capital expenditure for which the Council does not hold any non-current assets (for example, grants paid to external organisations). As there is no continuing benefit derived from this expenditure, it is treated as revenue expenditure and allocated in the Comprehensive Income & Expenditure Statement in the same year that it was incurred.

2022/23		2023/24
£'000	Grant Area	Funding Provider
£'000		£'000
1,679	Disabled Facilities Grants Mandatory Grants	DLUHC
0	Levelling Up Project	DLUHC
0	IT replacements	SBC
0	Rural England Prosperity Fund Grants	SBC
70	St. Michael's Church boundary wall, Sittingbourne	SBC
0	UK Shared Prosperity Fund Grants	DLUHC
2	Housing Repair Grants (over 60)	SBC
45	Painters Forstall new community hall grant	SBC
20	Bartons Point Drainage project	SBC
54	Coastal Monitoring	EA
1,253	Queenborough & Rushenden Klondyke Land	HCA
97	Rainbow Homes (SBC Housing Company)	SBC
27	Shared Information Technology Service	SBC
72	Winter Warmth Grants	DLUHC
3,319		2,317

31. Commitments under Capital Contracts

The major commitments to spend at 31 March 2024 were:

2022/23	Project	2023/24
£'000		£'000
0	Levelling Up Fund Sheerness Revival Project	1,538
7,035	Waste Vehicle Fleet	674
569	Disabled Facilities Grants	652
7,604		2,863

A project to purchase residential properties for use as temporary accommodation was underway at year end. Although a number of properties were in the process of being bought, there were none at a contractually committed stage at 31 March.

Notes to the Core Financial Statements

32. Capital Expenditure and Capital Financing

The table below shows the total amount of capital expenditure incurred in the year, together with the resources that have been used to finance it. The actual Capital Financing Requirement is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2022/23		2023/24
£'000		£'000
47,774	Opening Capital Financing Requirement	48,406
3,623	Property, plant and equipment	8,688
3,319	Revenue expenditure funded from capital under statute	2,317
25	Long-term loans	15
6,967		11,020
	Sources of Finance:	
(27)	Capital receipts	(1,800)
(3,462)	Government grants & external contributions	(3,796)
	Sums set aside from revenue:	
(1,812)	Reserves funding	(623)
(6)	Direct revenue funding	(28)
(1,028)	Minimum revenue provision (MRP)	(1,067)
(6,335)	Total Sources of Finance	(7,313)
48,406	Closing Capital Financing Requirement	52,113
	Explanation of Movements in Capital Financing Requirement in Year:	
	Capital expenditure to be funded from future MRP when assets are	
1,660	operational	4,774
(1,028)	Reduction in underlying need to borrow (MRP)	(1,067)
632	Total increase/(decrease) in Capital Financing Requirement	3,707

Notes to the Core Financial Statements

Creditors and Debtors

33. Long-Term Creditors

As consideration for the extension of a current lease of 99 years, tenants have paid the Council a premium of £60,000.

34. Short-Term Creditors

31 March 2023	31 March 2024
£'000	£'000
(7,498) Business rates - pool share	(10,605)
0 Waste contract vehicles	(6,015)
Business rates - Central government, KCC and	
(7,742) Kent Fire and Rescue shares	(4,960)
0 Business rates - appeals	(2,849)
0 Waste contract	(1,367)
0 Business rates - transitional protection payments	(881)
(674) Business rates and council tax payers	(629)
(122) S106 - Short term	(519)
(960) Energy Bill Support Scheme grant - DLUHC	(1)
(2,214) Business Rates relief grant funding - DLUHC	0
(3,296) Other	(5,716)
(22,507) Total Creditors	(33,541)
(2,216) Receipts in advance - Capital grants	(2,319)
(218) Receipts in advance - Other	(396)
(24,941) Short-term creditors	(36,256)

The 31 March 2023 comparatives have been restated to show the previous year comparison for items which were previously included within 'Other' creditors, and to present all business rates for central government and preceptor shares together.

The decrease in business rates for the government and preceptor shares is due to the reduction in the provision for check, challenge and appeals. See Note 51 for further details.

The increase in the business rates pool share reflects three years settlements currently outstanding. This is due to an audit backlog, which means the business rates pool has not been able to be closed for 2021/22 or 2022/23, as well as 2023/24.

Business rates appeals notified by the Valuation Office Agency during March 2024 were not cleared for payment until the new financial year.

Waste contract vehicles were delivered and in use during the last week in March, but were not paid for until early April. There were also costs for the extension period of the waste contract not paid by 31 March (£1,233,000) and the first week of the new waste contract, covering the last week in March (£133,000).

35. S106 Deferred Revenue Receipts

Section 106 (S106) of the Town and Country Planning Act 1990 and Section 278 of The Highways Act 1980 permits local planning authorities to enter into enforceable 'planning obligations' with landowners and/or developers. Each agreement has a deed setting out its

Notes to the Core Financial Statements

purpose. Each agreement has been examined to determine when assets and liabilities need to be recognised on the Balance Sheet or income should be recognised. These sums represent monies received from developers as part of an agreement to maintain a designated piece of land, typically for leisure/recreation purposes, split between short and long-term use.

36. Capital Grants and Contributions

The Capital Grants and Contributions account is a creditor account used for grants and contributions where conditions are outstanding. It is used for the funding of future capital expenditure. This includes monies received for S106 purposes (see Note 35) to fund new facilities provided as part of an agreement with developers.

31 March 2023	Expenditure	Income	31 March 2024
£'000	£'000	£'000	£'000
(5,625) S106 held for Third Parties	4,217	(7,251)	(8,660)
(4,377) Disabled Facilities Grants	1,904	(2,725)	(5,198)
(78) Levelling Up Fund	1,177	(2,350)	(1,252)
(270) Local Authority Housing Fund	698	(2,222)	(1,795)
0 Brownfield Land Release	0	(943)	(943)
(389) Other	418	(347)	(318)
S106 Capital Funding:			
(1,026) Housing	0	0	(1,026)
(610) Open Spaces	0	0	(610)
(397) Play Areas	12	(254)	(639)
(319) Air Quality & Ecology	96	0	(223)
(1,998) Other	20	(343)	(2,320)
(15,091) Total	8,541	(16,435)	(22,985)

31 March 2023	31 March 2024
£'000	£'000
(2,338) Due to spend within one year (short-term creditors)	(2,838)
(12,753) Due to spend in more than one year (long-term liabilities)	(20,147)
(15,091) Total	(22,985)

In 2023/24 nothing was repaid. The S106 monies held for third parties is largely due to developments (£8.660m) where the S106 monies being held are to fund services such as education, social care, health care and highways to be provided by other public bodies and not Swale Borough Council.

37. Provisions

	NNDR Appeals	Other	Total
	£'000	£'000	£'000
Balance at 31 March 2023	(4,721)	(139)	(4,860)
Additional provisions made	(499)	0	(499)
Amounts used	2,943	80	3,023
Balance at 31 March 2024	(2,278)	(59)	(2,337)
Long term	(1,285)	(59)	(1,344)
Short term	(992)	0	(992)
	(2,278)	(59)	(2,337)

NNDR Appeals

This provision is the Council's share of the provision for appeals against NNDR ratings, based on estimates of the actual liability at 31 March 2024. An estimation is also made about how much is likely to be settled within 12 months (short term), and how much may take longer to agree and settle. Further information is provided in Note 51.

Other Provisions

Other provisions cover the potential liabilities arising from the insurance claims with the former Municipal Mutual Insurance Company (MMI).

In 1992 MMI declared that it would be going into "run off" (similar to a company going into administration) and control was passed to a scheme administrator, who has implemented a "Scheme of Arrangement".

38. Contingent Liabilities

The Council is aware of an ongoing enforcement case that is currently being appealed. If the enforcement notice is upheld but the appellant does not comply, the Council may need to address the issue directly and incur significant costs in doing so. At this time, the potential cost cannot be reliably measured.

The Council is also aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on Swale Borough Council. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 to April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to Swale Borough Council's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on Swale Borough Council and thus the obligation and liability shown in the Council's accounts.

Notes to the Core Financial Statements

39. Long-Term Debtors – Other

Long-term debtors are those that fall due after a period of at least one year.

31 March 2023 £'000	31 March 2024 £'000
1,748 Housing repair loans	1,747
114 Rent deposit scheme	136
51 Assisted car purchase loans	0
118 Opportunities for Sittingbourne Limited	118
72 Other long-term loans	54
2,103 Total debtors	2,055
Impairment for doubtful debt	
(88) Rent deposit scheme	(104)
(9) Other	(9)
(97) Total impairment for doubtful debt	(113)
2,007 Net long-term debtors	1,942

The majority of assisted car purchase loans are now due within one year, so the remaining balance has moved to short-term debtors.

40. Short-Term Debtors

31 March 2023 £'000	31 March 2024 £'000
3,606 Housing benefits - Department for Work & Pensions Council tax - KCC, Kent Fire and Rescue Service and Kent Police & Crime	6,930
5,445 Commissioner shares	6,495
4,563 Business rates - pool share	6,329
3,174 Business rates and council taxpayers	4,017
1,904 Sundry debtors	2,693
1,891 Housing benefits overpayments	1,799
280 Household Support Fund - Department for Work & Pensions	526
552 VAT - HM Revenue and Customs	250
806 Rental income	0
649 Other	1,055
22,870 Total debtors	30,096
77 Payments in advance	81
22,947	30,177
Impairment for doubtful debt	
(1,209) Housing benefit overpayments	(1,141)
(1,849) Other	(2,732)
(3,058) Total impairment for doubtful debt	(3,872)
19,889 Net short-term debtors	26,304

The 31 March 2023 comparatives have been restated to show the previous year comparison for the Household Support Fund due from the Department for Work and Pensions which was previously included within 'Other' debtors, and to show 'Payments in advance' separately.

Notes to the Core Financial Statements

There are no non-financial assets (e.g. housing benefit overpayments, council tax or business rate payers) that are outstanding debt as at the reporting date that have not been impaired. Housing benefit overpayments provision for debt impairment is based on the recovery action, the percentage of debt paid to date and the age of the debt. Further details for council tax and business rate payers can be found within the Collection Fund Note 50.

As at 31 March 2024 the Council has a gross balance for sundry debtors of £6.7m. A review of significant balances suggested that an impairment for doubtful debts of 41% (£2.7m) was appropriate. If collection rates were to fall, the cost of covering the impairment of doubtful debts would require a further £27,000 to be set aside for every 1% reduction in collection rates.

The increase in the business rates pool share reflects three years settlements currently outstanding. This is due to an audit backlog, which means the business rates pool has not been able to be closed for 2021/22 or 2022/23, as well as 2023/24.

41. Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand, less overdrafts.

Cash and cash equivalent assets comprise the balance on the council's bank current account, plus short term, highly liquid investments that are readily convertible to cash.

Cash and cash equivalent liabilities comprise any overdraft on the council's bank current account, plus the value of payments in transit at the accounting date. Payments in transit are not available for use by either party, and the cash is essentially in a state of limbo, reflected in the accounting system as 'payments in transit'.

The balance of cash and cash equivalents is made up of the following elements:

31 March 2023	31 March 2024
£'000	£'000
60 Cash at bank	123
6,550 Money market funds (Note 42 table 4)	12,210
6,610 Cash and cash equivalent assets	12,333
(1,445) Payments in transit	(1,750)
5,166 Net cash and cash equivalents	10,582

Notes to the Core Financial Statements

Financial Instruments

42. Financial Instruments

a) Categories of Financial Instruments.

The following categories of financial instrument (and non-financial assets and liabilities) are disclosed on the face of the Balance Sheet as at 31 March.

Financial Assets	Non-Current				Current				Total 2024	Total 2023
	Investments		Debtors		Investments		Debtors			
	2024	2023	2024	2023	2024	2023	2024	2023		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised cost	0	0	1,942	2,007	0	0	2,670	2,732	4,612	4,739
Fair value through profit and loss	2,752	2,863	0	0	0	0	0	0	2,752	2,863
Cash and cash equivalents	0	0	0	0	0	0	12,333	5,166	12,333	5,166
Total financial assets	2,752	2,863	1,942	2,007	0	0	15,003	7,898	19,696	12,768
Non-financial assets	0	0	0	0	0	0	23,634	17,157	23,634	17,157
Total	2,752	2,863	1,942	2,007	0	0	38,637	25,055	43,331	29,925

Financial Liabilities	Non-Current				Current				Total 2024	Total 2023
	Borrowings		Creditors		Borrowings		Creditors			
	2024	2023	2024	2023	2024	2023	2024	2023		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised cost	(5,000)	0	(60)	(60)	(5,000)	(10,000)	(9,202)	(6,039)	(19,262)	(16,099)
Cash and cash equivalents	0	0	0	0	0	0	(1,750)	0	(1,750)	0
Total financial liabilities	(5,000)	0	(60)	(60)	(5,000)	(10,000)	(10,952)	(6,039)	(21,012)	(16,099)
Non-financial liabilities	0	0	0	0	0	0	(27,054)	(18,902)	(27,054)	(18,902)
Total	(5,000)	0	(60)	(60)	(5,000)	(10,000)	(38,007)	(24,941)	(48,067)	(35,001)

Notes to the Core Financial Statements

b) Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income & Expenditure Statement under Financing and Investment Income and Expenditure are as follows:

Table 3 – Gains and Losses

2022/23 £'000	2023/24 £'000
Financial liabilities	
90 Interest costs on loans	234
Financial assets - interest income:	
(150) Amortised cost: fixed term deposits and call accounts	(74)
(555) Fair value through profit and loss: money market funds and CCLA	(1,102)
565 (Gains)/losses from change in fair value (note 11)	112
(50) Net (gain)/loss for the year	(830)

c) Fair Value of Assets and Liabilities

Financial instruments assets which are classified at amortised cost and financial instruments liabilities are carried in the Balance Sheet at amortised cost. Financial instruments which are not classified at amortised cost, are carried in the Balance Sheet at fair value. For money market funds and the Church, Charities and Local Authorities (CCLA) Property Fund, their fair value is taken from the market price. The Council has invested £3m in the CCLA Property Fund which is carried in the Balance Sheet at its fair value as at 31 March 2024 of £2.752m the difference being posted to the Pooled Fund Adjustment Account. When comparing the Balance Sheet value of financial instruments valued at amortised cost to what their value would be at fair value, the only difference is for the two external loans whose fair value at 31 March 2024 is £10.121m (£9.997m at 31 March 2023).

d) Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council's overall risk management programme takes account of the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out under policies approved by the Council in the annual Treasury Management Strategy.

The Treasury Management Strategy requires frequent review of interest rate exposure that feeds into the setting and monitoring of the annual budget. This allows any adverse changes to be accommodated. The analysis will also advise as to whether new borrowing taken out should be at fixed or variable rates. It is the aim of the Council to minimise interest paid on borrowing and maximise the interest earned on investments but, in the case of investments, protection of the capital sum must take precedence over the rate of return.

The 2023/24 Treasury Management Strategy was approved by Council on 22 February 2023 and can be obtained from the Council's website: [Treasury Strategy 2023/24 for Council](#)

The Council provides written principles for overall risk management as well as written policies within its Treasury Management Strategy covering the following risks and the investment of surplus cash balances:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council;

Notes to the Core Financial Statements

- Liquidity Risk – the possibility that the Council might not have the funds available to meet its payment commitments; and,
- Market Risk – the possibility that a financial gain or loss might arise for the Council due to movements in interest rates, market prices, foreign currency exchange rates, etc. The Council's investment in the CCLA is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £3m. A 5% fall in commercial property prices would result in a £150,000 charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Fund Adjustment Account.

Credit Risk

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with the Prudential Code for Capital Finance in Local Authorities.

Credit risk arises from deposits with banks and financial institutions (counterparties), as well as credit exposure to the Council's customers. The Council protects the security of the cash it deposits with counterparties using a number of risk management techniques. Principal among these is the evaluation of counterparty risk, which uses a combination of credit ratings and limits on the term and maximum value of any deposits.

The Council seeks to reduce counterparty risk by adjusting the maximum amounts that may be invested with institutions, details can be found in the Council's Treasury Management Strategy.

The CCLA Property Fund is a long term investment and is not likely to be surrendered in the near future and where the expectation is that values will return to or exceed the original sum insured over the medium to long-term.

The table below summarises the Council's investment and borrowing portfolio at 31 March 2024. All investments made were in line with the Council's approved credit rating criteria at the time of placing the investment, and still met those criteria at 31 March 2024.

Notes to the Core Financial Statements

Table 4 – Investments and Borrowing

Balance Invested at 31 March 2023	Counterparty MMF = Money Market Funds	Long-Term Rating	Fair Value Level	Balance Invested at 31 March 2024			
				Up to 1 month	Up to 3 months	Greater than 3 months	Total
£'000				£'000	£'000	£'000	£'000
0	Invesco MMF	AAAmf	1	3,000			3,000
0	SSgA MMF	AAAmf	1	1,440			1,440
2,130	Morgan Stanley MMF	AAAmf	1	1,770			1,770
3,000	Black Rock MMF	AAAmf	1	3,000			3,000
0	Aberdeen MMF	AAAmf	1	3,000			3,000
1,420	Deutsche MMF	AAAmf	1				0
6,550	Total cash & cash equivalents			12,210	0	0	12,210
2,863	CCLA property fund		1			2,751	2,751
2,863	Total long-term investments			0	0	2,751	2,751
9,413	Total investments			12,210	0	2,751	14,961
0	PWLB Loan		2			(5,000)	(5,000)
(5,000)	West Midlands Combined Authority		2			0	0
(5,000)	North Northamptonshire Council		2			(5,000)	(5,000)
(10,000)	Total external borrowing			0	0	(10,000)	(10,000)

The long-term rating is the benchmark measure of probability of default. The default based on the experience gathered over the last five financial years is nil and the default adjusted for current market conditions is nil. Therefore, the estimated maximum exposure to default is nil as at 31 March 2024 (nil as at 31 March 2023).

The rating above is from the Fitch credit rating agency. A description of the grading is provided below:

- **AAAmf** Funds have very strong ability to meet the dual objectives of providing liquidity and preserving capital.

Descriptions of the fair value level ratings are given below:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – measurements other than quoted prices included within Level 1 that are observable (e.g. they can be measured or found from existing data and records) for the asset, either directly or indirectly.

Leases

43. Operating Leases

Council as Lessee

Plant and equipment – as at 31 March 2024 the Council had 14 vehicles on a contract hire-operating lease basis (three service vehicles, ten electric cars and one Mayor’s electric car).

The expenditure charged to the Cost of Services in the Comprehensive Income & Expenditure Statement during 2023/24 in relation to these leases was £56,000 (£62,000 in 2022/23).

Council as Lessor

The Council owns property which is leased to third parties. These leases have been classed as operating leases as the risks and rewards of ownership remain with the Council as lessor.

The future minimum lease payments receivable under these non-cancellable leases in future years are shown below:

2022/23 Period	2023/24
£'000	£'000
91 Not later than 1 year	55
332 Later than 1 year and not later than 5 years	1,228
42,917 Later than 5 years	43,924
43,341 Total	45,207

The Council’s Relationship with Other Organisations

44. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, providing funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, business rates, housing benefits). Un-ringfenced grants received from Government departments are set out in the Comprehensive Income & Expenditure Statement and ring-fenced grants credited to services are shown in Note 12.

Members and Officers

Members of the Council have direct control over the Council’s financial and operating policies. The total of Members’ allowances paid in 2023/24 is shown in Note 8. The Council maintains a ‘Register of Members’ Interests’ which can be found on the Council website at:

<https://swale.gov.uk/news-and-your-council/performance-and-transparency/councillors-and-elected-members/register-of-interests>

Notes to the Core Financial Statements

There has been an approach to elected Members and senior management seeking from them a declaration that neither they, nor their close family, nor anyone in the same household, have been involved in any material transactions with the Council. Returns were received in respect of the 2023/24 financial year from Members and senior officers and there were no transactions considered of material significance to warrant separate disclosure in the Annual Accounts. During 2023/24, no officers declared a pecuniary interest in accordance with section 117 of the Local Government Act 1972 with the exception that two senior officers and two Members are the Directors of Swale Rainbow Homes, a senior officer and a member are Directors of Opportunities for Sittingbourne, and one senior officer is a Director of SBC Holding Company 1. These are all companies owned by the Council (see Note 45).

Precepting Authorities

The Council collects council tax on behalf of its three major precepting authorities who in turn precept the Council. In addition, Kent County Council and Kent Fire and Rescue Service receive its share of business rates collected by the Council. Details are set out in the Collection Fund on pages 91 – 94. Kent County Council also administers the Kent Pension Fund on behalf of Swale and other Kent districts (see pages 55 – 59).

45. Group Accounts

The Code contains detailed requirements for the production of group accounts and a review was undertaken to identify any subsidiaries, associates, or joint ventures, which would establish whether a group relationship exists for the purposes of the Council's Statement of Accounts. Three interests were identified and details of these are set out below:

- Opportunities for Sittingbourne Limited (Company Number 09400214) – This company was incorporated in 2015 and is a joint venture between the Council and U&I, the lead partner in the Spirit of Sittingbourne consortium. The only transaction undertaken has been the purchase of 34 High Street Sittingbourne which is currently being let. The Council's interest in the entity has been assessed to be non-controlling but having a significant influence and so needs to be accounted for as an Associate. One senior officer and one member are Directors of the company.
- SBC Holding Company 1 Limited (Company Number 12417065) – This company was registered on 21 January 2020. The Council set-up this company as a nominee company to hold a property jointly with the Council to enter into and manage the lease arrangements. A Declaration of Trust has been executed by the Council and the Company whereby the Company stated that its interest is wholly under the Council's control. One senior officer is a Director of SBC Holding Company 1.
- Swale Rainbow Homes Ltd (Company Number 13338973) – This company was registered on 15 April 2021. The company is to deliver affordable homes. It is wholly owned by the Council. In 2023/24 the Council paid £204,000 in relation to this company to fund development and assessment costs. The Company will publish its own separate accounts for 2023/24. Two senior officers and two Members are the Directors of Swale Rainbow Homes.

Further information on all the above companies is available from the Companies House website <https://www.gov.uk/government/organisations/companies-house>. As at 31 March 2024 the total investment in these entities has been assessed as immaterial and the Council has decided that group accounts are not required.

Notes to the Core Financial Statements

Further Adjustments Between Accounting Basis and Funding Basis

46. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income & Expenditure Statement recognised by the Council in the year in accordance with proper accounting practices, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Accounting and funding basis adjustments 2023/24	Usable Reserves			Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources				
Pension Costs	910	0	0	(910)
Pooled Fund Adjustment Account	(112)	0	0	112
Holiday Pay	43	0	0	(43)
Council Tax and Business Rates	(208)	0	0	208
Capital Grants moved to Capital Grants Unapplied	18	0	(18)	0
Reversal of entries for capital expenditure	(3,230)	0	0	3,230
Total Adjustment to Revenue Resources	(2,579)	0	(18)	2,597
Adjustments between Revenue & Capital Resources				
Transfer of sale proceeds from non-current assets to CRR	(1,863)	(149)	(145)	2,156
Statutory provision for financing of capital investment (MRP)	1,067	0	0	(1,067)
Capital expenditure charged to the General Fund	650	0	0	(650)
Total Adjustments between Revenue & Capital Resources	(146)	(149)	(145)	439
Use of the Capital Receipts Reserve to finance capital expenditure	0	1,800	0	(1,800)
Capital grants used to finance capital expenditure	3,780	0	15	(3,795)
Total Adjustments to Capital Resources	3,780	1,800	15	(5,595)
Total Adjustments	1,055	1,651	(148)	(2,559)

Notes to the Core Financial Statements

Accounting and funding basis adjustments 2022/23	Usable Reserves			Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources				
Pension Costs	(874)	0	0	874
Pooled Fund Adjustment Account	(565)	0	0	565
Holiday Pay	60	0	0	(60)
Council Tax and Business Rates	3,999	0	0	(3,999)
Capital Grants moved to Capital Grants Unapplied	229	0	(229)	0
Reversal of entries for capital expenditure	(7,111)	0	0	7,111
Total Adjustment to Revenue Resources	(4,261)	0	(229)	4,490
Adjustments between Revenue & Capital Resources				
Transfer of cash sale proceeds from non-current assets to Capital Receipts Reserve	130	(130)	0	0
Statutory provision for financing of capital investment (MRP)	1,028	0	0	(1,028)
Capital expenditure charged to the General Fund	1,813	0	0	(1,813)
Total Adjustments between Revenue & Capital Resources	2,971	(130)	0	(2,841)
Use of the Capital Receipts Reserve to finance capital expenditure	0	8	0	(8)
Capital grants used to finance capital expenditure	3,435	20	27	(3,482)
Total Adjustments to Capital Resources	3,435	28	27	(3,489)
Total Adjustments	2,145	(103)	(202)	(1,840)

Collection Fund

As a billing authority, Swale Borough Council collects council tax and business rates from taxpayers and redistributes them to other local authorities and the Government. Because the Council is collecting these taxes on behalf of others, under statute, it has to hold these transactions in a separate account known as the Collection Fund.

The amount credited to the General Fund under statute is the Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

Surpluses and deficits declared by the Council as the billing authority in relation to the Collection Fund are apportioned to the Government and other local authorities as appropriate in the subsequent financial year in their respective proportions.

The council tax and business rate income included in the Comprehensive Income & Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The Council collects council tax on behalf of the major precepting authorities – KCC, Kent Police & Crime Commissioner, and Kent Fire and Rescue Service, and collects business rates on behalf of the Government, KCC, and Kent Fire and Rescue Service. Parish precepts are paid from the Council's General Fund and are disclosed on the face of the Comprehensive Income & Expenditure Statement.

Notes to the Core Financial Statements

Collection Fund Income and Expenditure Statement

2022/23			2023/24			
Business Rates £'000	Council Tax £'000	Total £'000	Note	Business Rates £'000	Council Tax £'000	Total £'000
Income						
0	(98,744)	(98,744)	48	0	(104,560)	(104,560)
0	(192)	(192)		0	(293)	(293)
(51,340)	0	(51,340)	49	(52,613)	0	(52,613)
(60)	0	(60)		(6,176)	0	(6,176)
(51,400)	(98,936)	(150,336)		(58,789)	(104,853)	(163,641)
Sub Total						
Contribution towards previous year's Collection Fund forecast deficit						
(4,586)	0	(4,586)		0	0	0
(3,668)	(56)	(3,724)		0	(45)	(45)
(825)	(353)	(1,178)		0	(282)	(282)
(92)	(21)	(113)		0	(17)	(17)
0	(53)	(53)		0	(42)	(42)
(9,171)	(483)	(9,654)		0	(386)	(386)
(60,571)	(99,419)	(159,990)		(58,789)	(105,239)	(164,027)
Total Income						
Expenditure						
Precepts, demands and shares:						
23,603	0	23,603		29,089	0	29,089
18,882	10,924	29,806		23,271	11,413	34,684
4,248	71,512	75,760		5,236	76,211	81,447
472	4,030	4,502		582	4,336	4,918
0	11,166	11,166		0	12,078	12,078
47,205	97,632	144,837		58,178	104,038	162,216
Sub Total						
186	0	186		193	0	193
3,336	0	3,336		5,347	0	5,347
0	0	0		54	0	54
(1,001)	863	(138)	50	818	1,350	2,168
(2,042)	0	(2,042)		(7,357)	0	(7,357)
2,956	0	2,956	51	1,249	0	1,249
3,435	863	4,298		304	1,350	1,654
Sub Total						
Contribution towards previous year's Collection Fund forecast surplus						
0	0	0		462	0	462
0	0	0		370	0	370
0	0	0		83	0	83
0	0	0		9	0	9
0	0	0		924	0	924
Sub Total						
50,640	98,495	149,135		59,406	105,388	164,794
Total Expenditure						
(9,931)	(924)	(10,855)		618	149	767
Surplus Movement for the Year						
9,204	1,140	10,344		(727)	216	(511)
(727)	216	(511)	47	(110)	365	255
(Surplus)/Deficit as at 31 March						

47. Collection Fund Surplus / Agency Arrangements

Swale Borough Council's element of the Collection Fund surplus is £4,000 at 31 March 2024 (£266,000 surplus in 2022/23) and is shown in the Balance Sheet within the Collection Fund Adjustment Account (Note 20). Amounts relating to precepting authorities and Government are

Notes to the Core Financial Statements

shown in the Balance Sheet as a net debtor or creditor. This reflects that billing authorities are acting as agents of the precepting authorities and Government.

The collection fund balance at 31 March 2024 split into its attributable parts is shown below:

2022/23 Total £'000	2023/24 Business Rates £'000	2023/24 Council Tax £'000	2023/24 Total £'000
(364) Central Government	(55)	0	(55)
(266) Swale Borough Council	(44)	40	(4)
93 Kent County Council	(10)	267	257
2 Kent & Medway Fire & Rescue Service	(1)	15	14
24 Kent Police & Crime Commissioner	0	42	42
(511) Balance as at 31 March	(110)	365	255

48. The Calculation of the Council Tax Base

The Council Tax is primarily a property based tax and is calculated for an average Band D property by dividing the net expenditure (to be met by the tax) of KCC, Kent Police & Crime Commissioner, Kent Fire and Rescue Service and Swale Borough Council by the tax base for Swale which is 49,673.46 (48,939.46 in 2022/23). This figure is the equivalent number of Band D properties in the area after allowing for the relative proportions payable by all other bands and the fact that some of those properties may pay a reduced amount because of discounts.

The basic Council Tax payable for each band in 2023/24 is listed below:

Band	Basic Tax £	Proportion of Band D Charge	Number of Band D Equivalent Dwellings
A	129.96	6/9	4,153.51
B	151.62	7/9	9,470.23
C	173.28	8/9	12,816.80
D	194.94	9/9	10,650.70
E	238.26	11/9	6,681.66
F	281.58	13/9	3,668.01
G	324.90	15/9	2,023.66
H	389.88	18/9	208.89
		Total	49,673.46

More detail on the calculation of the Council Tax base can be found here: [Council Tax Base 23-24 Officer decision.pdf \(swale.gov.uk\)](https://www.swale.gov.uk/23-24-officer-decision.pdf)

Additional amounts are payable for precepts levied by the Parish and Town Councils within the Borough.

The level of non-payment provided for in the calculation of the tax base for 2023/24 was 1.01% (1.01% in 2022/23). The original anticipated income from the tax base of 49,673.46, (calculated on 13 January 2023), and Band D of £2,094.44 (Band D £2,059.62 plus average parish precept of £34.82) was £104,038,000. The actual income was £104,560,000.

49. Income Collectable from Business Ratepayers

The Council initially retains 40% of business rates collected during the year, after deductions for mandatory and discretionary reliefs, the cost of income collections including losses, disregard amounts, and the cost of changes to rateable values. It is subject to a tariff that significantly reduces the actual amount retained by the Council.

Notes to the Core Financial Statements

The remaining business rates income is paid to the Government (50%), KCC (9%), and Kent Fire and Rescue Service (1%).

2022/23	2023/24
£'000	£'000
(51,340) Business rates receivable	(52,613)
(60) Transitional protection payments	(6,176)
(1,001) Allowance for debt impairment	818
186 Cost of collection	193
0 Cost of interest	54
914 Movement in Appeals Provision	(6,109)
3,336 Renewable energy disregard amount	5,347
(47,965) Business Rates Income	(58,484)

The rateable value for the Council's area at the end of the financial year 2023/24 was £163,390,000 (£136,503,000 for 2022/23). The increase in rateable value is due to a revaluation by the Revaluation Office Agency, which increased the rateable values from 1 April 2023.

The business rate multiplier set for 2023/24 was 51.2p (51.2p in 2022/23). Small businesses have a lower rate multiplier of 49.9p (49.9p in 2022/23).

50. Debt Impairment

It is the policy of the Council that impairment for debt provisions for council tax and business rates are charged to the Collection Fund. The following provisions have been made against the possible non-collection of Collection Fund debt:

2022/23		2023/24	
Business Rates	Council Tax	Business Rates	Council Tax
£'000	£'000	£'000	£'000
(3,191)	(3,428)	(2,041)	(4,188)
149	103	96	421
1,001	(863)	(818)	(1,350)
(2,041)	(4,188)	(2,763)	(5,117)
(816)	(459)	(1,105)	(558)

Amounts written off are charged directly to the provision for debt impairment. Any amounts written off in excess of the provision will be a charge to the Collection Fund.

Council tax provision for debt impairment is based on an analysis of the age of the debt and their recovery stage. At 31 March 2024, the total council tax outstanding debt was £13.731m (£11.862m in 2022/23) of which debt one year old was £4.730m, debt between two to five years old was £7.418m and debt over five years old was £1.583m.

Business rates provision for debt impairment is based on an analysis of the age of the debt, and an assessment of the likelihood of recovery of debt in respect of each financial year including the recovery action to date, the legal status of the debtor and potential absconders. At 31 March 2024, the total business rates outstanding debt was £3.830m (£2.883m in 2022/23) of which debt one year old was £1.233m, debt between two to five years old was £1.836m and debt over five years old was £0.761m.

Notes to the Core Financial Statements

51. Provision for Check, Challenge and Appeals for Business Rates

2022/23	2023/24
£'000	£'000
(10,888) Balance as at 1 April	(11,802)
2,042 Less amounts charged to appeals	7,357
(2,956) (Increase)/decrease in provision	(1,249)
(11,802) Balance as at 31 March	(5,694)
(4,721) Swale Borough Council's share	(2,278)

The reduction in the provision for check, challenge and appeals for business rates, is due to all appeals against the 2010 Rateable Valuations (RV) and a large proportion against the 2017 RV being cleared by the Valuation Office Agency and subsequently repaid during 2023/24.

Any amounts refunded as a result of the Check, Challenge and Appeal (CCA) process are charged directly to the provision for alteration of lists and appeals. Any amounts refunded in excess of the provision will be a charge to the Collection Fund.

There is a regular reassessment of the RV of businesses, carried out by the Valuation Office Agency in 2010, 2017 and 2023. The provision for appeals for the 2010 RV list is now closed. The provision for appeals for the 2017 RV list is based on outstanding appeals for businesses. For the 2023 RV list, the provision is based on the assumption made at national level of potential appeals amended to reflect local circumstances and the likelihood of appeals.

Business rates appeals are particularly difficult to forecast and the outcome of appeals and their financial impact on the Council are monitored regularly. If the number of properties under appeal changes, the provision for appeals would require an additional £57,000 for every 1% increase in total rateable value, under appeal.

Glossary

Accruals	The inclusion of outstanding debtors and creditors in the year's income, expenditure and capital expenditure.
Amortised Cost	Amortised cost (in relation to financial instruments) is the amount on initial recognition plus the interest taken to income and expenditure less cash paid or received for both interest and principal.
Asset	An item having value measurable in monetary terms. A non-current asset has use and value for more than one year; a current asset is expected to be converted into cash within a year.
Capital Expenditure	Expenditure on the acquisition of a non-current asset or expenditure, which adds to and not merely maintains the value of an existing non-current asset.
Capital Financing	The raising of money to pay for capital expenditure, including borrowing, revenue financing, usable capital receipts, capital grants and capital contributions.
Capital Receipts	The proceeds of the sale of capital assets.
Code of Practice on Local Authority Accounting in the UK 2023/24 (the Code)	This specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents "a true and fair view" of the financial position and transactions of the Council.
Collection Fund	A separate fund maintained by a billing council which records the expenditure and income relating to council tax and business rates.
Community Assets	Non-current assets that the local council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.
Comprehensive Income & Expenditure Statement	This records all the income the Council has received to fund the day-to-day expenditure on the services it has provided during the financial year.
Creditor	Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.
Current Value	The value of a non-current asset which reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.
Debtor	Amounts due to the Council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

Glossary

Depreciation	The measure of the cost or revalued amount of the benefits of the non-current assets that have been consumed during the period.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Impairment	A reduction in the value of an asset below its carrying amount on the Balance Sheet.
Infrastructure Assets	Non-current assets whose life is of indefinite length and which are not usually capable of being sold, such as highways and footpaths.
Intangible Assets	These are non-financial assets that do not have physical substance but are identifiable and controlled by the Council through custom legal rights (e.g. software).
Internal Borrowing	If capital expenditure is spent which is not immediately financed through capital receipts or grants, the Council's underlying need to borrow (its Capital Financing Requirement) increases, resulting in a Minimum Revenue Provision (MRP). When the Council reduces its cash balances to cover this expenditure then this is called 'internal borrowing'.
International Financial Reporting Standards	Guidelines and rules set by the International Accounting Standards Board that companies and organisations can follow when compiling financial statements.
Investment Properties	Investment properties are those that are used primarily to earn rentals and/or for capital appreciation.
Liabilities	Amounts which will become payable by the Council in the short or long-term.
Materiality	Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about the Council.
Minimum Revenue Provision (MRP)	A charge to the Council's General Fund balance to make provision for the repayment of the Council's past unfunded capital expenditure.
Non-Operational Assets	Non-current assets which are not used or consumed in the delivery of services or for the service or strategic objective of the Council.
Operating Lease	A lease where the ownership of the long-term asset remains with the lessor.
Operational Assets	Non-current assets held and occupied, used or consumed by the local council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility or for the service or strategic objectives of the Council.

Glossary

Precept	The levy made by those authorities which do not run the local taxation system, e.g. KCC, Kent Fire and Rescue Service, Kent Police & Crime Commissioner, on Swale Borough Council which collects the required income from local taxpayers on their behalf.
Property, Plant and Equipment	An asset that has physical substance which is used in the provision of services and is expected to be in use for longer than one year. The value is depreciated over the estimated life of the asset.
Provision	A provision is made when the Council has a present obligation as a result of a past event and it is probable that the Council will be required to settle that obligation.
Reserves	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.
Revenue Expenditure Funded from Capital under Statute (REFCUS)	Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in a non-current asset on the Balance Sheet. Such expenditure is charged to the Comprehensive Income & Expenditure Statement.
Useful Economic Life	The period over which the Council derives benefits from the use of a non-current asset.

Acronyms Used:

BEIS	Department for Business, Energy & Industrial Strategy
CCA	Check, Challenge, Appeal
CCLA	Church, Charities and Local Authorities
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CRR	Capital Receipts Reserve
DFG	Disabled Facilities Grants
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department of Works and Pensions
EA	Environment Agency
HCA	Homes and Communities Agency
HIF	Housing Infrastructure Fund

IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
KCC	Kent County Council
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LUF	Levelling Up Fund
MBC	Maidstone Borough Council
MIRS	Movement in Reserves Statement
MKS	Mid Kent Services
MMF	Money Market Funds
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan

Glossary

PPE	Property, Plant and Equipment
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Funded from Capital under Statute
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index

RV	Rateable Value
S106	Section 106 – See Note 35
SBC	Swale Borough Council
SMT	Strategic Management Team
STC	Sittingbourne Town Centre
TWBC	Tunbridge Wells Borough Council
VAT	Value Added Tax