Draft Statement of Accounts

2023/2024
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Kent County Council
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Statement of Accounts 2023-24

Narrative

The purpose of this Statement of Accounts (Accounts) is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees, and other interested parties clear information on the financial performance for the year 2023-24 and the overall financial position of the Council.

The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). To make the document as useful as possible to its audience and make more meaningful comparisons between authorities, the Code requires:

- all Statements of Accounts to reflect a consistent presentation,
- interpretation and explanation of the Statement of Accounts to be provided, and
- the Statement of Accounts and supporting notes to be written in plain English.

The Statement of Accounts comprises various sections and statements, which are briefly explained below:

- Narrative - this provides information on the format of this Statement of Accounts as well as a review of the financial position of the Council for the financial year 2023-24.

- The Statement of Responsibilities - this details the responsibilities of the Council and the Corporate Director Finance concerning the Council's financial affairs and the actual Statement of Accounts.

- The main Accounting Statements, comprise:

~ The Comprehensive Income and Expenditure Statement (CIES) - this provides a high level analysis of the Council's spending. It brings together all the functions of the Council and summarises all of the resources that the Council has generated, consumed and set aside in providing services during the year. (See pages 21 to 22)

~ The Movement in Reserves Statement (MIRS) - this statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves', which are held either for statutory purposes or to comply with proper accounting practice. (See pages 23 to 25)

~ The Balance Sheet - this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets/liabilities of the Council (assets less liabilities) are matched by the reserves held by the Council. (See page 26)

~ The Cash Flow Statement - this summarises the changes in cash and cash equivalents of the Council during the reporting period. (See page 27)

- The Expenditure and Funding Analysis - this note brings together the Council's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund presented on the basis of how the Council is structured for decision making purposes. (See pages 28 to 29)

- Accounting Policies - notes relating to specific accounting statement lines as identified in the main statements of the accounts include the corresponding accounting policy. Note 2 - General Accounting Policies details the policies where there are not accompanying notes.

- The Group Accounts sets out the income and expenditure for the year and the financial position at 31 March 2024 of the Council and the wholly owned subsidiaries. The Group Accounts combines the financial results of Global Commercial Services Group Ltd (formerly Kent Holdco Ltd) and will be published with the audited accounts.

• The Pension Fund Accounts - the Kent County Council Superannuation Fund (Kent Pension Fund) is administered by the Council; however, the Pension Fund has to be completely separate from the Council's own finances. (See pages 129 to 159)

• The Independent Auditor's Report to the Council - this will be provided by the external auditors, Grant Thornton UK LLP, following the completion of the annual audit.

• The accounting arrangements of any large organisation such as Kent County Council are complex, as is local government finance. The Accounts are presented as simply as possible, however it is still a very technical document. A glossary of terms is provided on pages 160 to 161 to make the Statement of Accounts more understandable for the reader.

Changes to financial reporting requirements and accounting policies

The Code of Practice is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. These Statement of Accounts for 2023-24 are prepared on an IFRS basis, as adapted and implemented by the Code.

There are no significant changes to accounting practice to report for 2023-24.

Organisational Overview and External Environment

Kent County Council (KCC) operates under the legislation set out in the Local Government Act and provides statutory and discretionary services. KCC is organised on a directorate and divisional basis as set out below:

Directorates/Departments	Divisions
Adult Social Care & Health (ASCH)	Strategic Management & Directorate Budgets Adult Social Care & Health Operations Strategic Commissioning (Integrated & Adults) Business Delivery Unit Public Health
Children, Young People & Education (CYPE)	Strategic Management & Directorate Budgets Education & Special Educational Needs Integrated Children's Services (Operations & County Wide) Schools' Delegated Budgets
Growth, Environment & Transport (GET)	Strategic Management & Directorate Budgets Environment & Circular Economy Growth & Communities Highways & Transportation
Chief Executive's Department (CED)	Strategic Management & Departmental Budgets Commercial & Procurement Finance Governance, Law & Democracy Strategic Commissioning Strategy, Policy, Relationships & Corporate Assurance
Deputy Chief Executive's Department (DCED)	Strategic Management & Departmental Budgets Corporate Landlord Human Resources & Organisational Development Infrastructure Marketing & Resident Experience Technology
Non-Attributable Costs (NAC)	Non-Attributable Costs including Corporately Held Budgets

Governance

Kent County Council (KCC) is responsible for ensuring that services and operations are conducted in accordance with the law and proper standards. The authority has a specific responsibility to ensure that public money is used carefully and effectively and is properly accounted for. There is also a duty to continuously review and improve the way we work whilst offering services that are efficient and provide value for money.

KCC operates an Executive scheme of governance with major decisions taken by nine Cabinet Members and a Leader executing the policies and strategies supported by a majority of Members. Where there are powers and functions reserved to the Council, these are taken by or on behalf of the full Council. The County Council sets an annual budget which determines the resource available to deliver these decisions, strategies, and functions.

KCC's Code of Corporate Governance describes the principles applied by KCC as the framework for good corporate governance, how we are achieving these, and the key policies and plans in place to support this.

To meet the requirements of the Accounts and Audit Regulations 2015 and the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: "Delivering Good Governance in Local Government (2016)" the Council is required to produce an Annual Governance Statement (AGS). Please see the 2023-24 AGS for further information on how the Council has complied with these principles.

Strategic and Corporate Plans

Every few years, KCC produces a flagship strategy to set the strategic direction for the Council which shapes business and resource planning. KCC's latest Strategic Statement, 'Framing Kent's Future', was approved by County Council in May 2022 and sets out the council's ambition and strategic priorities until 2026. The strategy is built around four key priorities. Each of these four priorities (Levelling Up Kent, Infrastructure for Communities, Environmental Step Change, New Models of Care and Support) has a number of commitments attached, setting out what we will do to deliver them.

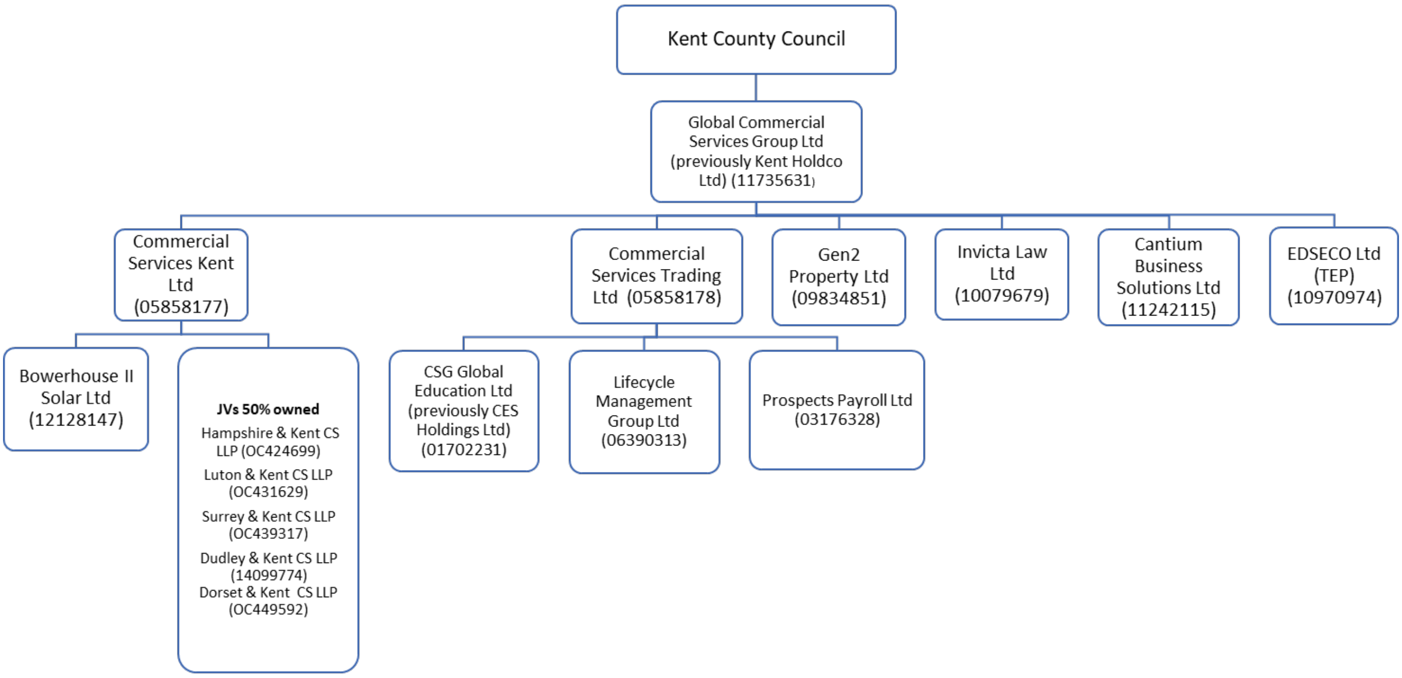
Framing Kent's Future acknowledged the significant financial pressures the council would be facing over the coming four years, and since the strategy was approved, the financial and operating landscape facing the council has become ever more testing due to an acceleration of demand pressures and the continued impact of the challenging national and global economic environment. In autumn 2023, 'Securing Kent's Future', the Council's Budget Recovery Strategy acknowledged the changed financial landscape, and the fundamental policy priority of bringing the budget back into balance. This meant there needed to be a short-term reprioritisation of all council activity, and whilst the Strategic Statement's priorities remain vital to the medium-long term future for Kent, it is critical to focus efforts on delivering the objectives of the New Models of Care and Support priority. Securing Kent's Future requires a multi-faceted, multi-year programme of activity and is supported by robust Delivery Plans which will be iterative.

In order to support delivery of Framing Kent's Future and the shifting pressures affecting the council, for 2023-24, a council-wide single business plan was developed, and brought together all significant activity to be undertaken across the organisation, over and above the council's core service delivery.

For 2024-25, Securing Kent's Future has underpinned KCC's strategic business planning. In order to support this, divisions were asked to produce their own individual plans to provide a comprehensive picture of the key priorities and activities across the Council's services for the year ahead, set against the context of ensuring financial sustainability as described through the budget recovery strategy. Delivery of the activity within the divisional business plans will be taken forward through the existing management structures of the council and high-level monitoring will be undertaken.

Council's wholly-owned subsidiaries

The Council has interests in a number of companies that are classified as a subsidiary, associate or joint venture, all of which have been considered for consolidation. This is a common model of operation for local authorities as they seek alternative ways of achieving their aims within reduced funding arrangements. Kent County Council's subsidiary structure is as follows:



Global Commercial Services Group Ltd - a wholly owned company of KCC established to provide KCC a single point of contact with a streamlined management and executive function. The intention is for Global CS to help generate efficiencies and consistency between the companies. Prior to May 2023 Global Commercial Services Group was known as Kent Holdco Ltd.

Commercial Services Kent Ltd - provides temporary staff, waste management, vehicle leasing and managed portfolio services on behalf of KCC. It manages solar farms and provides energy services (Laser), helping clients achieve carbon reduction.

GEN2 Property Ltd - provides property services and property management consultancy.

Invicta Law Ltd - specialises in child protection and community care.

Cantium Business Solutions Ltd - provides a range of IT services to KCC and other external clients. Cantium provides IT services including a “one stop shop” from the provision of hardware to support, professional management IT services and General Data Protection Regulation (GDPR) management.

EDSECO Ltd - operates under the trading name of “The Education People” or “TEP”. The principal trading activities are the provision of resources and services to educational establishments from early years to young adults. Services include early years and childcare management, schools' financial management, governor services, clerking, professional development, outdoor learning and specialist employment advice. The main clients are schools within Kent.

Bowerhouse II Solar Ltd - a company generating electricity through renewable energy, reducing carbon emissions.

GSG Global Education Ltd - this company is involved in the provision of education supplies and equipment to international schools. Prior to March 2023 this company was called CES Holdings Ltd.

Lifecycle Management Group Ltd - provides a fully managed procurement service and contract management.

Prospects Payroll Ltd - provides payroll services (specialising in the Education sector).

Joint ventures - joint venture partnerships between Commercial Services Kent Ltd and various local authorities (Hampshire County Council, Luton Borough Council, Surrey County Council, Dudley Metropolitan Borough Council and Dorset Council). They provide agency and interim staff and recruitment for hard to fill permanent contracts.

Financial Report

Setting the Revenue Budget for 2023-24 - the budget strategy

The Council previously had a good financial track record delivering a small net surplus on its revenue budget in each of the last 22 years up to 2021-22. 2022-23 outturn ended with a £47.1m overspend after roll forwards, balanced from drawdowns from general and risk reserves. The budget setting continues to be a robust and prudent approach to both annual revenue budget and medium-term financial plan albeit spending forecasts have been considerably volatile and unpredictable in recent years, together with the added uncertainty from one-year settlements. In year budget management and monitoring has proved more challenging, identifying and implementing corrective action in response to volatile and unpredictable spending changes has proved to be exceptionally difficult in the timescales required, leading to a weakening of financial resilience through use of reserves. Future budgets will need to focus on restoring financial resilience.

In recent years the local government sector has faced significant and unprecedented financial challenges. These fell into 3 distinct periods:

- 2011-12 to 2015-16 was a period of significant annual reductions in central government grant support (as well as changes to funding arrangements that saw the transfer of specific grants into general grants and the introduction of business rate retention), and council tax freezes/2% increases in the latter years of the period. The transfer of specific grants and devolution of additional responsibilities disguised the negative impact of budget reductions during this period. There was no recognition of spending growth and consequently significant savings had the be achieved to balance budgets. KCC planned for savings of £433m over this five-year period to balance grant reductions and spending growth.
- 2016-17 to 2019-20 represented a “flat cash” settlement over the four-year period. This flat cash included further reductions in the main revenue support grant, additional and increasing grants to reflect social care pressures, and modest annual council tax increases up to government determined referendum limits (including the introduction of and annual expansion of a specific adult social care council tax levy). The grant settlements did not include any specific funding for legislative reforms such as Care Act 2014, Children and Families Act 2014, introduction of National Living wage, etc., even though these proved to add additional cost pressures on councils over and above pressures for prices and population demographics. KCC planned for savings of £250m over this four-year period to balance flat cash settlement and spending growth.
- 2020-21 to 2023-24 has seen increases in government grants (both grants to deal with the impact of Covid-19 pandemic and subsequently additional grants for social care, to compensate for loss of business rates, and annual indexation increases), and higher council tax referendum thresholds. The Covid-19 pandemic saw councils increasing

reserves in the early part of this period but in the latter part the increases from grants and council tax have not been sufficient to cover rising costs (both from inflation/cost increases and service demands) and councils continued to plan for savings, and from 2022-23 have started to draw on reserves. KCC planned for savings of £200m over this four-year period.

The scale of forecast spending increases and funding settlements is predicted to lead to KCC savings requirements for 2024-27 returning to the levels required in 2011-16.

The 2023-24 budget

A high-level presentation of the changes between the final approved revenue budget for 2022-23 and the final 2023-24 budget is shown in the table below. This presentation shows the change in the council's net budget requirement and the change in net funding from central government and local taxation and in particular the magnitude spending growth compared to the available funding from government settlement and local taxation (which as explored later in this narrative changed considerably as the 2023-24 evolved).

Change in net spending	Excluding grants £m	Including grants £m	Change in net funding	£m
Additional spending	182.3	219.3	Net increase in government grants	63.8
Savings from spending reductions	-37.0	-39.1	Change in council tax base	12.0
Changes in income	-14.9	-15.6	Increase in council tax charge	47.1
Changes in specific grants		-34.7	Change in retained business rates	7.4
Changes in reserves	-6.3	-5.7	Change in collection fund and compensation	-0.8
Total change in net spending	**124.1**	**124.1**	**Total change in net spending**	**124.1**

Although 2023-24 was a further one-year settlement (effectively the 5th consecutive one-year settlement) the core principles for council tax referendum and grant settlements for 2024-25 were also announced (albeit without individual authority indicative allocations). This enabled a more predictable funding assumption to be included in three year medium term to be published covering 2023-24 to 2025-26 (albeit 2025-26 remained highly speculative). Spending forecasts have continued to prove unpredictable due to a combination of in year variances and inaccurate future forecasts.

The budget for 2023-24 was approved by full Council on 9th February 2023. The net revenue budget for 2023-24 was £1.310.9m an increase of £119.4m on 2022-23 final budget of £1,191.5m. The 2023-24 budget presented to County Council for approval comprised of £216.8m of increased spending including base budget changes to reflect the full year effect of forecast variances in 2022-23 budget monitoring, provision for forecast pay, price and other demand and cost driver increases, and increased spending from specific grants including the extension of Household Support Fund into 2023-24. The budget presented included £54.8m of savings and income, £31.9m increased specific government grant income and net £10.7m from changes in reserve contributions and drawdown. The budget presented to County Council did not include final local government finance settlement, the council's share of retained business rates and collection fund balances, and final announcement of some departmental specific grants e.g. public health, as these had not been announced in time for publication.

The final local government finance settlement and share of business rates was reported to Cabinet on 30th March and were incorporated in the final budget along with the increased grant income and spending from subsequent specific grant announcements as reflected in the final table above.

Savings and other income were unchanged from the budget approved by County Council. Cabinet agreed that the additional £3.6m of funding in the final settlement from Services Grant, Extended Rights to Free Travel Grant as well as retained share of business rates and compensations was used to reduce the draw down from smoothing reserves to balance 2023-24. In line with established policy the £1.1m business rate collection fund surplus was transferred into local taxation equalisation reserve. These changes approved by cabinet increased the final net revenue budget to £1,315.6m and increase of £124.1m on the final budget for 2022-23.

The capital programme presented planned rolling programmes over 10 years together with approved projects where funding has been secured over the planned duration for the projects. Projects under development where funding has not yet been secured are presented in a separate schedule that does not form part of the approved programme. The ten-year capital programme for 2023-24 to 2032-33 was £1,624m funded by a combination of government grants (£959m), borrowing (£400m and other sources (£265m).

The revenue and capital budgets represented the culmination of a long evolution process updating the original 2023-24 plan in the 2022-25 MTFP. This updating process started in May 2022 with Corporate Management Team (CMT) and Cabinet and included public consultation in the summer and cabinet committee scrutiny of the final draft proposals in January. The estimates were prepared against the backdrop of the extraordinary economic consequences of global and national circumstances which have had a significant impact on public spending and borrowing, and on local spending. Adult social care spending has come under pressure particularly older persons residential and nursing care where the cost of packages for new clients has been continually rising (although there are also combination of demand and cost pressures for other client groups and care settings but to a relatively lesser extent than older persons). There have also been significant cost and demand pressures in children's services including children in care, home to school transport and special educational needs.

Inflation rose significantly during 2022-23 (after the original medium-term plans for 2023-24 and 2024-25 were prepared) and the 2023-24 budget was based on the forecasts from the Office for Budget Responsibility (OBR) although it was recognised that forecasts had become significantly less reliable following the recent economic shocks and consequently the 2023-24 budget also included a 1% risk contingency.

The MTFP showed a balanced position over the three years 2023-24 to 2025-26 based on funding, spending and savings/income assumptions albeit with a drawdown from smoothing reserves in 2023-24 and details of new efficiency and policy savings in 2024-25 and 2025-26 still to be fully developed. The MTFP maintained a general reserve of 5% of net revenue spending, although income from insecure sources (New Homes Bonus Grant, Company Dividends and Business Rate Pool) was returned to support core spending rather than added to reserves. The budget also assumed that 2022-23 would be balanced without drawing down reserves that would subsequently need to be replenished.

The 2023-24 budget included an assessment of the main financial risks that have not been included in spending plans. The highest rated risks included:

- Ongoing rises in demand to support children and young people with Special Educational Needs and Disability (SEND). This demand is rising much faster than increases in High Needs funding within the Dedicated Schools Grant. The Council has developed and implemented an SEN Action Plan and is included in phase 2 of government's "Safety Valve" programme.
- Impact of 2022-23 forecast overspend on usable revenue reserves.
- Changes in circumstances affecting the delivery of planned savings.
- Inflation increases over and above estimated price levels included within capital and revenue budgets.
- Demand increases over and above estimated levels included within the revenue budget.

- Market sustainability of adult social providers and children's services (children in care and transport providers).

Risk Strategy

Please refer to the draft Annual Governance Statement on Kent.gov.uk for details of the Council's governance arrangements.

The operating environment for local government has become increasingly challenging over the past decade, in terms of growing and complex service demand, cost inflation, recruitment and retention difficulties, additional statutory requirements (often without sufficient levels of funding to support changes) and increasing resident expectations, all set against a backdrop of local government funding restraint. This continuing trend requires greater collaboration, system-wide planning and a strong understanding of risk across public services.

The pressures on local government finances have become particularly acute now, with several authorities over recent years issuing Section 114 (S114) notices under the 1988 Finance Act; essentially a statutory stop on all non-essential spending. In addition to these sector-wide concerns, there are some challenges unique to KCC that compound the pressures the Council is facing, for example, as a result of Kent's strategic location as the Gateway to Europe and main entry point into the UK through the Short Straits channel crossings. These factors all affect the risk environment, which is likely to be volatile, complex and ambiguous for a number of years. The risks arising in this environment will often have no simple, definitive solutions and will require whole-system-thinking, aligned incentives, positive relationships and collaboration, alongside relevant technical knowledge, to support multi-disciplinary approaches to their effective management.

Given the above, in delivering Securing Kent's Future the council is required to increase its risk appetite to successfully mitigate the significant financial risk it currently faces, while also continuing to consider how much control can be exerted over risks, many of which cannot be directly mitigated by the Council alone.

In the context of continual and fast-paced change in a challenging financial context, our elected Members will need to make challenging policy and budgetary decisions, while maintaining a longer-term view, so officers will need to provide the right balance of evidence, insight, advice and understanding of risk and opportunity.

Revenue Strategy

The overall revenue strategy was based on the following key elements:

- Funding estimate - Government Grants, Council Tax, and Business Rates
- Spending growth forecasts
- Changes in Reserves
- Savings and income options
- Consultation and engagement.

Funding Estimate

The early funding estimates for 2023-24 were difficult to predict in the absence of an indicative settlement from government, uncertainties around the government's plans for Social Care charging reforms and volatile council tax base in previous years. Consequently, these were based on a prudent approach using the best information available in late 2021 when the initial plans for

2023-24 were developed as part of 2022-25 MTFP. These initial plans were based on the following assumptions:

- 1% increase in council tax base from new dwellings, changes in discounts/exemptions and collection rates.
- Council tax referendum limit allowing an increase in the household charge up to but not exceeding 2% (same as 2022-23 provisional settlement).
- The social care council tax levy for further 1% increase in the household charge (same as 2022-23 provisional settlement).
- Final year of council tax and business rates collection fund deficits from 2020-21 under 3-year Covid dispensation with no subsequent surpluses.
- Retained business rates increasing in line with 3.8% CPI (based on autumn 2021 Office for Budget Responsibility (OBR) forecasts) linked inflationary uplifts to the business rate multiplier with some of the temporary covid-19 reliefs assumed to be removed and reflected in business rate share rather than compensation grant.
- Government grants rollover at the same amounts as 2022-23 other than Services Grant (this grant was introduced in 2022-23 and at the time it was announced as a temporary measure so the assumption was that this would be a phased removal) and with inflationary uplifts to revenue support grant and business rates top-up on the same basis as uplifts in business rates multiplier.
- Pro rata share of nationally announced amount from National Insurance increase to fund Social Care reforms spread over two years from October 2023.

These assumptions resulted in an initial forecast increase in available funding of approx. £42m (+3.5%), with 60% of this increase anticipated to fund the Social Care Reforms from the National Insurance increase. The assumptions were updated in spring/summer 2022 for the allocation of directorate resource envelopes. The update included increasing council tax base assumption to 1.5%, assuming 1% council tax collection fund surplus (average of recent years adjusted for Covid-19 impacts), no reduction in Services Grant, and increased CPI assumption to 10% (based on March 2022 OBR forecasts) for business rate and grant uplifts. This revised funding assumption represented approx. £78m increase on 2022-23 (+6.6%), with just under 1/3 of this increase for Social Care reforms.

The Chancellor of the Exchequer announced the 2022 Autumn Statement (setting out high level government departmental spending plans for 2023-24) on 17th November 2022. The announcement included significant changes for local authorities including delaying the Social Care charging reforms (with the funding repurposed and allocated to address spending pressures in health and adult social care, of which £1.3bn was available for social care) plus an additional £1bn for social care from new money (£0.4bn of which would be allocated to local authorities via a new social care grant and £0.6bn managed through Better Care Fund), and higher council tax referendum thresholds (3% for general levy plus further 2% for adult social care). The autumn statement also confirmed that business rate multiplier would be frozen with additional compensation paid to local authorities for impact on retained shares. The funding estimate was revised following the announcement and now represented approx. £98m increase (+8.2%) based on the assumed allocation of additional grants, assumed reduction in Services Grant for the return of the element for employer's national insurance increase, and take up of increased council referendum thresholds, with nothing now required for Social care reforms.

The provisional local government finance settlement was published on 19th December 2022 confirming the Autumn Statement allocations for individual grants and council tax referendum limits. The £1.3bn repurposed social care funding was allocated through existing Social Care Grant which included an element for council tax equalisation and transfer of Independent Living Fund Grant (these resulted in an allocation circa £4m more than had previously assumed albeit now shown through existing grants), the new social care grant from the £0.4bn was largely as assumed (now called Market Sustainability and Improvement Fund Grant), and the settlement included allocation of £0.3bn from the new money in Better Care Fund through Hospital Discharge Grant (£7m for KCC). The reduction in Services Grant was more than expected with some of this money redistributed to fund other increases in the settlement.

The administration's draft budget was published on 4th January 2023 based on the provisional settlement and showed a total revenue funding estimate of £1,306.8m (an increase of £115.3m or 9.7% on the approved budget for 2022-23). The estimated council tax base increase for the draft budget was still based on the assumed 1.5% from the summer update pending confirmation from individual districts.

The final draft budget for County Council approval was published on 1st February 2023. The settlement funding was the same as previous draft (final settlement was not published until 6th February) and the final draft included the council tax base notification from districts for precepting purposes (1.46% increase i.e. slightly lower than previous assumption of 1.5%) and council tax collection fund balance (£4.5m higher than previously assumed albeit the additional surplus transferred to smoothing reserve rather than funding additional spending). The revenue funding estimate for County Council was £1,310.9m (an increase of £119.4m or 10% on approved budget for 2022-23).

The final local finance settlement was confirmed on 6th February 2023 and included some minor changes including an increase for all authorities from Levy Surplus account allocated though Settlement Funding Assessment. The final settlement together with business rate tax base and collection fund balances was included in final budget approved by Cabinet on 30th March. The final net revenue for 2023-24 was £1,315.6m (an increase of £124.1m or 10.4% on 2022-23).

The evolution of funding estimates from the Spending Review onwards to the final budget is shown below.

	Final 2022-23 in 2022-25 MTFP £m	Original 2023-24 in 2022-25 MTFP £m	Summer 2022 Update for Resource Envelope £m	Estimate from Autumn Statement November 2022	Draft Budget January 2022 £m	County Council Budget February 2022 £m	Final Budget March 2022 £m	Final Change on 2021-22 £m
Council Tax (incl. tax base)	823.1	856.2	860.4	877.2	877.2	876.8	876.8	53.7
Retained Business Rates	52.8	60.6	63.9	63.9	58.1	58.1	60.2	7.4
Collection Funds & Compensation for losses	9.9	-3.4	3.6	3.6	3.6	8.1	9.2	-0.8
General Grants	184.1	179.7	195.0	190.9	200.4	200.4	201.6	17.6
Existing Social Care Grants	104.5	104.5	104.5	104.5	138.8	138.8	138.8	34.3
New Services Grant	13.0	6.5	13.0	9.8	7.3	7.3	7.6	-5.4
New Social Care Grant	4.2	29.1	29.1	39.5	21.4	21.4	21.4	17.3
Total	1,191.5	1,233.2	1,269.5	1,289.4	1,306.8	1,310.9	1,315.6	124.1

Spending, Changes in Reserves and Savings & Income

Forecasts for spending demands are based upon a combination of in-year monitoring of budgets and estimates for the impact of anticipated changes over the forthcoming year. The forecasts are regularly refreshed as part of developing the budget proposals over the summer and autumn and include estimates for staff pay, prices, demographic demand and other cost drivers, legislation, and service improvements.

The final budget showed £219.3m of additional spending growth in 2023-24 (£182.3m excluding spending funded by increases in specific grants/external sources). This is historically an exceptionally high level of spending growth way in excess of the additional funding available from government settlement and local taxation, the breakdown of spending growth is as follows:

- £63.5m net base budget changes reflecting full year effect of 2022-23 variances
- £69.5m (£65.2m excl. externally financed) for forecast index linked contractual price increases and negotiated contracts

- £34.0m (£33.5m excl. externally financed) for forecast increases in demand/demographic changes and non-index linked/negotiated price uplift unit cost increases (referred to as demand and cost drivers)
- £14.9m (£14.2m excl. externally financed) for increases in Kent scheme pay
- £37.5m (£5.9m excl. externally financed) other including spending from government grant, service improvements and other legislative requirements

Changes in Reserves

The net movement in reserves was -£5.7m (£6.3m excl. externally financed) i.e. net draw down. This movement comprised planned additional drawdowns in 2023-24 totalling £8.5m from Corporate Reserves to balance 2023-24 budget (£4.3m from corporate reserves to be repaid in 2024-25), Public Health Reserve (£3.2m) and other specific reserves (£1.0m). The change in reserves included £23.5m additional contributions in 2023-24 to risk reserve (£12m), general reserve (£5.8m to maintain this at 5%) and local tax equalisation reserve (£5.6m from collection fund balances). The change in reserves also includes removal of £29.5m of previous year contributions and £8.8m draw down from reserves in 2022-23 budget.

Savings and Income

Although the 2023-24 funding settlement represented an increase over previous years with additional funding both from government grants and local taxes, the total increase of £124.1m was not sufficient to fully fund the additional spending growth of £219.3m and net -£5.7m changes in contributions and drawdown from reserves. Additional savings and income of £54.8m plus £34.7m of increased specific grant income were required to balance the budget. The savings and income (excluding grants) comprised of:

- £9.6m from efficiency savings from staffing, contracts and managing premises (doing the same for less money)
- £23.9m policy savings (service reductions)
- £1.7m from service transformation (improved outcomes at lower cost)
- £3.9m rephasing of capital financing and increased income from financial investments
- £15.6m income generation

Budget Consultation and Engagement

Consultation on budget strategy was launched on 19th July 2022 and was open for 7 weeks until 5th September 2022. The consultation focussed on the financial challenge the council potentially faced in a highly volatile, and more risky/uncertain environment than previously, with rising costs of fuel, energy and inflation more generally resulting in increased costs for most services. These cost increases were compounded by market supply and sustainability issues for key providers of council services and increasing demands on council services due to complexity of need as well as increasing client numbers in some key services. The consultation identified that this combination meant that forecasting future spending and income is much harder than in previous years. The consultation sought views on council tax increases up to referendum level and for adult social care. The consultation also sought views on areas for savings and income to balance the overall budget and close the gap between spending and likely funding forecasts. Responses to the consultation were set out in a report considered by elected Members (Councillors) at Cabinet Committee/Scrutiny Committee/Cabinet meetings during January 2023 in advance of the budget debate and approval by County Council on 9th February 2023.

Revenue Budget and Outturn

In February 2023 the Council approved a net revenue budget for 2023-24 of £1,315.6m. In addition, £2.7m was rolled forward from 2022-23 and £9.4m additional funding was received from the Market Sustainability and Improvement Fund. The outturn position for the year against the revised budget is set out in the following table, together with the sources of income from which the Council's net revenue expenditure was financed.

Directorate/Department		**Budget £000**	**Outturn £000**	**Variance £000**
Adult Social Care & Health including Public Health	ASCH	528,724	561,326	32,602
Children, Young People & Education	CYPE	347,002	371,637	24,635
Growth, Environment & Transport	GET	195,346	191,465	-3,881
Chief Executive's Department	CED	31,035	28,076	-2,959
Deputy Chief Executive's Department	DCED	83,694	75,643	-8,050
Non-Attributable Costs including Corporately Held Budgets	NAC	141,872	113,568	-28,304
		1,327,673	1,341,715	14,043
School’s Delegated Budgets	CYPE	0	42,024	42,024
Delegated Schools Budgets - DfE contribution to DSG Deficit		0	-19,360	-19,360
		1,327,673	**1,364,379**	**36,707**
FUNDED BY:				
Reserves (2022-23 revenue budget underspend)		-2,688	-2,688	0
Reserves (Funding of 2023-24 overspend)		0	-12,288	-12,288
Formula Grant		-11,073	-11,073	0
Council Tax Yield including Collection Fund		-883,647	-883,647	0
Local Share of Business Rates & Business Rate Collection Fund		-60,137	-63,581	-3,444
Business Rate Tariff		-140,802	-140,802	0
Business Rate Compensation Grant		-44,241	-43,004	1,237
New Homes Bonus (NHB)		-2,273	-2,273	0
Improved Better Care Fund (iBCF)		-50,014	-50,014	0
Social Care Support Grant		-112,581	-112,581	0
Services Grant		-7,599	-7,599	0
Adult Social Care Discharge Fund		-7,012	-7,012	0
Compensation for Covid-19 related Business Rate Reliefs Grant		0	-2,097	-2,097
Compensation for irrecoverable Local Taxation Losses - Transfer to/from Reserves		-2,348	-2,348	0
Other Un-ringfenced Grants		-3,258	-3,396	-138
Total Funding		-1,327,673	-1,344,403	-16,730

NET OUTTURN POSITION		0	19,977	19,977

The net overspending within the directorates is £9.601m, being +£14.043m and -£4.442m funding variance (excluding -£22.664m delegated schools net overspend). There are £2.771m roll forward requests and these will be added to the 2024-25 budget to support the rescheduling of projects. The overspend (including roll forwards) have been funded by a £12.372m drawdown from reserves.

What the money is spent on

	2022-23 £	2023-24 £
KCC Employees	373,206	402,319
Schools Employees	520,694	551,847
Support Services	66,257	77,948
Premises related costs	50,028	48,659
Transport related costs	77,820	93,081
Supplies and Services	37,367	36,995
Professional Fees, Grants & Subscriptions	114,222	121,318
Commissioned Services	1,205,247	1,364,721
Accounting Adjustments	53,093	48,375
Schools revenue expenditure	218,819	228,142
	2,716,753	**2,973,406**

Where the money came from

	2022-23 £	2023-24 £
General Grants	367,553	445,769
Specific Government Grants	1,166,452	1,211,085
Council Tax	830,447	-883,647
Fees, Charges and Other Income	284,375	317,651
Reserves	54,855	14,967
	2,703,682	**2,873,139**

Schools

In total, schools' reserves have decreased by £2.5m, this amount is made up of academy conversions of £0.7m, an increase in the value of schools' deficit balances of £0.4m and an increase in schools' surplus balances of £1.4m.

In addition, there was a £39.6m net overspend in year on the Central DSG Reserve made up of £42.7m overspend on High Needs budgets, £1.3m underspend relating to School Block related spend, £1.4m underspend on Early Years and an underspend on central DSG budgets of £0.4m. The council made a contribution of £14.4m and as part of the safety valve agreement Kent received £19.4m towards the historic deficit. The net surplus from 22-23, after offsetting the in year deficit, was £36.2m and is held in an earmarked 'DSG Safety Valve reserve' and the balance remains unchanged as at 31 March 2024.

Schools now have £58.6m of revenue reserves as reflected in note 22 on page 87 and there is a deficit balance of £103.4m in the DSG Adjustment Account as reflected in note 23 on page 88. The Authority entered the Department for Education's "Safety Valve" process in Summer 2022, which involves the Local Authority reforming its high needs systems and associated spending in return for additional funding to contribute to the historic deficit.

Earmarked Reserves

The financial statements set out the detail and level of the Council's earmarked reserves. Earmarked reserves are an essential tool that allows the Council to manage risk exposure and smooth the impact of major costs. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement, and regard to LAAP 13: Local Authority Reserves and Balances.

Revenue earmarked reserves are £312.851m and Note 24 on pages 97 to 98 provides an explanation of the purpose of each significant reserve along with the balance held at 31 March 2024. The general reserve position as at 31 March 2024 is £43.228m which is a net increase of £5.800m.

At 31 March 2024 the Council has usable capital reserves of £207.887m as shown on Note 22 (page 87).

Certain reserves are held to manage the accounting processes for such items as capital assets, collection fund and retirement benefits and these are unusable reserves of the Council. The Council also has a number of provisions set aside to meet known liabilities. The main provisions are for insurance claims and redundancies. Provisions held at 31 March 2024 totalled £36.453m, see Note 25 on page 99 to 100.

The level of the County Council General Fund is consistent with the overall financial environment and the key financial risks faced by the Council. Our Corporate Director of Finance, who is responsible for setting the level of reserves, has deemed the level to be 'adequate' given the level of risk that we face. A thorough review of our reserve policy and balances was undertaken in 2020-21, and a subsequent review was undertaken during 2023-24.

Capital

Capital expenditure is defined as expenditure on the purchase, improvement, or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure is incurred. Capital expenditure is funded from a variety of sources including: grants, capital receipts, borrowing, external contributions including developer contributions, and revenue contributions. Capital expenditure for the year was £237.287m. The expenditure analysed by portfolio was:

Portfolio	Revised Budget £000	Outturn £000	Variance £000
Children, Young People & Education	120,402	52,319	-68,083
Adult Social Care & Health	3,634	2,951	-683
Growth, Environment & Transport	265,761	146,309	-119,452
Chief Executive's Department	1,586	-350	-1,936
Deputy Chief Executive's Department	23,526	20,995	-2,531
	414,909	222,224	-192,685
Devolved Capital to Schools	9,500	15,063	5,563
TOTAL	424,409	237,287	-187,122

Expenditure excluding that incurred by schools under devolved arrangements was £192.685m less than cash limits. Of this, -£198.246m reflected re-phasing of capital expenditure plans across all services and +£5.561m was due to real variations on a small number of projects. Rephased capital resources will be carried forward into 2024-25 and beyond in order to accommodate the revised profiles of capital expenditure.

Capital expenditure incurred directly by schools in 2023-24 was £15.063m.

Details of the financing of capital expenditure are on pages 74 and 75.

Insurance Fund

IAS 37 Provisions, Contingent Liabilities and Contingent Assets requires that full provision should be made for all known insurance claims.

Based on current estimates of the amount and timing of fund liabilities, the insurance provision at 31 March 2024 is established at a level sufficient to meet all known insurance claims where the likely cost can be estimated and there is reasonable certainty of payment. It is therefore in accordance with the requirements of IAS 37. Details can be found on page 99.

Pension Fund

Local Authorities are required to comply with the disclosure requirements of IAS 19 - Employee Benefits. Under IAS 19, the Council is required to reflect in the primary statements of the Accounts, the assets and liabilities of the Pension Fund attributable to the Council and the cost of pensions. IAS 19 is based upon the principle that the Council should account for retirement benefits when it is committed to give them even though the cash payments may be many years into the future. This commitment is accounted for in the year that an employee earns the right to receive a pension in the future. These disclosures are reflected in the Comprehensive Income and Expenditure Account, the Balance Sheet and the Movement in Reserves Statement.

IAS 19

The 2023-24 IAS 19 report shows that the Kent County Council Pension Fund now has a deficit of £35m. This is a decrease in the deficit of £27.6m in year.

Current Borrowing & Capital Resources

All of the borrowing disclosed in the balance sheet relates to the financing of capital expenditure incurred in 2023-24, earlier years and for future years. The balance currently stands at £781m (short- and long-term) as shown on the balance sheet on page 26. Future capital expenditure will be financed from revenue contributions, sale of surplus fixed assets, capital grants and contributions, borrowing, and relevant funds within earmarked reserves.

East Kent Opportunities

East Kent Opportunities LLP (EKO) is a 'Jointly Controlled Operation' and in 2023-24 the transactions and balances of EKO relating to KCC have been incorporated into the financial statements and notes of the Council's Statement of Accounts.

2023-24 onwards

Local authorities in the United Kingdom will continue to keep their Accounts in accordance with 'proper practices'. CIPFA/LASAAC continue to consider future changes to IFRS for Local Government, as it reinforces the drive to improve financial reporting and enhance accountability for public money.

Consultation on the 2024-25 budget was carried out over a similar timeframe to 2023-24 from 13th July 2023 to 6th September. The consultation included some key facts about Kent, KCC's strategic priorities and the financial challenges the council has faced through 2022-23 outturn and balancing 2023-24 budget. The consultation identified the large proportion of the council's budget spent on the main service areas including social care services for vulnerable adults & older people, children's social care, public transport (including home to school), waste recycling & disposal, and highways management & maintenance which are the areas which have been subject to vast majority of spending growth.

The 2024-25 budget was developed based on the core principles for 2024-25 funding settlement which were announced as part of 2023-24 settlement. These included further increases in social care grants (in addition to increases in 2023-24) and same 3%+2% council tax referendum principles as 2023-24. The announcement of these core principles was a consideration in planning to publish an earlier draft budget for scrutiny in November, with key decisions then published in principle in January in advance of full Council budget meeting in February. The core principles also meant that funding forecasts for 2024-25 were less volatile than 2023-24 (as demonstrated earlier in this narrative).

Cabinet approved "Securing Kent's Future – Budget Recovery Strategy" on 5th October 2023. SKF set out the recent challenge from rising spending particularly in adult social care, children in care and home to school transport. The strategy recognised that councils have to comply with competing statutory duties including setting a balanced budget, meet statutory requirements to deliver services and to secure value for money. SKF represented a reset of the Council's strategic priorities with the objective of delivering new models of care prioritised over other objectives. SKF also set objectives to bring 2023-24 budget back into balance, identify savings from service transformation in adult social care, children's services and from reviews of contracts & staffing towards setting a sustainable 2024-25 budget and MTFP, identify other policy choices and reset scope of the Council's ambitions, and transformation of the operating model of the Council. The draft budget for 2024-25 and MTFP was developed to reflect the revised strategic priorities.

An initial draft revenue budget and MTFP was published in November albeit with a significant £48.8m gap between forecast spending and funding in 2024-25 (with lesser gaps in later years assuming previous year gaps were closed). The imbalance was largely due to increased spending forecasts significantly exceeding the available funding in government settlement and from local taxation, requiring substantial balancing savings/income that were not possible to be fully identified for the November publication. The increased spending growth was largely as a result the need to plan for further significant base budget changes in response to forecast overspends for 2023-24, significantly higher demand and cost drivers than previously forecast, as well as rate of inflation not falling as fast as forecast during 2023. The first draft includes replenishment of general reserves drawn down to balance 2022-23 outturn over two years to return general reserves to 5% by 2025-26. The initial draft also included continuation of 1% risk contingency provision. The plan assumed no further draw down from reserves to balance 2023-24 outturn that would require subsequent replenishment.

The first draft was published before the Autumn Budget Statement 2023 on 22nd November, although when announced this did not include any significant changes from expectations other than higher inflation forecasts for 2024 and into 2025 (leading to higher price uplifts not fully compensated by higher index linked business rate/grant uplifts). The provisional local government finance settlement was announced on 18th December 2023, again with no significant changes other than a larger than expected reduction in Services Grant.

A revised draft budget was published on 3rd January 2024 based on the provisional settlement. This represented a balanced position compared to the November draft albeit largely through £19.8m of one-offs in 2024-25 (use of reserves and capital receipts) that needed to be replaced with policy savings in 2025-26, and removal of previous risk contingency within the plans for 2024-25. The planned replenishment of general reserves to 5% by 2025-26 remained unchanged from initial draft.

The final local government finance was announced on 5th February and included an additional £0.6bn social care grant (£12.8m for KCC) compared to provisional settlement, this had been first announced in late January. The additional grant was reflected in the final draft budget for Council approval published on 9th February 2024 for full council approval on 19th February 2024 to fund latest spending forecasts and provide some investment in transformation activity along with limited other changes from the revised 3rd January draft. Thes final draft was net revenue budget of £1,423.6m, £108m increase on 2023-24 final budget. However, this did not include the final share of retained business rate or business rate collection balance (or some late grant announcements).

As in 2023-24 these were reported and approved by Cabiet in March resulting in a final approved net revenue budget for 2024-25 of £1,429.5m. The 10 year capital programme was unchanged from the Council approval of £1,665.3m

There are no detailed government departmental spending plans beyond 2024-25 with only overall high level total public sector spending plan consistent with the fiscal targets for debt to be falling as a % of gross domestic product (GDP) and for borrowing to not exceed 3% of GDP, both by 2027-28. To achieve these targets public spending is forecast to grow in cash terms but at a slower rate than the overall economy representing real terms reductions.

In the absence of detailed government plans, the later years of 2024-27 MTFP are based on flat cash grant settlements (other than those subject to index linked increases through business rate multiplier) and same council tax referendum principles as 2023-24 and 2024-25. The plans for 2025-26 and 2026-27 will be updated during the course of 2024 with the aim of publishing a draft 2025-26 budget and MTFP in November, and final draft in January for Cabinet endorsement and County Council approval.

The Council's Stewardship, Responsibilities and Financial Management Policies

The Council is responsible for handling a significant amount of public money. The Council's Financial Regulations must comply with the Constitution and set the control framework for five key areas of activity:

- Financial Planning
- Financial Management
- Risk Management and Control of Resources
- Systems and Procedures
- External Arrangements.

The Council needs to ensure that it has sound financial management and procedures in place and that they are adhered to. The Financial Regulations are reviewed regularly to reflect changes in structures and working practices; and to ensure our regulations reflect current best practice and strengthen areas where there were known gaps. The regulations provide clarity about the accountability of the following:

- Cabinet
- Members
- the Monitoring Officer
- the Chief Finance Officer (Corporate Director Finance)
- Corporate Directors.

Further information about the Accounts can be obtained from Joe McKay, Acting Chief Accountant.

Telephone (03000) 42 14 47 or E-Mail joe.mckay@kent.gov.uk

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

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

I confirm that these Accounts were approved by the Governance and Audit Committee at its meeting XXX on behalf of Kent County Council.

Councillor Rosalind Binks
Chairman of the Governance and Audit Committee

The Corporate Director Finance's Responsibilities

The Corporate Director Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code), and is required to give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this Statement of Accounts the Corporate Director Finance has:

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

The Corporate Director of Finance has also:

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

I confirm that these accounts give 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.

Certificate of the Corporate Director Finance

John Betts
Acting Corporate Director Finance

Comprehensive Income and Expenditure Statement

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

		Year Ended 31 March 2024		
Service	**Notes**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
Adult Social Care & Health including Public Health	ASCH	865,528	-290,820	574,708
Children, Young People & Education	CYPE	1,608,074	-1,189,157	418,917
Growth, Environment & Transport	GET	329,126	-80,610	248,516
Chief Executive's Department	CED	60,495	-33,650	26,845
Deputy Chief Executive's Department	DCED	107,705	-13,107	94,598
Non-Attributable Costs including Corporately Held Budgets	NAC	17,084	-14,041	3,043
Cost of Services		**2,988,012**	**-1,621,385**	**1,366,627**
Other operating Expenditure	**12**			89,800
Net Surplus on trading accounts	**33**			-4,487
Financing and Investment Income and Expenditure	**13**			21,035
Taxation and Non-Specific Grant Income	**14**			-1,511,062
(Surplus) or deficit on Provision of Services				**-38,087**
(Surplus)/deficit arising on revaluation of non-current assets				21,446
Remeasurement of the net defined benefit liability				3,359
(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income				-950
Other Comprehensive Income and Expenditure				23,855
Total Comprehensive Income and Expenditure				-14,232

Year Ended 31 March 2023

Service	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Adult Social Care & Health including Public Health	ASCH	766,661	-278,982	487,679
Children, Young People & Education	CYPE	1,513,866	-1,139,897	373,969
Growth, Environment & Transport	GET	317,959	-80,750	237,209
Chief Executive's Department	CED	60,130	-30,277	29,853
Deputy Chief Executive's Department	DCED	106,054	-16,133	89,921
Non-Attributable Costs including Corporately Held Budgets	NAC	10,526	-9,259	1,267
Cost of Services		**2,775,196**	**-1,555,298**	**1,219,898**
Other operating Expenditure	**12**			115,421
Net Surplus on trading accounts	**33**			-4,027
Financing and Investment Income and Expenditure	**13**			58,301
Taxation and Non-Specific Grant Income	**14**			1,367,921
(Surplus) or deficit on Provision of Services				**21,672**
(Surplus)/deficit arising on revaluation of non-current assets				-219,234
Remeasurement of the net defined benefit liability				-1,516,489
(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income				-950
Other Comprehensive Income and Expenditure				**-1,736,673**
Total Comprehensive Income and Expenditure				**-1,715,001**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Year Ended 31 March 2023

	General Fund Balance £000	Earmarked GF Reserves £000	S31 - 75% Tax Income Guarantee grant and Business Rates Relief Grant Reserves £000	Total GF incl. Earmarked Reserves £000	Capital Receipts Reserve £000
Balance at 31 March 2022	**-56,188**	**-393,152**	**-20,040**	**-469,380**	**-33,291**
Movement in reserves 2022-23					
Total Comprehensive Expenditure & Income	**21,672**			**21,672**	
Adjustments between accounting basis & funding basis under regulations - Note 11	-4,772			-4,772	-5,936
Net increase/Decrease before Transfers to Earmarked Reserves	**16,900**	**0**	**0**	**16,900**	**-5,936**
Transfer between Usable and Unusable Reserves				0	
Transfers to/from Earmarked Reserves (total of *s on Note 22)	2,371	-20,063	17,692	0	
Increase/Decrease (movement) in Year	**-19,271**	**20,063**	**17,692**	**16,900**	**-5,936**

Year Ended 31 March 2024

	General Fund Balance £000	Earmarked GF Reserves £000	S31 - 75% Tax Income Guarantee grant and Business Rates Relief Grant Reserves £000	Total GF incl. Earmarked Reserves £000	Capital Receipts Reserve £000
Balance at 31 March 2023	**-36,917**	**-413,215**	**-2,348**	**-452,480**	**-39,227**
Movement in reserves 2023-24					
Total Comprehensive Expenditure & Income	**-38,087**			**-38,087**	
Adjustments between accounting basis & funding basis under regulations - Note 11	59,917			**59,917**	-5,008
Net increase/Decrease before Transfers to Earmarked Reserves	**21,830**	**0**	**0**	**21,830**	**-5,008**
Transfer between Usable and Unusable Reserves		14,400		14,400	
Transfers to/from Earmarked Reserves (total of *s on Note 22)	-27,943	25,595	2,348	0	
Increase/Decrease (movement) in Year	**-6,113**	**39,995**	**2,348**	**36,230**	**-5,008**
Balance at 31 March 2023 carried forward	**-43,030**	**-373,220**	**0**	**-416,250**	**-44,234**

Year Ended 31 March 2023

	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2022	**-74,183**	**-565,890**	**-682,709**	**-1,248,599**
Movement in reserves 2022-23				
Total Comprehensive Expenditure & Income		**21,672**	**-1,736,673**	**-1,715,001**
Adjustments between accounting basis & funding basis under regulations - Note 11	-28,021	-38,729	38,729	0
Net increase/Decrease before Transfers to Earmarked Reserves	**-28,021**	**-17,057**	**-1,697,944**	**-1,715,001**
Transfer between Usable and Unusable Reserves		0	0	0
Transfers to/from Earmarked Reserves (total of *s on Note 22)		0	0	0
Increase/Decrease (movement) in Year	**-28,021**	**-17,057**	**-1,697,944**	**-1,715,001**

Year Ended 31 March 2024

	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2023 Carried Forward	**-102,204**	**-593,911**	**-2,380,653**	**-2,974,564**
Movement in reserves 2023-24				
Total Comprehensive Expenditure & Income		**-38,087**	**23,854**	**-14,233**
Adjustments between accounting basis & funding basis under regulations - Note 11	-61,448	**-5,539**	6,539	0
Net increase/Decrease before Transfers to Earmarked Reserves	**-61,448**	**-44,626**	**30,393**	**-14,233**
Transfer between Usable and Unusable Reserves		14,400	-14,400	0
Transfers to/from Earmarked Reserves (total of *s on Note 22)		0	0	0
Increase/Decrease (movement) in Year	**-61,448**	**-30,226**	**15,993**	**-14,233**
Balance at 31 March 2024 carried forward	**-163,652**	**-624,136**	**-2,364,660**	**-2,988,796**

Balance Sheet

The Balance Sheet shows the financial position of Kent County Council as a whole at the end of the year. Balances on all accounts are brought together and items that reflect internal transactions are eliminated.

	Notes	31 March 2024 £000	£000	31 March 2023 £000
Property Plant & Equipment	**16**	3,684,676		3,741,347
Heritage Assets	**20**	8,546		7,986
Investment Property	**17**	43,168		51,140
Intangible assets		330		1,681
Long-term investments	**38**	301,053		323,487
Long-term debtors	**26**	50,787		50,940
Total long-term assets			4,088,560	4,176,581
Inventories		2,537		8,710
Assets held for sale (<1yr)		1,614		4,091
Short-term debtors	**26**	397,669		346,204
Short-term investments	**38**	36,683		60,423
Cash and Cash equivalents	**28**	142,511		135,958
Total current assets			581,014	555,386
Temporary borrowing	**38**	-78,369		-90,155
Short-term Lease Liability	**38**	-9,207		-8,458
Short-term provisions	**25**	-26,905		-16,346
Creditors	**27**	-441,793		-466,545
Cash and Cash equivalents	**28**	-10,967		-4,244
Total Current liabilities			-567,241	-585,748
Creditors due after one year	**27**	-34		-35
Provisions	**25**	-9,548		-10,030
Long-term borrowing	**38**	-702,562		-721,893
Other Long-Term Liabilities	**37/38**	-243,325		-284,855
Capital Grants Receipts in Advance	**15**	-158,068		-154,842
Long-Term Liabilities			-1,113,537	-1,171,655
Net Assets/(Liabilities)			2,988,796	2,974,564
Usable Reserves	**22**	-624,135		-593,911
Unusable Reserves	**23**	-2,364,661		-2,380,653
Total Reserves			-2,988,796	-2,974,564

Cash Flow Statement

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

	Notes	**2023-24 £000**	2022-23 £000
Net (Surplus) or deficit on the provision of services		-33,086	21,672
Adjustments to net surplus or deficit on the provision of services for non-cash movements	**29**	-191,565	-371,114
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**29**	249,452	252,876
Net cash flows from operating activities		19,801	-96,566
Investing Activities	30	-56,040	56,639
Financing Activities	31	36,409	27,855
Net increase (-) or decrease in cash and cash equivalents		170	-12,072
Cash and cash equivalents at the beginning of the reporting period		131,714	119,642
Cash and cash equivalents at the end of the reporting period	**28**	**131,544**	131,714

Note 1a - Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax, and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Year Ended 31 March 2024

	As reported to Management £000	**Adjustments to arrive at the net amount chargeable to the General Fund Balance £000**	**Net Expenditure Chargeable to the General Fund £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000**
Adult Social Care & Health	561,326	11,481	572,807	1,901	**574,708**
Children, Young People & Education	371,637	4,921	376,558	42,359	**418,917**
Growth, Environment & Transport	191,465	1,775	193,240	55,275	**248,515**
Chief Executive's Department	28,076	5	28,081	-1,236	**26,845**
Deputy Chief Executive's Department	75,643	11,405	87,048	7,551	**94,599**
Non-Attributable Costs including Corporately Held Budgets	113,568	-110,441	6,612	-3,569	**3,043**
Schools' Delegated Budgets	22,664	-22,664	0	0	**0**
Cost of Services	**1,364,379**	**-103,518**	**1,264,346**	**102,281**	**1,366,627**
Other Income and Expenditure	-1,344,402	105,372	-1,242,515	-162,199	**-1,404,714**
Surplus or Deficit	**19,977**	**1,854**	**21,831**	**-59,918**	**-38,087**
Opening General Fund Balance			-452,480		
Less/Plus Surplus or (Deficit) on General Fund in Year			21,830		
Transfers between Usable & Unusable Reserves			14,400		
Closing General Fund Balance at 31 March 2023			**-416,250**		

Note 9a on pages 46 to 49 provides an explanation of the main adjustments to the Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Year Ended 31 March 2023

	As reported to Management £000	Adjustments to arrive at the net amount chargeable to the General Fund Balance £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehen-sive Income and Expenditure Statement £000
Adult Social Care & Health	479,488	2,065	481,553	6,127	487,680
Children, Young People & Education	338,294	-12,051	326,243	47,725	373,968
Growth, Environment & Transport	179,608	4,208	183,816	53,394	237,210
Chief Executive's Department	29,906	-1,433	28,473	1,379	29,852
Deputy Chief Executive's Department	71,707	6,251	77,958	11,962	89,920
Non-Attributable Costs including Corporately Held Budgets	151,166	-147,897	3,269	-2,001	1,268
Schools' Delegated Budgets	-19,263	19,263	0	0	0
Net Cost of Services	1,230,906	-129,594	1,101,312	118,586	1,219,898
Other Income and Expenditure	-1,252,855	168,443	-1,084,412	-113,814	-1,198,226
Surplus or Deficit	-21,949	38,849	16,900	4,772	21,672
Opening General Fund Balance			-469,380		
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020					
Less/Plus Surplus or (Deficit) on General Fund in Year			-16,900		
Transfers between Usable & Unusable Reserves			0		
Closing General Fund Balance at 31 March 2021			**-452,480**		

Note 1b. Basis for Preparation/General

The notes to the financial statements on the following pages are in order of significance, primarily based on aiding an understanding of the key drivers of the financial position of the Council, whilst maintaining the grouping of notes between the income and expenditure statement and the balance sheet where appropriate.

The notes relating to specific financial statement lines include the corresponding accounting policy. As a result, there is not a separate principal accounting policies note but note 2 details general accounting policies or those where there are not accompanying notes.

Details of the order of the notes can be found in the index on page 2 of the financial statements.

Note 2. General Accounting Policies (where there is no accompanying note)

General

The Council is required to prepare a Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. The Accounts of Kent County Council have been compiled in accordance with the Code of Practice on Local Authority Accounting in the UK 2023-24 supported by International Financial Reporting Standards. These accounts are prepared in accordance with the historical cost convention, modified for the valuation of certain categories of non-current assets and financial instruments. They are also prepared on a going concern basis.

Accruals of Income and Expenditure

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

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

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.

Accounting for Schools

The accounting policies for Schools are in line with the Council's and therefore are compiled on an accruals basis. Schools balances are consolidated into the Council's accounts, with income and expenditure being attributed to the appropriate service line in the Comprehensive Income and Expenditure Statement and assets and liabilities included on the Balance Sheet. The Schools Reserve is held in a separate reserve and is located within Usable Reserves. The DSG deficit is transferred to the DSG Adjustment Account via the Movement to Reserves Statement.

Non-current assets for maintained schools are included on the balance sheet where they are owned or controlled by the Authority or the school governing body.

Intangible Assets

Assets that do not result in the creation of a tangible asset (which is an asset that has physical substance), but are identifiable and are controlled by the Council, e.g. software licences, are classified as intangible assets. This expenditure is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the life of the asset. For software licences this is normally between 3 to 5 years.

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

Fair Value Measurement of non-financial assets

The Council's accounting policy for fair value measurement of financial assets is set out in Note 38. The Council also measures some of its non-financial assets such as investment properties and assets held for sale and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Surplus assets are also valued at fair value in accordance with the valuation policy of surplus assets disclosed on page 65. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

a) in the principal market for the asset, or

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

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

Valuation techniques for levels 2 and 3 include market approach, cost approach and income approach.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

Accounting for Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Inventories

Stock is valued at the lower of cost or net realisable value. Spending on consumable items is accounted for in the year of purchase.

Interests in companies and other entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in the companies and other entities are recorded as financial assets held at fair value through profit and loss.

Note 3. Accounting Standards that have been issued but have not yet been adopted

IFRS 16 - Leases: This standard was issued in January 2016 and was planned to be adopted by Local Authorities in 2020-21 but was initially deferred to 2021-22. Due to the pressures on finance teams the adoption has been deferred further to 2024-25. The impact of adopting this standard is that most of our leases where we are the lessee will require a 'right of use asset' to be recognised on the Balance Sheet. This is different from the current accounting standard where leases are classified as operating and finance leases, with only the assets and liabilities relating to finance leases recognised on our Balance Sheet. This accounting change will have a significant impact on our accounts and will require new accounting for approximately 154 assets, of which 118 are property or land, 35 are vehicles and 1 is equipment. Based on the work undertaken so far, we estimate a right of use asset value and corresponding lease liability of approximately £20m.

Note 4 - Critical Judgements in applying Accounting Policies

In applying the accounting policies set out, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Property, Plant and Equipment

The Council has a policy to revalue its land and buildings at least every 4 years and undertakes an annual review, based on applying percentage movements on revalued assets to the unvalued asset portfolio, to ensure that the carrying amount of assets not revalued in year is not materially different to their current value at the balance sheet date. £319m worth of assets in the balance sheet have not been revalued in 2023-24. Due to the value, valuation type and prior valuation date of these assets, and the percentage movements on the revalued assets, we are confident that the value of assets not revalued in 2023-24 is not materially different to their current value at the balance sheet date.

In order to meet the Authority’s policy on accounting for non-current assets related to schools, each school is considered on an individual basis taking into account ownership rights and, where relevant, the circumstances under which the school is using the asset.

Kent County Council's - Interest in Companies

The Council has an interest in companies outside of those that are our wholly owned subsidiaries. KCC have conducted tests of control on these companies and in considering the outcome of these tests we have concluded that we have no overall control or significant influence over these companies, and our level of control is less than or equal to 50%. The economic activity of these companies is not deemed material and therefore not consolidated into the group accounts. Payments made to any entity we have an interest in are shown in Note 36 on pages 107 to 108. We annually review all companies we have an interest in and test the level of control.

Note 5 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual results differ from Assumptions
Property, Plant and Equipment: Useful lives	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation would increase and the carrying amount of the assets could fall. The useful lives applied to our assets for depreciation calculations are provided by RICS qualified external valuers and we therefore consider this to be the most accurate estimate we can obtain. However, if assumptions do not materialise then there could be a material difference to depreciation and carrying amounts of assets.
Property, Plant and Equipment: Valuation Assumptions	Asset valuations are based on key assumptions. Assets valued on a Depreciated Replacement Cost basis, totalling £2,276.8m in the balance sheet, are significantly influenced by obsolescence rates, BCIS rates and allowances for fees & externals. These require professional judgement and therefore are not certain. Assets valued on an Existing Use Value basis, totalling £215.8m on the balance sheet, are significantly influenced by assumptions around rents and yields. Surplus assets valued on a Fair Value basis, totalling £99.2m, are significantly influenced by assumptions around land values, rents and yields.	The assumptions on which valuations are based are provided by RICS qualified external valuers and challenged rigorously and therefore considered reliable. However, if assumptions within the methodology do not materialise then there could be a material impact on the valuation of land & buildings. It should be noted though that any differences in asset valuations would not have an impact on the General Fund balance.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a decrease of 0.1% in the discount rate would result in an increase in the pension liability of £53.7m. A 1-year increase to life expectancy assumptions would result in an increase in the pension liability of £142.0m. A reduction in the value of the assets would increase the pension liability on the Balance Sheet. The net pension liability carrying value for 2023-24 is £34.8m. More information on the carrying amount of the assets & liabilities impacted by estimation uncertainty can be found in Note 37 on pages 109 to 115.
Fair Value measurements	Surplus and Investment Properties cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), so their fair value is measured using income or market approach valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible unobservable inputs, which require judgement, are used to establish fair values. The significant unobservable inputs used in the fair value measurement include assumptions regarding passing rents and yields, estimated sale values, revenue streams and discount rates. Information about valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 16, 17 and 38.	Sizable changes in any of the unobservable inputs would result in a significant lower or higher fair value measurement for those assets held at fair value.

Note 6. Officers Remuneration

Accounting Policy

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Service lines within the Comprehensive Income and Expenditure Statement but is then reversed out through the Movement in Reserves Statement, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to Service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the cost for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the 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 pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Council participates in two different pension schemes. Both schemes provide members with defined benefits (retirement lump sums and pensions), related to pay and service. The schemes are as follows:

Teachers and former NHS Staff

The Council contributes to the Teachers' Pension Scheme and the NHS Pension Scheme at rates set by the schemes actuary and advised by the Schemes Administrator. The schemes pay benefits on the basis of pre-retirement salaries of teaching staff and former NHS staff. While the schemes are of the Defined Benefit type, they are accounted for as Defined Contribution Schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

Other employees

- 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, etc, and projections of projected earnings for current employees.

- The assets of Kent Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked,
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement,
- net interest on the net defined benefit liability (asset), i.e. the net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (assets) during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- net return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) - charged to the Pension Reserve as Other Comprehensive Income and Expenditure,
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve, as Other Comprehensive Income and Expenditure,
- contributions paid to the Kent Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits, on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Summary of employees receiving remuneration of £50,000 or more during the period 1 April 2023 to 31 March 2024

Regulations require the Council to disclose remuneration for all employees earning over £50,000 plus additional disclosures for those senior officers reporting directly to the Head of Paid Service and those earning over £150,000.

This note shows the number of employees whose total remuneration in the financial year 2023-24, was £50,000 or more.

Remuneration includes:

a) all sums paid to or receivable by an employee including non-taxable termination payments, redundancy payments and pay in lieu of notice. This includes all payments, regardless of whether or not they were due in the year e.g. advance payment of salary in lieu of notice,

b) expense allowances chargeable to tax i.e. the profit element of car allowances; and

c) the money value of benefits such as leased cars and health insurance,

d) but excludes Employer's Pension contributions.

Senior Officers whose remuneration is disclosed on pages 40 to 43 are included in the renumeration bandings shown in the table on the following page for completeness, even though there is a statutory provision that allows senior officers to be excluded from the banding analysis.

Remuneration £	Total Number of Employees Non-Schools 31 March 2024	Total Number of Employees Schools 31 March 2024	Total Number of Employees Non-Schools 31 March 2023	Total Number of Employees Schools 31 March 2023
50,000 - 54,999	315	367	250	241
55,000 - 59,999	207	227	184	160
60,000 - 64,999	145	139	105	98
65,000 - 69,999	65	99	67	72
70,000 - 74,999	65	70	44	55
75,000 - 79,999	40	52	22	34
80,000 - 84,999	29	26	26	20
85,000 - 89,999	19	23	15	14
90,000 - 94,999	12	8	9	12
95,000 - 99,999	14	11	15	7
100,000 - 104,999	10	8	9	4
105,000 - 109,999	4	2	5	5
110,000 - 114,999	8	6	5	1
115,000 - 119,999	3	7	3	4
120,000 - 124,999	4	1	3	2
125,000 - 129,999	1	3	3	2
130,000 - 134,999	1		2	
135,000 - 139,999	3		1	
140,000 - 144,999	2	1	1	1
145,000 - 149,999				
150,000 - 154,999	1	1	1	
155,000 - 159,999	1		3	
160,000 - 164,999	2			
165,000 - 169,999	1		1	
170,000 - 174,999	1			
175,000 - 179,999				
180,000 - 184,999	1		1	
185,000 - 189,999				
190,000 - 194,999	1			
195,000 - 199,999				
200,000 - 204,999				
205,000 - 209,999				
210,000 - 214,999				
215,000 - 219,999			1	
Total	**955**	**1,051**	**776**	**732**

The number of employees shown against the above remuneration band will not tie-up with the information on the following pages. This is because the table above refers to remuneration which includes items a-c as per the note on the previous page, whereas the following table relates purely to salary entitlement in the year and requires the employer's pension contribution to be disclosed but only for senior officers. The Code defines senior officers as those whose annual salary is £150,000 or more, or those whose salary is above £50,000 and holds a chief officer position. Where a senior officer's annual salary is £50,000 or more, but less that £150,000, remuneration is disclosed by job title. For Senior Officers whose annual salary is £150,000 or more, their name is also disclosed. The following tables are set out in the format prescribed in the CIPFA Code, issued by The Chartered Institute of Public Finance and Accountancy.

The remuneration paid to the Authority's senior employees for 2023-24 is as follows:

Post Holder	Notes	Salary Including Fees & Allowance £	Bonus £	Allowance £	Compensation for loss of Office e.g. Redundancy Payment * £	Other £	Total Remun-eration excl pension Contribution £	Employer Pension Contri-bution £	Total Remun-eration incl pension Contribution £
Chief Executive – David Cockburn	1	86,036					86,036	15,817	101,854
Chief Executive – Amanda Beer	2	142,345					142,345	29,181	171,525
Deputy Chief Executive – Amanda Beer	3	56,744					56,744	11,633	68,377
Corporate Director Adult Social Care & Health – Richard Smith		187,100					187,100	38,355	225,445
Corporate Director Children, Young People & Education – Sarah Hammond		163,854					163,854	33,590	197,445
Corporate Director Growth, Environment & Transport – Simon Jones		155,810					155,810	31,941	187,751
Corporate Director Finance - Zena Cooke	4	152,744		7,436			160,180	32,837	193,017
Director of Public Health*		123,842		16,158			140,000	28,700	168,700
General Counsel – Ben Watts		123,842		14,475			138,317	917	139,234
Director of Infrastructure		123,842					123,842	25,388	149,230
Director of Strategy, Policy, Relationships & Corporate Assurance		123,842					123,842	25,388	149,230

Post Holder	**Notes**	**Salary Including Fees & Allowance £**	**Bonus £**	**Allowance £**	**Compensation for loss of Office e.g. Redundancy Payment * £**	**Other £**	**Total Remun-eration excl pension Contribution £**	**Employer Pension Contri-bution £**	**Total Remun-eration incl pension Contribution £**
Director of Technology		122,012		12,568			134,580	27,589	162,169
Strategic Commissioner (Interim)	5	45,880		542			46,422	9,448	55,870
Head of Commercial & Procurement	6	62,569		3,792			66,361	13,673	80,034
Director of Human Resources & Organisational Development		115,959	3,500				119,459	24,489	143,948
* This includes all contractual entitlements.									

Notes	
1	Mr Cockburn left KCC on 31 July 2023
2	Mrs Beer was appointed as Chief Executive from 1 August 2023
3	Mrs Beer was Deputy Chief Executive from 1 April to 31 July 2023. The Deputy Chief Executive was vacant for the remainder of the year
4	In the absence of the Corporate Director Finance since 8 January 2024, the role has been filled by an Acting Corporate Director Finance from 8 January 2024 until 31 March 2024 at a cost of £50,400
5	The Strategic Commissioner post was deleted from 1 September 2023 and replaced by the Head of Commercial & Procurement
6	The Head of Commercial & Procurement post was introduced from 1 September 2023

The remuneration paid to the Authority's senior employees for 2022-23 is as follows:

Post Holder	Notes	Salary Including Fees & Allowance £	Bonus £	Allowance £	Compensation for loss of Office e.g. Redundancy Payment * £	Other £	Total Remun-eration excl pension Contribution £	Employer Pension Contri-bution £	Total Remun-eration incl pension Contribution £
Chief Executive/Corporate Director Strategic & Corporate Services - David Cockburn	5	219,221					219,221	46,694	265,915
Corporate Director Adult Social Care & Health - Richard Smith		180,250					180,250	38,393	218,643
Corporate Director Children, Young People & Education - Matt Dunkley CBE	3	48,646					48,646	10,362	59,008
Corporate Director Children, Young People & Education – Sarah Hammond	4	130,359					130,359	27,766	158,125
Corporate Director Finance - Zena Cooke	1	136,284		4,871			141,155	34,722	175,877
Corporate Director Finance – John Betts	2	67,662					67,662		67,662
Corporate Director Growth, Environment & Transport – Simon Jones		150,106					150,106	31,973	182,079
Deputy Chief Executive / Corporate Director People & Communications – Amanda Beer	6	159,788					159,788	34,035	193,823

Director Public Health*		117,726		16,441			134,167	28,578	162,745
General Counsel – Ben Watts		123,891		14,475			138,366	953	139,319
Director of Infrastructure	3	123,891		1,900			123,891	26,674	150,565
Director of Strategy, Policy, Relationships & Corporate Assurance		118,532	6,700				125,232	26,674	151,906
Director of Technology		117,432		12,235			129,667	27,619	157,286
Strategic Commissioner (Interim)		107,280					107,280	22,851	130,131
Director of Human Resources & Organisational Development	7	81,900					81,900	17,445	99,345
*This includes all contractual entitlements									

Notes	
1	Mrs Cooke was on maternity leave from April to August 2022
2	Mr Betts was appointed to cover Mrs Cooke’s maternity leave
3	Mr Dunkley (CBE) left KCC in June 2022
4	Mrs Hammond was appointed as Corporate Director for Children, Young People & Education from June 2022
5	Mr Cockburn was Corporate Director Strategic & Corporate Services from April to June and was appointed as Chief Executive from July 2022
6	Mrs Beer was Corporate Director People & Communications from April to June and was appointed as Deputy Chief Executive from July 2022
7	A new Director of Human Resources & Organisational Development was appointed from July 2022

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. Of the total redundancies made, 79% of those are compulsory redundancies. We do not have the detail across bands £0 - £20,000, £20,001 - £40,000, and £40,001 - £80,000 and have applied this percentage equally to each of these bands. The total cost in 2023-24 of £0.9m includes schools and commitments in 2024-25.

(a) Exit package cost band (inc special payments)	(b) Number of compulsory redundancies 2022/23	(b) Number of compulsory redundancies 2023/24	(c) Number of other departures agreed 2022/23	c) Number of other departures agreed 2023/24	(d) Total number of exit packages by cost band [(b)+(c)] 2022/23	(d) Total number of exit packages by cost band [(b)+(c)] 2023/24	(e) Total cost of exit packages in each band £ 2022/23	(e) Total cost of exit packages in each band £ 2023/24
80,001 - 120,000	0	0	0	0	0	0	£0	£0
40,001 - 80,000	0	2	0	1	0	3	£0	£133,207
20,000 - 40,000	11	12	5	3	16	15	£459,409	£363,410
0 - 20,000	15	40	7	11	22	51	£153,841	£355,255
Total	**26**	**54**	**12**	**15**	**38**	**69**	**£613,250**	**£851,872**

Note 7. Members Allowances

The Council paid the following amounts to members of the Council during the year:

	2023-24 £000	2022-23 £000
Allowances	2,055	1,975
Expenses	59	44
Total	**2,114**	**2,019**

In 2023-24 the cost of the County Cars was £11.5k (£33.5k in 2022-23).

Note 8. Material Items of Income and Expense

Accounting Policy

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Material Items of Income and Expense

The net loss on disposal of non-current assets of £87.2m includes a loss of £86.7m which relates to schools transferring to academy status, at nil value, as instructed by the Secretary of State for Education.

Note 9a - Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2023-24	**Drawdown to/from Reserves (Note 1) £000**	**Investment Income reported at Directorate Level (Note 1) £000**	**Chief Exec's Dept Recharges (Note 1) £000**	**Realignment of Financing Items for Accounting Purposes (Note 1) £000**	**Adjustments for Trading Activities (Note 1) £000**
Adult Social Care & Health	11,465		16		
Children, Young People & Education	4,152	546	31	192	
Growth, Environment & Transport	1,050	513	296		-83
Chief Executive's Department	348		-343		
Deputy Chief Executive's Department	9,859	2,485			-940
Non-Attributable Costs including Corporately Held Budgets	-18,777	18,681		-110,344	
Schools Delegated Budgets	-22,664				
Net Cost of Services	**-14,567**	**22,225**	**0**	**-110,152**	**-1,023**
Other income and expenditure from the Expenditure and Funding Analysis	17,323	-22,225		110,152	121
Total	**2,756**	**0**	**0**	**0**	**-902**

2023-24	Total to arrive at amount charged to the General Fund £000	Adjustments for Capital Purposes (Note 2) £000	Net change for the Pensions Adjustments (Note 3) £000	Other Differences (Note 4) £000	Total Adjustment between Funding and Accounting Basis £000
Adult Social Care & Health	**11,481**	5,778	-3,667	-210	**1,901**
Children, Young People & Education	**4,921**	36,948	-15,126	20,537	**42,359**
Growth, Environment & Transport	**1,776**	57,482	-2,646	440	**55,276**
Chief Executive's Department	**5**	172	-1,415	6	**-1,237**
Deputy Chief Executive's Department	**11,404**	8,312	-728	-33	**7,551**
Non-Attributable Costs including Corporately Held Budgets	**-110,440**	-3,485	-1	-83	**-3,569**
Schools' Delegated Budgets	**-22,664**	0	0	0	**0**
Net Cost of Services	**-103,517**	**105,207**	**-23,583**	**20,657**	**102,281**
Other income and expenditure from the Expenditure and Funding Analysis	**105,371**	-160,132	-7,396	5,329	**-162,199**
Total	**1,854**	**-54,925**	**-30,979**	**25,986**	**-59,918**

2022-23	Drawdown to/from Reserves (Note 1) £000	Investment Income reported at Directorate Level (Note 1) £000	Chief Exec's Dept Recharges (Note 1) £000	Realignment of Financing Items for Accounting Purposes (Note 1) £000	Adjustments for Trading Activities (Note 1) £000
Adult Social Care & Health	2,046		19		
Children, Young People & Education	-12,548	241	58	198	
Growth, Environment & Transport	3,226	420	626		-64
Chief Executive's Department	-728		-703		
Deputy Chief Executive's Department	5,506	1,886			-1,141
Non-Attributable Costs including Corporately Held Budgets	-50,612	11,592		-108,877	
Schools' Delegated Budgets	19,263				
Net Cost of Services	**-33,847**	**14,139**	**0**	**-108,679**	**-1,205**
Other income and expenditure from the Expenditure and Funding Analysis	72,548	-14,139		108,679	1,353
Total	**38,701**	**0**	**0**	**0**	**148**

2022-23	Total to arrive at amount charged to the General Fund £000	Adjustments for Capital Purposes (Note 2) £000	Net change for the Pensions Adjustments (Note 3) £000	Other Differences (Note 4) £000	Total Adjustment between Funding and Accounting Basis £000
Adult Social Care & Health	**2,065**	2,530	3,597	-1	**6,126**
Children, Young People & Education	**-12,051**	35,386	13,018	-679	**47,725**
Growth, Environment & Transport	**4,208**	50,390	2,437	567	**53,394**
Chief Executive's Department	**-1,431**	326	1,411	-358	**1,379**
Deputy Chief Executive's Department	**6,251**	11,293	670		**11,963**
Non-Attributable Costs including Corporately Held Budgets	**-147,897**		156	-2,157	**-2,001**
Schools' Delegated Budgets	**19,263**				**0**
Net Cost of Services	**-129,592**	**99,925**	**21,289**	**-2,628**	**118,586**
Other income and expenditure from the Expenditure and Funding Analysis	**168,441**	-100,852	-1,045	-11,917	**-113,814**
Total	**38,849**	**-927**	**20,244**	**-14,545**	**4,772**

1. **Adjustments to arrive at amount charged to the General Fund**

Drawdown to and from Reserves – for management reporting purposes the Council includes drawdowns to and from reserves, this needs reversing to arrive at the amount chargeable to the General Fund.

Investment Income and realignment of Financing Items for Accounting Purposes – the Council also includes investment income in its directorate reporting and within Financing Items are such items as interest payable, Minimum Revenue Provision (MRP) and bank fees, however this is reported in the financial statements below the cost of services line and the table above shows these items being reallocated.

Chief Executive Department Recharges – for management reporting purposes the Council records Members Grants to Strategic and Corporate Services, however for accounting purposes this is reallocated across the other directorates.

Trading Activities – for management reporting purposes the Council includes the contribution received from its trading activities, however this needs adjusting to reflect the surplus or deficit of the trading activities. The Council also is required to consolidate a joint operation into its accounts.

2. Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

3. Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

4. Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For services this represents the following:

i) The finance costs charged to the Comprehensive Income and Expenditure Statement that are different from the finance chargeable in the year in accordance with statutory requirements.

ii) The officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis that is different from the remuneration charged in the year in accordance with statutory requirements.

iii) The Schools Budget deficit charged to the Comprehensive Income and Expenditure Statement.

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 9b. Segmental Income

Income from Sales, Fees and Charges, including Internal Recharges, are analysed on a segmental basis below:

	2023-24 £000	2022-23 £000
Adult Social Care & Health	-120,691	-98,083
Children, Young People & Education	-122,934	-103,500
Growth, Environment & Transport	-51,039	-45,986
Chief Executive's Department	-13,209	-11,385
Deputy Chief Executive's Department	-13,345	-16,202
Non-Attributable Services	-7,099	-9,219
Total Income analysed on a segmental basis	**-328,317**	**-284,375**

Note 10. Expenditure and Income Analysed by Nature

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

	2023-24 £000	2022-23 £000
Expenditure		
Employee benefits expenses	936,645	922,078
Other services expenses	1,955,679	1,790,780
Support service recharges	77,948	66,257
Depreciation, amortisation, impairment	115,754	125,646
Interest payments including interest on Defined Liability of the Pension Fund	44,316	53,531
Precepts and levies	2,280	2,144
Loss/(Gain) on the disposal of assets	87,169	113,106
Total expenditure	**3,220,091**	**3,073,542**
Income		
Fees, charges and other service income	-336,766	-325,774
Interest and investment income	-34,170	-19,677
Income from council tax and non-domestic rates	-939,432	-885,685
Government grants and contributions	-1,947,811	-1,820,734
Total income	**-3,258,179**	**-3,051,870**
Surplus or Deficit on the Provision of Services	**-38,088**	**21,672**

Included in the 2022-23 'Fees, charges and other services income' is £106.1m (£85.3m in 2022-23) of Revenue from Contracts with Service Recipients specifically relating to Social Care.

Note 11. Adjustments between accounting basis and funding basis under regulations

31 March 2024	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-110,436			110,436
Revaluation gains/(losses) on Property Plant and Equipment and Assets held for Sale	-7,925			7,925
Movements in the fair value of Investment Properties	-7,165			7,165
Amortisation of intangible assets	-1,351			1,351
Capital Grants and contributions applied	135,128			-135,128
Income in relation to donated assets	0			0
In year revenue expenditure funded from capital under statute	-47,016			47,016
Prior year revenue expenditure funded from capital under statute including long term debtor adjustments	-235			235
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-99,274			99,274
Amounts of capital inventory written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-162			162
Realised & unrealised gains/(losses) on financial assets held at FVPL	3,485			-3,485
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	59,421			-59,421
Capital expenditure charged against the General Fund	19,973			-19,973
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	94,027		-94,027	0
Application of grants to capital financing transferred to the Capital Adjustment Account			32,579	-32,579
Cessation of recyclable grant repaid to accountable body	-1,319	1,319		0

31 March 2024 (contd..)	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable reserves £000
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,433	-7,433		0
Transfer of cash sale proceeds from disposal of investment property credited to the Comprehensive Income and Expenditure Statement	5,035	-5,035		0
Transfer of cash sale proceeds from disposal of capital inventory credited to the Comprehensive Income and Expenditure Statement	195	-195		0
Use of the Capital Receipts Reserve to finance new capital expenditure		14,639		-14,639
Loan repayments	857	-8,303		7,446
Movement in Donated Assets Account	3,815			-3,815
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	495			-495
Adjustment primarily involving the Pooled Investment Adjustment Account:				
Unrealised gains/losses on financial assets held at FVPL	473			-473
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-59,746			59,746
Employer's pensions contributions and direct payments to pensioners payable in the year	90,725			-90,725
Adjustments primarily involving the DSG Adjustment Account:				
Amount by which Schools Deficit has moved in year.	-5,815			5,815
KCC contribution to the DSG Safety Valve	-14,400			14,400
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating	-6,219			6,219

income calculated for the year in accordance with statutory requirements				
31 March 2024 (contd..)	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable reserves £000**
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-81			81
Total Adjustments	**59,918**	**-5,008**	**-61,448**	**6,538**

31 March 2023	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-102,330			102,330
Revaluation gains/(losses) on Property Plant and Equipment and Assets held for Sale	-2,936			2,936
Movements in the fair value of Investment Properties	-1,749			1,749
Amortisation of intangible assets	-1,544			1,544
Capital Grants and contributions applied	119,596			-119,596
Income in relation to donated assets	30,767			-30,767
In year revenue expenditure funded from capital under statute	-61,631			61,631
Prior year revenue expenditure funded from capital under statute including long term debtor adjustments	0			0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-123,908			123,908
Amounts of capital inventory written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-1,723			1,723
Realised & unrealised gains/(losses) on financial assets held at FVPL	-3,455			3,455
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	58,273			-58,273
Capital expenditure charged against the General Fund	27,211			-27,211
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	68,496		-68,496	0
Application of grants to capital financing transferred to the Capital Adjustment Account			40,475	-40,475
Cessation of recyclable grant repaid to accountable body	-1,607	1,607		0
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the	10,353	-10,353		0

Comprehensive Income and Expenditure Statement				
31 March 2023 (contd..)	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable reserves £000**
Transfer of cash sale proceeds from disposal of investment property credited to the Comprehensive Income and Expenditure Statement	0	0	0	0
Transfer of cash sale proceeds from disposal of capital inventory credited to the Comprehensive Income and Expenditure Statement	2,046	-2,046		
Use of the Capital Receipts Reserve to finance new capital expenditure		13,389		-13,389
Loan repayments	477	-8,533		8,056
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2,189			-2,189
Adjustment primarily involving the Pooled Investment Adjustment Account:				
Unrealised gains/losses on financial assets held at FVPL	-15,408			15,408
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-105,201			105,201
Employer's pensions contributions and direct payments to pensioners payable in the year	84,956			-84,956
Adjustments primarily involving the DSG Adjustment Account:				
Amount by which Schools Deficit has moved in year.	0			0
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	11,188			-11,188
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure	1,168			-1,168

Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements				
Total Adjustments	**-4,772**	**-5,936**	**-28,021**	**38,729**

Note 12. Other Operating Expenditure

	2023-24 £000	2022-23 £000
Levies	2,280	2,144
(Gains)/Losses on the disposal of non-current assets	87,169	113,106
Assets held for Sale - revaluation movements ((Gains)/Losses)	351	171
	89,800	**115,421**

Note 13. Financing and investment income and expenditure

	2023-24 £000	2022-23 £000
Interest payable and similar charges	54,761	54,947
Net interest on the net defined benefit liability	-10,054	-1,022
(Gain)/loss from settlements	-296	-2,015
Pensions - Administration expenses and curtailments	2,954	1,992
Interest receivable and similar income	-20,548	-12,898
Income & expenditure in relation to investment properties and changes in fair value	586	985
Changes in fair value of Financial Assets held at fair value through profit and loss	-3,958	18,835
Other investment income	-2,410	-2,523
	21,035	**58,301**

Note 14. Taxation and non-specific grant income

Collection Fund Accounting Policy

To reflect that billing authorities act as agents for major preceptors in collecting their share of Council Tax and Non-Domestic Rating income, transactions and balances will be allocated between billing authorities and major preceptors. Thus, the risks and rewards that the amount of Council Tax and Non-Domestic Rates collected could vary from that predicted will be shared proportionately by the billing authorities and major preceptors.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Revenue relating to such things as Council Tax and Non-Domestic Rates, are measured at 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.

A debtor/creditor position between billing authorities and major preceptors is required to be recognised for the cash collected by the billing Council from Council Tax and Non-Domestic Rates debtors that belongs proportionately to the billing Council and the major preceptors. This is because the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers and Non-Domestic Ratepayers. The effect of any bad debts written off, or movement in the impairment provision, are also shared proportionately.

Part of the arrangement for the retention of business rates is that authorities will assume the liability for refunding ratepayers that have successfully appealed against the rateable value of their property. At the end of 31 March 2024, the Council's estimated share of these liabilities is £7.8m.

	2023-24 £000	2022-23 £000
Income from Council Tax	-873,968	-829,729
Non-domestic rates income and expenditure	-65,464	-55,956
Non-ringfenced government grants	-381,429	-305,873
Capital Grants and Contributions	-190,201	-176,363
	-1,511,062	**-1,367,921**

KCC's share of surplus on the Council Tax is £1.2m (2022-23 surplus of £10.9m). For 2023-24, the Business Rate Collection Fund has a surplus of 3.2m (2022-23 a deficit of £0.2m). See the Collection Fund Adjustment Account detailed in Note 23.

Note 15. Grant Income

Accounting Policy

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, 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 and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023-24:

	2023-24 £000	2022-23 Restated £000
Credited to Taxation and Non-Specific Grant Income		
Council Tax Yield including Collection Fund	-873,968	-829,729
Local Share of Business Rates & Business Rate Collection Fund	-65,464	-55,956
Revenue Support Grant (RSG)	-11,073	-10,018
Social Care Support Grant	-88,771	-54,478
Business Rate Top-Up	-140,802	-138,429
Business Rate Compensation Grant	-44,581	-30,727
Improved Better Care Fund (iBCF) including Additional Adult Social Care Allocation	-50,015	-50,015
New Homes Bonus (NHB) & NHB Adjustment Grants	-2,273	-4,381
Covid 19 Compensation for Covid related business rate reliefs	-2,097	2,508
Services Grant	-7,599	-12,953
Adult Social Care Discharge Fund	-7,012	0
Social Care Reform Grant	-23,810	-4,161
Other Un-ringfenced Grants	-3,396	-3,157
Capital Government Grants & Contributions	-190,201	-176,363
Total	**-1,511,062**	**-1,367,921**

	2023-24 £000	2022-23 £000
Credited to Services		
Dedicated Schools Grant	-844,380	-842,657
Education Funding Agency	-104,692	-85,648
Other DFES Grants	-52,310	-45,998
Department of Health Grants	-101,770	-104,334
Department for Transport	-15,369	-8,983
Asylum	-41,479	-33,192
Department of Business, Energy & Industrial Strategy	0	-198
Department for Housing, Levelling-up, Communities & Housing	-35,955	-33,617
Department for Environment Food & Rural Affairs	-1,776	-9,398
Other	-50,988	-37,789
Total	**-1,248,719**	**-1,201,814**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the donor. The balances at the year-end are as follows:

	2023-24 £000	2022-23 £000
Capital Grants Receipts in Advance		
Department for Education	-197	-197
Other Grants	-39,494	-59,155
Other Contributions	-118,377	-95,490
Total	**-158,068**	**-154,842**

Note 16. Property, Plant and Equipment

Accounting Policy

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 Property, Plant and Equipment.

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above our de minimis of £10k (£2k in schools) is capitalised on an accruals basis. In this context, enhancement means work that has substantially increased the value or use of the assets. Work that has not been completed by the end of the year is carried forward as "assets under construction”.

Measurement

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

- infrastructure, community assets and assets under construction – depreciated historical cost,
- surplus assets – fair value based on 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,
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

The Council has a policy in place to revalue its assets on a rolling programme basis. All assets will be revalued at least every four years. Assets will also be revalued following significant works occurring on that asset or some event that may impact on the value of that asset, such as a significant downturn in economic conditions. Revaluation gains are written to the Revaluation Reserve, after reversing any revaluation losses on that asset previously posted to the Comprehensive Income and Expenditure Statement. Revaluation losses will be written off against any balance on the Revaluation Reserve for that asset or to the Comprehensive Income and Expenditure Statement where no revaluation gain exists in the reserve for that asset. These amounts are then written out through the Movement in Reserves Statement so that there is no impact on Council Tax.

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 accounted for by:

- writing down the balance on the Revaluation Reserve for that asset up to the accumulated gains
- writing down the relevant service line in the Comprehensive Income and Expenditure Statement where there is no balance or insufficient balance on the Revaluation Reserve.

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

Depreciation

Depreciation is calculated on a straight-line basis over each asset's useful economic life and is charged to the relevant service revenue account in the year following completion of the asset.

The periods over which assets are depreciated are as follows:

Land	- nil
Buildings	- 3-60 years (as determined by the valuer)
Vehicles, plant and equipment	- 3-25 years
Roads & other highways infrastructure	- 5-120 years
Community assets	- nil
Assets under construction	- nil
Investment properties, Assets Held for Sale	- nil
Heritage Assets	- nil

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Property will be split into five components:

Land
Structure
Mechanical and Electrical
Fixtures and Furnishings
Temporary Buildings.

These components are a significant value of the asset as a whole and have significantly different useful lives.

Under component accounting, the Authority applies a de minimis threshold of £2m per asset except Secondary Schools which have a threshold for componentisation of £8m.

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

Disposals and Non-Current Assets Held for Sale

Assets are generally defined as 'held for sale' if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use. This excludes from consideration any assets that are going to be abandoned or scrapped at the end of their useful lives. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Gains and Losses on Disposal of Non-Current Assets

When an asset is disposed of or decommissioned, the difference between the capital receipt from the sale and the carrying amount of the asset in the Balance Sheet, after identified costs have been removed, 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. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Schools transferring to academy status within the financial year are derecognised. On transfer the full carrying value is derecognised as an asset disposal for nil consideration. The net loss on disposal of non-current assets of £87.2m includes a loss of £86.7m which relates to schools transferring to academy status.

Capital receipts

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then normally only be used for new capital investment. There are certain circumstances that allow revenue expenditure to be funded from capital receipts, for example the revenue costs associated with transformation. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Conditional receipts are not included in these figures until it is prudent to do so.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service,
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off,
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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.

Movement on balances - Movements in 2023-24	**Land and Buildings £000**	**Vehicles, Plant and Equipment £000**	**Community Assets £000**	**Assets under Construction £000**	**Surplus Assets £000**	**Total £000**	**PFI Assets included in Property, Plant and Equipment £000**
Cost or Valuation at 1 April 2023	2,621,106	59,330	6,027	102,029	103,813	2,892,305	348,213
Additions	25,063	8,349	20	60,259	57	93,748	3,940
Donations						0	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-69,327				134	-69,193	-21,545
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	-12,300				-442	-12,742	-5,225
Derecognition - Disposals	-89,845	-1,708			-4,846	-96,399	-23,911
Derecognition - Other	-1,073	-7,175				-8,248	
Assets reclassified (to) / from Held for Sale					-928	-928	
Transfers from Assets Under Construction	36,519	4,240		-50,914	121	-10,034	
Other Movements in cost or valuation	-3,315			3,311	1,311	1,307	
At 31 March 2024	**2,506,828**	**63,036**	**6,047**	**114,685**	**99,220**	**2,789,816**	**301,472**
Accumulated Depreciation and Impairment at 1 April 2023	-9,061	-38,510			-227	-47,798	-5,287
Depreciation Charge	-50,104	-5,182			-135	-55,421	-6,730
Depreciation written out to the Revaluation Reserve	47,294				123	47,417	10,009
Depreciation written out to Surplus / Deficit on the Provision of Services	5,021				148	5,169	1,846
Impairment (losses) / reversals recognised in the Revaluation Reserve						0	
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	90	-8		-343		-261	
Derecognition – Disposals	330	942			3	1,275	
Derecognition - Other		7,140				7,140	
Other movements in Depreciation and Impairment	-568	8		343	88	-129	
At 31 March 2024	**-6,998**	**-35,610**	**0**	**0**	**0**	**-42,608**	**-162**
Net Book Value At 31 March 2024	**2,499,830**	**27,426**	**6,047**	**114,685**	**99,220**	**2,747,208**	**301,310**
Net Book Value At 31 March 2023	**2,612,045**	**20,820**	**6,027**	**102,029**	**103,586**	**2,844,507**	**342,926**

Movement on balances - Comparative Movements in 2022-23	**Land and Buildings £000**	**Vehicles, Plant and Equipment £000**	**Community Assets £000**	**Assets under Construction £000**	**Surplus Assets £000**	**Total £000**	**PFI Assets included in Property, Plant and Equipment £000**
Cost or Valuation at 1 April 2022	2,467,248	55,559	10,604	82,514	122,945	2,738,870	396,383
Additions	30,874	6,468		51,520	36	88,898	2,925
Donations	30,767					30,767	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	180,196				-4,543	175,653	14,890
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	376				-4,976	-4,600	
Derecognition - Disposals	-97,362	-274			-18,522	-116,158	-65,985
Derecognition - Other	-6,743	-2,480				-9,223	
Assets reclassified (to) / from Held for Sale					-4,262	-4,262	
Transfers from Assets Under Construction	23,827	37		-32,005		-8,141	
Other Movements in cost or valuation	-8,077	20	-4,577		13,135	501	
At 31 March 2023	**2,621,106**	**59,330**	**6,027**	**102,029**	**103,813**	**2,892,305**	**348,213**
Accumulated Depreciation and Impairment at 1 April 2022	-8,972	-36,397			-157	-45,526	-2,597
Depreciation Charge	-45,689	-4,731			-95	-50,515	-7,392
Depreciation written out to the Revaluation Reserve	42,885				173	43,058	4,120
Depreciation written out to Surplus / Deficit on the Provision of Services	1,757				77	1,834	
Impairment (losses) / reversals recognised in the Revaluation Reserve						0	
Impairment (losses) / reversals recognised in the Surplus / Deficit on the Provision of Services	-146	-68		-527		-741	
Derecognition - Disposals	623	196			16	835	582
Derecognition- Other	95	2,422				2,517	
Other movements in Depreciation and Impairment	386	68		527	-241	740	
At 31 March 2023	**-9,061**	**-38,510**	**0**	**0**	**-227**	**-47,798**	**-5,287**
Net Book Value At 31 March 2023	**2,612,045**	**20,820**	**6,027**	**102,029**	**103,586**	**2,844,507**	**342,926**
Net Book Value At 31 March 2022	**2,458,276**	**19,162**	**10,604**	**82,514**	**122,788**	**2,693,344**	**393,786**

Roads and Other Highways Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2023-24 £000	**2022-23 £000**
Net Book Value as at 1 April	**896,840**	851,550
Additions	86,257	94,442
Derecognition		
Depreciation	-54,753	-51,074
Impairment		
Transfers from Assets Under Construction	9,124	1,922
Other movements in cost		
Net Book Value as at 31 March	**937,468**	**896,840**

Reconciliation to Property, Plant and Equipment balance:

	2023-24 £000	**2022-23 £000**
Infrastructure Assets	937,468	896,840
Other PPE Assets	2,747,208	2,844,507
Total PPE Assets	**3,684,676**	**3,741,347**

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amount to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Valuations of Property, Plant and Equipment carried at current value:

The following statement shows an analysis of the Net Book Value of revalued assets by the year of valuation. The valuations as at 31 March 2024 were carried out by Wilks Head & Eve, overseen by Guy Harbord MRICS

Valuation date of revalued assets:	**Land & Buildings NBV £000**	**Surplus Assets NBV £000**	**Total NBV £000**
31/03/2021	458	0	**458**
31/03/2022	163,455	0	**163,455**
31/03/2023	147,854	0	**147,854**
31/03/2024	2,181,328	99,220	**2,280,548**
TOTAL	**2,493,095**	**99,220**	**2,592,315**

In addition, land and buildings totalling £6.735m are held at cost as at 31st March 2024, reflecting new assets that will be revalued in 2024-25.

The basis for valuation is set out in the statement of accounting policies, and further explained below.

Basis of valuation

All valuations of land and buildings were carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors (RICS). In 2023-24 all land and buildings which have not had a valuation within the last four years have been valued. All schools, social care establishments, county offices, and surplus assets were revalued.

The following methods/assumptions have been applied in estimating the current values:

- Existing Use Value where the property is not specialised and is owner occupied, for example county offices.

- Depreciated Replacement Cost where no market exists for a property, which may be rarely sold or it is a specialised asset, for example schools.

- Fair value for surplus assets.

We have considered and analysed the assets which have not been revalued in 2023-24 and are confident that the carrying amount of these assets as at 31 March 2024 is not materially different to their current value as at 31 March 2024.

The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report.

Surplus Assets Fair Value Hierarchy

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2024 are shown in the following table:

Recurring fair value measurements using:	**Level 2 inputs £000**	**Level 3 inputs £000**	**Fair value as at 31 March 2024 £000**	**Level 2 Valuation Technique**	**Level 3 Valuation Technique**
Residential developments/conversions	800	72,478	73,278	*Market approach*	*Market approach*
Car Park		348	348		*Income approach*
Residential dwellings		1,437	1,437		*Income & Market approach*
Non-residential institutions		2,186	2,186		*Income approach*
Assembly & Leisure		421	421		*Income approach*
Amenity land /woodland/grazing land		3,549	3,549		*Market approach*
Educational land/agricultural land		7,051	7,051		*Income & Market approach*
Industrial development/Commercial development/Mixed Development		10,525	10,525		*Market approach*
Commercial warehousing/units		425	425		*Income & Market approach*
	800	**98,420**	**99,220**		

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2023 (excluding in year additions) are as follows:

Recurring fair value measurements using:	**Level 2 inputs £000**	**Level 3 inputs £000**	**Fair value as at 31 March 2023 £000**	**Level 2 Valuation Technique**	**Level 3 Valuation Technique**
Residential developments/conversions	850	74,091	74,941	*Market approach*	*Income & Market approach*
Car Park		263	263		*Income & Market approach*
Residential dwellings		1,323	1,323		*Income & Market approach*
Non-residential institutions		3,515	3,515		*Income approach*
Assembly & Leisure		269	269		*Income approach*
Amenity land /woodland/grazing land		3,702	3,702		*Market approach*
Educational land/agricultural land		8,564	8,564		*Income & Market approach*
Industrial development/Commercial development/Mixed Development		10,754	10,754		*Market approach*
Commercial warehousing/units		256	256		*Income approach*
	850	**102,737**	**103,587**		

NB The Council does not have any Level 1 valuations.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

The movements during the year of level 3 surplus assets held at fair value, are analysed below:

	2023-24 £000	**2022-23 £000**
Opening balance	102,737	121,711
Transfers into Level 3	5,377	203
Transfers out of Level 3	-4,912	-4,268
Additions	0	36
Donations	0	0
Derecognition	-4,675	-18,272
Total gains or (losses) for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-294	703
Total gains or (losses) for the period included in Other Comprehensive Income and Expenditure resulting from changes in the fair value	306	2,455
Depreciation charge	-135	-90
Other changes	16	259
Closing balance	**98,420**	**102,737**

£0.3m of losses arising from changes in the fair value of surplus assets have been recognised in the Surplus or Deficit on the Provision of Services within the 'Strategic & Corporate Services' line and £0.3m of gains were recognised in Other Comprehensive Income and Expenditure within the '(Surplus)/deficit arising on revaluation of non-current assets' line.

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs - Level 3

	Fair Value as at 31/03/24 £000	Unobservable input	Quantitative Information	Sensitivity
Residential Developments	72,478	1) Land value reduced to reflect uncertainty 2) Estimated fees, costs and values	1) £2,350,000 - £4,650,000 per hectare reduced by 0% - 90% 2) £275,000 per unit less construction costs and fees	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Car Park	348	1) Estimated rent 2) Passing rent 3) Estimated yield	1) £65 - £350 per permit 2) £13,250 3) 5% - 8%	Due to the low fair value of this category a significant change in unobservable inputs would not result in a significantly lower or higher fair value
Residential Dwellings	1,437	1) Rent 2) Lifelong tenancy valued to perpetuity 3) Sales price and location discount	1) £1,400 - £6,516 per annum 2) Years Purchase in Perpetuity 4% 3) £385,000 unit reduced by 50%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Non-residential institutions	2,186	1) Estimated rent 2) Estimated yield	1) £1,924 - £6,200 per annum and £90 - £95 per square metre 2) 6.5% - 9%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Assembly & Leisure	421	1) Passing rent 2) Estimated yield	1) £150 per annum and £55 per square metre 2) 8% - 10%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value

	Fair Value as at 31/03/24 £000	Unobservable input	Quantitative Information	Sensitivity
Amenity land /woodland/grazing land	3,549	1) Estimated land value	1) £22,230 - £100,000 per hectare	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Educational land/agricultural land	7,051	1) Estimated rent 2) Estimated yield 3) Estimated land value	1) £300 - £3,150 per annum 2) 5% - 9% 3) £22,230 - £4,400,000 per hectare	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Industrial development/Commercial development/Mixed Development	10,525	1) Land value reduced to reflect uncertainty	1) £250,000 - £2,250,000 per hectare reduced by 0% - 75%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Commercial warehousing/units	425	1) Estimated rent 2) Estimated yield	1) £95 - £129 per square metre 2) 12%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Total	**98,420**			

Valuation Process for Surplus Assets

The fair value of the Council's surplus assets is measured at least every four years in line with our revaluation policy for Property, Plant and Equipment. All valuations are carried out by appointed external valuers in accordance with the professional standards of the Royal Institution of Chartered Surveyors and reviewed internally by finance officers.

Highest & Best Use of Surplus Assets

In estimating the fair value of the Council's surplus assets, the highest and best use of 35 of the 95 assets is their current use. Of the remaining 60 assets, 55 are vacant, and 5 have alternative uses as a result of existing lease arrangements.

Contractual Commitments

The Council have contractual commitments to make payments of circa £155.2m in future years (£120.0m in 2022-23).

Note 17. - Investment Property

Accounting Policy

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023-24 £000	**2022-23 £000**
Rental income from Investment Property	2,484	1,905
Direct operating expenses arising from Investment Property	-940	-1,141
Net gain/(loss)	**1,544**	**764**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancement.

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

	2023-24 £000	2022-23 £000
Balance at start of the year	51,140	50,745
Additions:		
• Purchases		2,288
• Construction		
• Subsequent expenditure		47
Disposals:	-4,706	
Net gains/(losses) from fair value adjustments	-2,459	-1,749
Transfers:		
• to/(from) Inventories	378	
• to/(from) Property, Plant & Equipment	-1,367	-191
Other Changes	182	
Balance at end of the year	**43,168**	**51,140**

Fair Value Hierarchy

Details of the Authority's investment properties, and information about the fair value hierarchy as at 31 March 2024 are shown below:

Recurring fair value measurements using:	**Level 2 inputs £000**	**Level 3 inputs £000**	**Fair value as at 31 March 2024 £000**	**Level 2 Valuation Technique**	**Level 3 Valuation Technique**
Residential developments	530	6,298	6,828	*Market*	*Market*
Offices	27,741	1,752	29,493	*Income*	*Income*
Industrial development / commercial development	60	1,341	1,401	*Market*	*Market*
Non-residential institutions		132	132		*Income*
Car Parks		1,187	1,187		*Income*
Ransom Strips	500		500	*Market*	
Industrial units	2,744	103	2,847	*Income*	*Income*
Affordable housing	780		780	*Market*	
	32,355	**10,813**	**43,168**		

Details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2023 are shown below. This excludes purchases of £2.288m made in 2022-23 as fair value hierarchy information is obtained when assets are revalued, not purchased.

Recurring fair value measurements using:	**Level 2 inputs £000**	**Level 3 inputs £000**	**Fair value as at 31 March 2023 £000**	**Level 2 Valuation Technique**	**Level 3 Valuation Technique**
Residential developments	-300	10,670	10,370	*Market*	*Market*
Offices	12,362	17,032	29,394	*Income*	*Income*
Industrial development/commercial development	1,383	1,853	3,236	*Market*	*Market*
Non-residential institutions		440	440		*Income*
Car Parks		1,233	1,233		*Income*
Ransom Strips	2,500		2,500	*Market*	
Golf Course	348		348	*Income*	
Industrial units	145	106	251	*Income*	*Income*
Affordable housing		1,080	1,080		*Income*
	16,438	**32,414**	**48,852**		

NB The council does not have any Level 1 valuations.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

The movements during the year of level 3 investment property held at fair value, are analysed below:

	2023-24 £000	**2022-23 £000**
Opening balance	32,414	35,019
Transfers into Level 3		1,581
Transfers out of Level 3	-17,985	-955
Additions		47
Disposals	-3,041	
Total gains or (losses) for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-725	-3,278
Other changes	150	
Closing balance	10,813	32,414

£0.7m of losses arising from changes in the fair value of the investment property have been recognised in the 'Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure' line.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3

	Fair Value as at 31/03/24 £000	Unobservable input	Quantitative Information	Sensitivity
Residential Developments	6,298	1) Estimated land value 2) Discount for uncertainty	1) £2,700,000 - £3,300,000 per hectare 2) 50% - 65%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Offices	1,752	1) Estimated rent 2) Estimated yield 3) Void period	1) £124 per square metre 2) 9.5% - 10.5% 3) 2 years	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Industrial development/commercial development	1,341	1) Estimated land value 2) Discount for uncertainty	1) £1,200,000 - £4,100,000 per hectare 2) 15% - 50%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Non-residential institutions	132	1) Estimated rent 2) Estimated yield	1) £110 per square metre 2) 10% - 11%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Car Parks	1,187	1) Estimated rent 2) Estimated yield	1) £250 per space; £30/sqm 2) 7.75% - 8.5%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Industrial Units	103	Estimated yield	8.25% - 9.25%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Total	**10,813**			

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by appointed external valuers in accordance with the professional standards of the Royal Institution of Chartered Surveyors and reviewed internally by finance officers.

Highest & Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of 20 of the 29 properties is their current use. Of the remaining 9 properties, 5 are held for capital appreciation as investments, 2 have an alternative use as a result of existing lease arrangements and 2 are currently vacant.

Note 18. Capital Expenditure and Financing

Accounting Policy

Government Grants and Contributions

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

Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute represents expenditure which may be properly capitalised but does not result in the creation of a non-current asset. The expenditure has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Capital expenditure on assets that do not belong to the council such as Academy schools are charged here and are written out in the year. These charges are reversed out to the Capital Adjustment Account through the Movement in Reserves Statement to mitigate any impact on council tax.

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2023-24 £000	2022-23 £000
Opening Capital financing requirement	1,292,420	1,294,084
Capital investment		
Property, Plant and Equipment	180,004	183,340
Revenue expenditure funded from capital under statute	47,016	61,631
Long-Term Debtors	10,974	10,241
Other	-386	2,849
	1,530,028	1,552,145
Sources of finance		
Capital receipts	-14,639	-13,389
Government grants and other contributions	-167,707	-160,852
Direct revenue contributions	-19,973	-27,211
(MRP/loans fund principal)	-59,421	-58,273
Closing Capital Financing Requirement	1,268,288	1,292,420
Movement	**-24,132**	**-1,664**

Explanation of movements in year	2023-24 £000	2022-23 £000
Increase in underlying need to borrow (supported by Government financial assistance)		
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	-24,414	-1,664
Assets acquired under finance lease	282	
Increase/(decrease) in Capital Financing Requirement	**-24,132**	**-1,664**

Note 19. PFI and Similar Contracts

Accounting Policy

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets, written down by any capital contributions.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator

- lifecycle replacement costs - recognised as additions to Property, Plant and Equipment.

Value of PFI assets at each balance sheet date and analysis of movement in those values

Value of assets

	6 schools	Swanscombe Schools	Westview/ Westbrook	Better Homes, Active Lives	3 BSF Schools	Excellent Homes for All	TOTAL £000
As at 31 March 2023	94,642	11,153	24,296	70,198	73,201	66,495	339,985
Additions	881	11	813	931	838	163	3,637
Transfers out	-23,609						-23,609
Transfers in							0
Revaluations	-1,750	-204	-1,409	-5,768	-2,026	-3,757	-14,914
Depreciation	-1,610	-227	-540	-1,344	-1,642	-1,285	-6,648
As at 31 March 2024	68,554	10,733	23,160	64,017	70,371	61,616	298,451

£24m assets transferred out relates to one school converting to academy status.

NB The value of PFI assets in Note 16 includes £2,859k in relation to service concession arrangements (IFRIC 12) assets that are not included in this note.

Finance Lease Liability

	6 schools	Swanscombe Schools	Westview/ Westbrook	Better Homes, Active Lives	3 BSF Schools	Excellent Homes for All	TOTAL £000
As at 31 March 2023	55,997	5,496	10,323	45,332	46,900	29,490	193,538
Additions							0
Liability repaid	-2,296	-948	-409	-1,220	-2,070	-1,325	-8,267
As at 31 March 2024	53,701	4,548	9,914	44,112	44,830	28,166	185,271

The original recognition of these fixed assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the 6 Schools PFI, the liability was written down by an initial capital contribution of £4.541m. For the Better Homes, Active Lives PFI the liability was written down by an initial capital contribution of £0.65m.

Details of payments to be made under PFI contracts

6 schools

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	2,617	4,749	4,609	2,360	14,334
Within 2-5 years	12,447	16,620	19,616	10,864	59,548
Within 6-10 years	24,383	13,389	27,408	11,750	76,930
Within 11-15 years	14,254	1,982	11,946	2,238	30,420

RPIx is used as the basis for indexation in the 6 schools PFI contract. RPIx has been assumed to be at 2.5% per annum for the duration of the remainder of this PFI contract.

Swanscombe Schools

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	1,009	668	1,015	340	3,031
Within 2-5 years	3,539	1,021	2,631	855	8,046
Within 6-10 years	0	0	0	0	0

RPIx is used as the basis for indexation in the Swanscombe Schools PFI contract. RPIx has been assumed to be at 2.5% per annum for the duration of the remainder of this PFI contract.

Westview/Westbrook

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	293	766	2,168	1,160	4,386
Within 2-5 years	2,838	2,673	9,303	1,995	16,810
Within 6-10 years	6,783	1,805	10,411	968	19,967
Within 11-15 years	0	0	0	0	0

The RPIx and Average Weekly Earnings (AWE) indices are both used as bases for indexation in the Westview/Westbrook PFI Contract. RPIx has been assumed to be at 2.5% per annum for the duration of the remainder of this PFI contract and AWE has been assumed to be 2% higher than this at 4.5% over the same period.

Better Homes, Active Lives

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	1,708	3,133	0	530	5,371
Within 2-5 years	8,628	11,136	0	1,720	21,484
Within 6-10 years	13,855	10,083	0	2,917	26,855
Within 11-15 years	19,920	4,245	0	899	25,065
Within 16-20 years	0	0	0	0	0

No indexation is applied to the Better Homes, Active Lives PFI contract.

3 BSF Schools

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	2,036	4,166	2,824	1,672	10,698
Within 2-5 years	9,971	14,587	12,021	7,595	44,175
Within 6-10 years	19,731	12,108	16,796	8,062	56,698
Within 11-15 years	13,091	1,912	4,788	844	20,636

RPIx is used as the basis for indexation in the BSF Wave 3 PFI contract. RPIx has been assumed to be at 2.5% per annum for the duration of the remainder of this PFI contract.

Excellent Homes for All

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	1,324	1,287	1,097	223	3,931
Within 2-5 years	5,103	4,566	4,387	1,668	15,724
Within 6-10 years	7,580	4,327	5,484	2,264	19,655
Within 11-15 years	9,053	2,460	5,484	2,659	19,655
Within 16-20 years	5,105	374	1,645	738	7,862

No indexation is applied to the Excellent Homes for All PFI contract.

TOTAL for all PFI Contracts

	Repayment of liability	Interest	Service Charges	Lifecycle costs	TOTAL £000
Within 1 year	8,987	14,769	11,712	6,284	41,752
Within 2-5 years	42,527	50,604	47,958	24,696	165,785
Within 6-10 years	72,332	41,712	60,099	25,961	200,104
Within 11-15 years	56,319	10,598	22,218	6,641	95,776
Within 16-20 years	5,105	374	1,645	738	7,862
Total	185,271	118,057	143,633	64,320	511,280

Swan Valley and Craylands, 6 Group Schools, and 3 BSF Schools

On 24 May 2001, the Council contracted with New Schools (Swanscombe) Ltd to provide Swan Valley Secondary School and Craylands Primary School under a Private Finance Initiative (PFI). The schools opened in October 2002. Under the PFI contract the Council pays an agreed charge for the services provided by the PFI contractor. The unitary charge commenced in October 2002, PFI credits were received from April 2003 and were backdated to October 2002. This charge is included in the Council's revenue budget and outturn figures. At the time the contract was signed the total estimated contract payments were £65.5m over the 25 year (termination end of September 2027) contract period. In September 2013 Swan Valley Community School converted into Ebbsfleet Academy.

On 7 October 2005, the Council contracted with Kent Education Partnership to provide 6 new secondary schools (Hugh Christie Technology College, Holmesdale Technology College (now Holmesdale School), The North School (now an Academy), Ellington School for Girls, The Malling

School and Aylesford School - Sports College) under a Private Finance Initiative (PFI). The development of these schools straddled both the 2006-07 and 2007-08 financial years. Three of these schools opened part of their new buildings during the 2006-07 financial year (Hugh Christie, Holmesdale and The North). The other three schools opened their new buildings during 2007-08 (Ellington School for Girls, The Malling and Aylesford). From September 2009 Ellington School for Girls merged with Hereson Boys School to become Ellington and Hereson School, which is also a Trust. The school has now been renamed the Royal Harbour Academy. The Royal Harbour Academy Lower Site, serving Years 7 and 8 is the only site in the PFI. The Upper Site is not part of the contract. The North School became an academy in January 2022. In September 2022 both Aylesford and Holmesdale Schools became academies. The Royal Harbour Academy school became an academy on 1 April 2023.

The unitary charge commenced in November 2006, PFI credits commenced in June 2007 and were backdated to November 2006. This charge is included in the Council's revenue budget and outturn figures. At the time the contract was signed the total estimated contract payments were £373.9 million over the 28 year contract period.

On 24 October 2008, the Council contracted with Kent PFI Company 1 Ltd to provide 3 new secondary schools in Gravesend (St John's Catholic School, Thamesview School and Northfleet Technology College) under a Private Finance Initiative (PFI) which formed part of the Building Schools for the Future programme. All three schools opened their new buildings during the 2010-11 financial year. The unitary charge commenced in July 2010 upon the opening of the three schools, PFI credits commenced in March 2011 and were backdated to July 2010. This charge is included in the Council's revenue budget and outturn figures. At the time the contract was signed the total estimated contract payments were £250.8 million over the 25 year contract period.

Central Government provides a grant to support the PFI schemes. This Revenue Support Grant is based on a formula related to the Capital Expenditure in the scheme: this is called the notional credit approval and amounts to £11.62m of credits for Swan Valley and Craylands, £80.75m for the 6 schools and £98.94m for the 3 schools. This approval triggers the payment of a Revenue Support Grant over the life of the schemes of 25 years (Swan Valley and Craylands), 28 years (6 schools), and 25 years (3 schools). This grant amounts to just under £23m (Swan Valley and Craylands), just over £177m (6 schools) and just over £193m (3 schools).

Westbrook and Westview

In 2023-24, the Council made payments of £5.5m to Integrated Care Services (ICS) for the maintenance and operation of Westbrook and Westview recuperative care facilities. The Council is committed to making payments of £5.6m for 2024-25 under this PFI contract. The actual amount paid will depend on the performance of ICS in delivering the services under the contract which will run until April 2033.

Gravesham Place

The NHS are the accountable body for this PFI arrangement and in accordance with accounting procedures this is not included on KCC's balance sheet. However, in 2024-25 the Council is committed to making payments estimated at £4.4m per year under a contract with NHS Property Services, of which an estimated £3.9m will be paid by NHS Property Services to Land Securities Group Plc for the maintenance and facilities management, including laundry and catering, of Gravesham Place integrated care centre. The actual amount is subject to an annual inflationary uplift, other contractual adjustments and is also dependent on the performance of Land Securities in delivering the services under the contract (£4.3m was invoiced in 2023-24, of which £3.7m was paid to Land Securities Group Plc). The contract will run until April 2036.

Better Homes, Active Lives PFI

In October 2007 the Council signed a PFI contract with Kent Community Partnership Ltd (a wholly owned subsidiary of Housing 21) to provide 340 units of accommodation of which 275 units are

Extra Care accommodation, 58 units for people with learning difficulties, and 7 units for people with mental health problems. The contract for the provision of services will last until 2038-39. In 2023-24 the Council made payments of £5.4m to the contractor and is committed to paying the same amount next year, although this will depend on the performance of Kent Community Partnership delivering the services under the contract.

Excellent Homes for All PFI

In June 2014 the Council signed a PFI contract with Galliford Try PLC (now Galliford Try Ltd) who will provide 238 units of specialist accommodation on seven sites across Kent. There will be 218 units of Extra Care accommodation, 9 units for people with mental health problems and 11 move-on apartments. In 2023-24the Council made unitary charge payments of £3.9m to the contractor and is committed to paying the same amount each year, although this will depend on the performance of the Kent EHFA Projectco Limited delivering the services under the contract. The contract runs until 2040-41.

Note 20. Heritage Assets

Accounting Policy

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets above our de minimis of £10k are recognised in the balance sheet wherever possible at valuation or cost. In most cases, insurance valuations are used. However, the unique nature of many heritage assets makes valuation complex and so where values cannot be obtained, either due to the nature of the assets or the prohibitive cost of obtaining a valuation, they are not recognised in the balance sheet, but comprehensive descriptive disclosures are included in the statement of accounts.

An impairment review of heritage assets is carried out where there is physical deterioration of a heritage asset.

	Historic Buildings £000	Artwork - Paintings & Sculptures £000	Archives £000	Historical & Archaeological Artefacts £000	Civic Regalia £000	Total Heritage Assets £000
Cost or Valuation **At 1 April 2022**	**1,550**	**2,425**	**2,832**	**188**	**19**	**7,014**
Additions	493					493
Donations						
Disposals						
Revaluations Increases / (Decreases) recognised in the Revaluation Reserve		245	233		2	480
Revaluations Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services						
At 31 March 2023	**2,043**	**2,670**	**3,065**	**188**	**21**	**7,987**
Cost or Valuation **At 1 April 2023**	2,043	2,670	3,065	188	21	7,987
Additions	306					306
Donations						
Disposals						
Revaluations Increases / (Decreases) recognised in the Revaluation Reserve			254			254
Revaluations Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services						
At 31 March 2024	**2,349**	**2,670**	**3,319**	**188**	**21**	**8,547**

Historic Environment & Monuments

Eight windmills are included in the balance sheet at a value of £2.237m, which represents spend on these assets including £306k capital expenditure added to these assets in 2023-24. These are either Grade I or II listed buildings and are located across Kent. KCC first took windmills into our care in the 1950s when, with the millers gone, there was no one else to protect these landmark buildings. We now own eight, ranging from Post Mills of Chillenden and Stocks at Wittersham to the magnificent Smock Mill at Cranbrook – the tallest in England.

Kent County Council works with local groups to actively preserve the future of the windmills and to support their repair and, where records exist, restoration. We also encourage improvements to the buildings and sites, to encourage greater public access and greater use of the windmills as an educational resource.

Thurnham Castle, located within White Horse Wood Country Park is a late 11th/early 12th century motte and bailey castle with gatehouse and curtain walls in flint and traces of an oval or polygonal shell keep, built on a steep spur of the North Downs. Above ground remains consist of some surviving sections of walling and earthworks of the main castle mound. This is valued at £111k in the balance sheet which represents spend on the asset. Situated within Shorne Woods Country Park is the site of the medieval manor house **Randall Manor**. The site now consists of below ground archaeological remains, along with earthworks relating to associated fish ponds and field systems.

Hildenborough war memorial consists of a cross shaft with a carved relief of a crucifixion scene. It stands on a plinth on a stepped dais. The inscription to the dead of the First World War is on the front face of the plinth below the cross with names on the side faces and additional names of the fallen on the risers of the steps.

The former World War II Air Raid Wardens' post stands in a fenced and partly walled enclosure at the side of the steps down from Folkestone Road to the approach to Dover Priory railway station. It is a small flat-roofed concrete structure with all apertures boarded up.

Martello Tower No. 5 situated at Folkestone Grammar School is a Scheduled Monument, one of a chain of forts that protected the south coast from the threat of invasion in the Napoleonic period. It stands within the grounds of the school, immediately west of the buildings.

The church of St Martin-le-Grand and remains of the Dover Classis Britannica fort are incorporated and displayed at the Dover Discovery Centre, which houses Dover Library. It was formerly the White Cliffs Experience. The Roman remains relate to the 2nd century fort that occupied the site and the area to the southwest. The church of St Martin-le-Grand was an early foundation that developed through the medieval period. At the time of the Reformation, it fell into disuse and buildings were constructed in and around the church. The remains of the church are exposed in the land between the centre and the museum to the northeast.

A grade II listed **Statue of Queen Victoria** is situated outside of the Adult Education Centre, Gravesend.

Artwork

Included in the balance sheet, at insurance valuations, are the following collections:

Kent Visual Arts Loan Service, a collection of c.1500 pieces of original artwork currently held in storage at Sessions House, valued at £730k.

The Antony Gormley Boulders Sculpture, the sculptors' first professional commission, valued at £859k. The sculpture is a single piece, in that the two parts are inextricably linked. The hollow bronze piece is a facsimile of the granite stone. The work represents the "old and the new" sitting side by side in harmony and is located at the Kent History and Library Centre.

Contemporary collection of c. 200 artworks (6 out 7 collections) in storage in Sessions House, valued at £334k.

KCC Sessions House collection, valued at £83k.

Glass Screen by Chris Ofili valued at £491k. Translucent glazed screen lit from below, by Chris Ofili (2003), welcoming you to Folkestone Library.

Kent History Tree & Leaves valued at £173k. The "History Tree" at the Kent History and Library Centre was installed in September 2013, created by Anne Schwegmann-Fielding in collaboration with Michael Condron. It is an 8 metre stainless steel tree, adorning the front of the building, with translucent mosaic at its base and 17 steel and mosaic leaves changing from green to red blowing along the pillars.

Archive Collections

Kent County Council looks after its own records and those of its predecessor authorities. In addition, it collects and makes accessible other historic records under the terms of the 1962 Public Records Act and the 1972 Local Government Act. These records include those of public bodies such as courts, health trusts and coroners, of district councils and of individuals and organisation in the county. There are about 12kms of records, dating back to 699AD, and they are stored in BS5454 conditions at the Kent History Centre in Maidstone. Approximately 25% of the records are owned by KCC, the values of which are included in the balance sheet as follows (valuations are insurance valuations unless otherwise specified):

General archive collections, £952k

Knatchbull/Brabourne Manuscripts, £1,845k. Family and estate papers relating to the Knatchbull/Brabourne family comprising of accounts, correspondence, legal papers, and manorial records.

Rare Books collection, valued at £209k based on an informal estimate given by an antiquarian book dealer.

Amherst Family Papers £314k based on a valuation obtained before they were bought via a Heritage Lottery Fund bid.

The **Kent Historic Environment Record** is primarily a digital database (including GIS display) of Kent's archaeological sites, find spots, historic buildings, and historic gardens. It also includes paper records of archaeological, historic building and historic landscape reports. The County aerial photograph series is now located in the Kent History centre.

Archaeological & Historical Artefacts

Kent County Council has accepted ownership of the majority of the **HS1 archaeological archives** as owner of last resort to prevent the collections from being broken up or disposed of. The collections comprise approximately 70 cubic metres of boxes containing archaeological artefacts including pottery, bone, stone, metalwork, and worked flint. They are generally of little financial value. The collections are currently housed half at Kent Commercial Services, Aylesford, half in a store at Dover Eastern Docks, a small number of items in Invicta House, Maidstone, and waterlogged wood in Chatham Historic Dockyard. During 2014-15, in order to keep the HS1 archive together in one ownership, KCC has also acquired the finds from the Anglo-Saxon cemetery excavations at Saltwood Tunnel which have been declared as treasure under the Treasure Act 1996 and valued at £37.5k. The finds are currently stored within the Art Store at Kent County Council.

KCC owns approximately 4,000 objects of social history, archaeological and geological, prints, and drawings and other material housed at **Sevenoaks Kaleidoscope Museum**. A marble **roman**

bust & portrait, found at Lullingstone Villa, dating back to 2nd Century AD are valued at £60k and £40k, respectively. These are currently on long term loan from Sevenoaks Museum to the British Museum. The museum holds a **painting by John Downton** and a **18th/19th soldier's quilt** recently valued at £50k by an industry expert.

There is a collection of around 100 artefacts kept at Ramsgate Library, remnants of a fire at the library in 2004, including prize cups, watches, signs & plaques, pots, printing plates, weights and measures.

There is a wooden model of Broadstairs Lifeboat that was launched 84 times between 1868 -1888, displayed in a wood and glass cabinet. This model has been restored by a member of the public and is now on display in **Broadstairs Library.**

KCC owns **Scientific Calibration Equipment** dating back to the 1800s in the display cases.

Civic Regalia

KCC's silver collection is valued at £21k. This includes The Chairman's Plate, The Silver Salver, The Silver Gilt Cup, and The 500 Squadron Silver collection.

Note 21. Leases

Accounting Policy

Leasing

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

Finance Leases

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its 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 Council 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)
- contingent rents, the difference between the rent paid in year and the original amount agreed in the contract (e.g. following a rent review) also debited to Financing and

Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

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 Council 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.

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

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. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense on the same basis as rental income.

The Council as Lessee

Operating Leases

Following a review on the materiality of lease values we found that only operating leases where the Council is the lessee were deemed to be material. The values are represented in the tables below.

The Council has acquired property, motor vehicles, and office equipment by entering into operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 Mar 2024 £000	31 Mar 2023 £000
Not later than one year	9,114	8,779
Later than one year and not later than five years	18,637	15,317
Later than five years	12,769	16,954
	40,520	**41,050**

KCC sub-lets some properties held as operating leases. In most cases the amount charged to the tenants for sub-leases is nil. For those where we do charge, the future minimum sub-lease payments expected to be received by the Council is £10.9m over the remaining life of the 25 year lease.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to operating leases was:

	31 Mar 2024 £000	31 Mar 2023 £000
Minimum lease payments	11,046	10,462
Contingent rents	354	389
Sublease payments receivable	-807	-807
	10,593	**10,044**

Note 22. Usable Reserves

Accounting Policy

The Council holds general fund reserves as a consequence of income exceeding expenditure, budgeted contributions to reserves or where money has been earmarked for a specific purpose. These reserves are set at a level appropriate to the size of the budget and the level of assessed risk.

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Reserve	**Balance 1 April 2023 £000**	**Net Movement in year £000**	**Balance 31 March 2024 £000**	**Purpose of Reserve**
Usable Capital Receipts	-39,226	-5,008	-44,234	Proceeds of fixed assets and loan repayments available to meet future Capital Expenditure
General Fund - KCC	-37,428	-5,800	-43,228	Resources available to meet future unforeseen events
General Fund - Commercial Services	511	-312	199	Resources available to meet future unforeseen events
Capital Grants unapplied	-102,205	-61,447	-163,653	See note below
Earmarked Reserves*	-353,334	40,483	-312,851	See Note 24
Schools Reserve*	-61,083	2,449	-58,634	See table below
Surplus on Trading Accounts*	-1,146	-589	-1,735	Commercial Services
Total	**-593,911**	**-30,224**	**-624,136**	

Capital grants unapplied of £163.7m as at 31 March 2024 includes the schools capital reserves of £0.984m. This has decreased from the surplus of £3.851m held by schools as at 31 March 2023. The remainder reflects Government grants and contributions received in year for projects in progress.

School Reserves

At 31 March 2024 funds held in school revenue reserves stood at £58.634m. These reserves are detailed in the table below:

	Balance at 1 April 2023 £000	Movement £000	Balance at 31 Mar 2024 £000
School delegated revenue budget reserves - committed	-18,981	599	-18,382
School delegated revenue budget reserves - uncommitted	-41,790	1,802	-39,988
Unallocated Schools budget	0	0	0
Community Focused Extended School Reserves	-312	48	-264
	-61,083	**2,449**	**-58,634**

Note 23. Unusable Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice.

Reserve	Balance 1 April 2023 £000	Net Movement in year £000	Balance 31 March 2024 £000	Purpose of Reserve
Revaluation Reserve	-1,585,992	102,308	1,483,684	Store of gains on revaluation of fixed assets
Capital Adjustment Account	-978,593	-68,891	-1,047,484	Store of capital resources set aside for past expenditure
Financial Instruments Adjustment Account	18,215	-1,446	16,769	Movements in fair value of assets and premiums
Collection Fund Adjustment Account	-10,631	6,219	-4,412	Movement between the I & E and amount required by regulation to be credited to the General Fund
Pensions Reserves - KCC	61,556	-27,524	34,032	Balancing account to allow inclusion of Pensions Liability in Balance Sheet
Pensions Reserves - DSO	893	-96	797	Balancing account to allow inclusion of Pensions Liability in Balance Sheet
Pooled Investment Adjustment Account	6,043	-473	5,570	Movements in fair value of Pooled Investment Funds
Accumulated Absences Account	8,865	995	9,860	This absorbs the differences on the General Fund from accruing for untaken annual leave
Post Employment Account	1,375	-914	461	This absorbs the differences on the General Fund from accruing for redundancy and retirement costs agreed but not due until future years
DSG Adjustment Account	97,616	5,815	103,431	Recognition of deficits in respect of the schools budget
Total	**-2,380,653**	**15,993**	**-2,364,660**	

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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 Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023-24 £000	2023-24 £000	2022-23 £000	2022-23 £000
Balance as at 1st April		-1,585,992		-1,464,591
Upward revaluation of assets	-44,384		-235,274	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	65,830		16,040	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		21,446		-219,234
Difference between fair value depreciation and historical cost depreciation	26,880		22,727	
Accumulated gains on assets sold or scrapped	53,981		75,106	
Amount written off to the Capital Adjustment Account		80,861		97,833
Balance at 31 March		**-1,483,685**		**-1,585,992**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2023-24 £000	2023-24 £000	2022-23 £000	2022-23 £000
Balance as at 1st April		-978,593		-898,381
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
- Charges for depreciation and impairment of non-current assets	110,436		102,330	
- Revaluation losses on Property, Plant and Equipment and Assets Held for Sale	7,925		2,936	
- Income in relation to donated assets			-30,767	
- Amortisation of intangible assets	1,351		1,544	
- Revenue expenditure funded from capital under statute	47,251		61,631	
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	99,274		123,908	
- Amounts of capital inventory written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	162		1,723	
- Realised and unrealised gains/losses on financial assets held at FVPL	-3,485		3,455	
		262,914		266,760
Adjusting amounts written out of the Revaluation Reserve		-80,861		-97,833
Net written out amount of the cost of non-current assets consumed in the year		-796,540		-729,454
Capital financing applied in the year:				
- Use of the Capital Receipts Reserve to finance new capital expenditure	-14,639		-13,389	
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-135,128		-119,596	
- Application of grants to capital financing from the Capital Grants Unapplied Account	-32,579		-40,475	
- Statutory provision for the financing of capital investment charged against the General Fund	-59,421		-58,273	
- Capital expenditure charged against the General Fund	-19,973		-27,211	
		-261,740		-258,944
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		7,165		1,749
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-3,815		
Write down of long-term debtors		7,446		8,056
Balance at 31 March		**-1,047,484**		**-978,593**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2023-24 £000	2023-24 £000	2022-23 £000	2022-23 £000
Balance as at 1st April		18,215		21,354
Premiums/discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement				
Proportion of premiums/discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	-950		-950	
				-950
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		-495		-2,189
Balance at 31 March		**16,770**		**18,215**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023-24	**2022-23**
Balance at 1 April	62,449	1,558,693
Remeasurement of the net defined liability/(asset)	3,359	-1,516,489
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	59,746	105,201
Employer's pension contributions and direct payments to pensioners payable in the year	-90,725	-84,956
Balance at 31 March	**34,829**	**62,449**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023-24	**2022-23**
Balance at 1 April	-10,631	557
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	6,219	-11,188
Balance at 31 March	**-4,412**	**-10,631**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023-24 £000	2023-24 £000	2022-23 £000	2022-23 £000
Balance as at 1st April		8,865		9,254
Settlement or cancellation of accrual made at the end of the preceding year	-8,865		-9,254	
Amounts accrued at the end of the current year	9,860		8,865	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		995		-389
Balance at 31 March		9,860		8,865

Post Employment Account

The Post Employment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for early retirement and redundancy payments that are agreed in year but are due in future years. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023-24 £000	2023-24 £000	2022-23 £000	2022-23 £000
Balance as at 1st April		1,375		2,154
Settlement or cancellation of accrual made at the end of the preceding year	-855		-1,210	
Amounts accrued at the end of the current year	-59		431	
		-914		-779
Balance at 31 March		461		1,375

Pooled Investment Adjustment Account

The Pooled Investment Adjustment Account absorbs the timing differences arising from the gains or loss made by the Council arising from increases or decreases in the value of its investments that are measured at fair value through profit or loss. On derecognition the cumulated gain or loss is posted back to the General Fund Balance in accordance with statutory regulation. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

	2023-24 £000	2023-24 £000	2022-23 £000	2022-23 £000
Balance as at 1st April		-6,043		-9,365
Upward revaluation of investments				
Downward revaluation of investments	-474		15,408	
Change in impairment loss allowances				
		-474		15,408
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income				
Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balance for financial assets designated to fair value through other comprehensive income				
Balance at 31 March		**5,569**		6,043

DSG Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools budget. Where the authority has incurred a deficit on its schools budget in years beginning 1 April 2020 ending 31 March 2026, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

	2023-24 £000	2022-23 £000
Balance as at 1st April	97,616	97,616
School budget deficit transferred from General Fund in accordance statutory requirements	20,214	0
KCC's contribution to the DSG Safety Valve agreement for 2023-24	-14,400	
Balance at 31 March	103,430	97,616

Note 24. Earmarked Reserves

A reserves review took place during 2023-24 which resulted in some recategorization of reserve balances.

The following describes each Earmarked Reserve categorisation for the balances shown as at 31 March 2023 or 31 March 2024 in the tables on page 98.

Vehicles, plant, and equipment (VPE)

These are reserve for the replacement and acquisition of vehicles, plant, and equipment. They are supported by an asset management plan showing the projected replacement timeline and cost. These reserves help to reduce fluctuations in spend.

Smoothing Reserves

These are reserves which are used to manage large fluctuations in spend or income across years.

Major Projects

These reserves are for future spending on projects.

Partnerships

These are reserves are resulting from our partnerships and are ringfenced for the benefit of the partnership or are held for investing in strategic priorities. This includes £36.2m held in DSG Safety Valve Reserve set aside to fund the deficit held in the DSG Adjustment Account.

Grants and External Funds

These reserves are for unspent grants which we are not required to repay, but which have restrictions on what they may be used for, and time limited projects funded from ringfenced external sources.

Departmental Under/Overspends

This reserve relates to the re-phasing of projects/initiatives and bids to use underspends at the year-end which are approved as roll forwards into the following year. These are subject to approval by Cabinet.

Insurance Reserve

This is a reserve for the potential cost of insurance claims in excess of the amount provided for in the insurance fund provision.

Public Health reserve

As set out in the Local Authority Circular issued for the Public Health grant, any unused funds at the end of the financial year have been placed into a reserve and are to be used to meet eligible public health spend in future years.

Special funds

These are reserves held primarily to facilitate the implementation of economic development and tourism initiatives and policy and regeneration expenditure.

Other Earmarked Reserves	Balance at 1 April 2023 £000	Movement £000	Balance at 31 Mar 2024 £000
VPE reserve	-20,274	-2,280	-20,274
Smoothing Reserves	-109,211	-39,440	-109,211
Major Projects	-68,877	27,864	-68,877
Partnerships	-67,661	16,140	-67,661
Grant and External Funds	-53,182	37,031	-53,182
Departmental Under/Overspends	-3,303	531	-3,303
Insurance Reserve	-13,185	805	-13,185
Public Health Reserve	-16,899	-85	-16,899
Special Funds	-742	-83	-742
Total Earmarked Reserves	**-353,334**	**40,483**	**-312,851**

Other Earmarked Reserves	Balance at 1 April 2022 £000	Movement £000	Balance at 31 Mar 2023 £000
VPE reserve	-18,707	-1,567	-20,274
Smoothing Reserves	-124,687	15,476	-109,211
Major Projects	-62,276	-6,601	-68,877
Partnerships	-26,348	-41,313	-67,661
Grant and External Funds	-79,075	25,893	-53,182
Departmental Under/Overspends	-8,361	5,058	-3,303
Insurance Reserve	-13,764	579	-13,185
Public Health Reserve	-16,817	-82	-16,899
Special Funds	-619	-123	-742
Total Earmarked Reserves	**-350,654**	**-2,680**	**-353,334**

Note 25. Provisions

Accounting Policy

It is the policy of Kent County Council to make provisions in the Accounts where there is a legal or constructive obligation to make a payment, but the amount or timing of the payment is uncertain. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, 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. The most significant provision made is for insurance claims. In addition, provision is made for outstanding income where there is doubt as to whether it will be realised.

The Council has made a provision for insurance claims. The Council's insurance arrangements involve both internal and external cover. For internal cover, an Insurance Fund has been established to provide cover for property, combined liability and motor insurance claims. The Fund comprises a provision for all claims notified to the Council at 31 March each year and a Reserve for claims not yet reported but likely to have been incurred.

The Post Employment Provision covers the costs of early retirements, redundancy costs, and any other post employment costs for ex-employees/employees who have confirmed leaving dates.

The Accumulated Absences Provision is required to cover the costs of annual leave entitlements carried over to the following financial year. If an employee were to leave, they would be entitled to payment for this untaken leave.

	Insurance £000	Post Employment £000	Accumulated Absences £000	Other Provisions £000	Total £000
Short Term					
Balance at 1 April 2023	-3,292	-1,224	-8,864	-2,966	-16,346
Additional Provisions made in 2023-24	-2,824	-350	-6,593	-12,204	-21,971
Amounts used in 2023-24	3,014	820	5,597	1,696	11,127
Unused amounts reversed in 2023-24	0	0	0	285	285
Balance at 31 March 2023	**-3,102**	**-754**	**9,860**	**-13,189**	**-26,905**
Long Term					
Balance at 1 April 2023	-7,783	-520	0	-1,727	-10,030
Additional/Reduction in Provisions made in 2023-24	-206	0	0	-288	-494
Amounts used in 2023-24	0	443	0	0	443
Unused amounts reversed in 2023-24	0	0		533	533
Balance at 31 March 2024	**-7,989**	**-77**	**0**	**-1,482**	**-5,548**
Total Provisions at 31 March 2024	**-11,091**	**-831**	**-9,860**	**-14,671**	**-36,453**

Insurance

There is uncertainty over the timing of when insurance claims will be settled due to the complexity of some claims. The short-term and long-term split is calculated using a percentage based on past claims settled. Included within the insurance provision is £600k for the Municipal Mutual Insurance (MMI) provision.

Post Employment

The provision relates to early retirements and redundancies and are individually insignificant.

Accumulated Absences

The provision relates to annual leave entitlement carried forward at 31 March 2024. It will not be discharged until a cash settlement is made or an employee takes their settlement, or the liability has ceased.

Other Provisions

Other provisions includes an amount relating to a capital project where there are ongoing negotiations with the contractor. A best estimate has been included, however the exact amount and timing of the payment is dependent on the outcome of the ongoing negotiations.

Note 26 - Amounts owed to the Council by debtors

31 March 2024	Short Term £000	Long Term £000	Total £000
Medway Council (transferred debtor)	0	27,784	**27,784**
Recoverable VAT	55,799	0	**55,799**
Trade Receivables	155,635	0	**155,635**
Payments in Advance	29,346	0	**29,346**
General Debtors	156,889	23,003	**179,892**
Total	**397,669**	**50,787**	**448,456**

31 March 2023	Short Term £000	Long Term £000	Total £000
Medway Council (transferred debtor)	0	28,940	**28,940**
Recoverable VAT	26,645	0	**26,645**
Trade Receivables	141,467	0	**141,467**
Payments in Advance	29,399	0	**29,399**
General Debtors	148,693	22,000	**170,693**
Total	**346,204**	**50,940**	**397,144**

Capital short term debtors amounting to £20.7m are included in the accounts at 31 March 2024 (£9.8m in 2022-23). These relate to grants and external funding towards capital expenditure incurred in 2023-24 which had not been received by 31 March 2024 along with loan repayments funded from capital falling due in 2023-24.

Note 27. Amounts owed by the Council to creditors

31 March 2024	Short Term £000	Long Term £000	Total £000
Receipts in Advance	79,908	0	**79,908**
Contract Liabilities	1,734	0	**1,734**
Deferred Income	7,062	0	**7,062**
General Creditors	353,089	34	**353,123**
Total	**441,793**	**34**	**441,827**

31 March 2023	Short Term £000	Long Term £000	Total £000
Receipts in Advance	82,015	0	**82,015**
Contract Liabilities	1,846	0	**1,846**
Deferred Income	7,265	0	**7,265**
General Creditors	375,419	35	**375,454**
Total	**466,545**	**35**	**466,580**

Capital creditors amounting to £24.2m are included in the accounts at 31 March 2024 (£27.4m in 2022-23).

Note 28. Cash and Cash Equivalents

Accounting Policy

Cash is represented by cash in hand/overdraft and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They comprise call and business accounts.

In the Cash Flow Statement and Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

The balance of Cash and Cash Equivalents is made up of the following elements:

	At 31 March 2024 £000	At 31 March 2023 £000
Bank current accounts	-10,967	-4,244
Call accounts (same day access funds)	142,511	135,958
Total Cash and Cash Equivalents	**131,544**	**131,714**

Note 29. Cash Flow - Operating Activities

The cash flows for operating activities include the following items:

	2023-24 £000	2022-23 £000
Interest received	-20,507	-12,182
Interest paid	54,912	55,315
Employee Costs	952,720	891,486
Income from Council Tax	-939,432	-885,685
Government Grants	-1,857,983	-1,687,069

	2023-24 £000	2022-23 £000
The Surplus or Deficit on the Provision of Services has been adjusted for the following non-cash movements:		
Movement in pension liability	30,979	-20,245
Carrying amount of non-current assets sold	-99,274	-123,908
Carrying amount of capital inventory old	-162	-1,723
Carrying amount of Financial Assets held at FVPL	3,958	-18,863
Amortisation of fixed assets	-1,351	-1,545
Depreciation of fixed assets	-110,436	-102,330
Impairment and downward valuations	-7,925	-2,936
Increase/(decrease) debtors	47,106	28,915
(Increase)/decrease creditors	21,350	-88,360
Increase/(decrease) stock	-6,173	4,243
Movement on investment properties	-7,165	-1,749
REFCUS	-47,251	-61,631
Other non-cash items charged to the net surplus/deficit on the Provision of Services	-15,221	19,018
	-191,565	-371,114

	2023-24 £000	2022-23 £000
The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities		
Proceeds from the sale of property plant and equipment, investment property, and intangible assets	13,520	12,876
Capital grants applied	227,836	217,251
Payment of Collection Fund Deficit	8,096	22,749
	249,452	252,876

Note 30. Cash Flow Statement - Investing Activities

	2023-24 £000	2022-23 £000
Purchase of property, plant and equipment, investment property, and intangible assets	240,790	251,829
Purchase of short-term and long-term investments	2,770,890	1,108,337
Proceeds from sale of property, plant and equipment, investment property, and intangible assets	-12,468	-10,353
Proceeds from capital inventory	-195	-2,046
Proceeds from short-term and long-term investments	-2,821,144	-1,062,165
Other receipts from investing activities	-233,914	-228,963
Net cash flows from investing activities	-56,041	56,639

Note 31. Cash Flow Statement - Financing Activities

	2023-24 £000	2022-23 £000
Cash receipts of short- and long-term borrowing	0	-75,700
Relating to finance leases and on-balance sheet PFI contracts	5,832	4,356
Repayments of short- and long-term borrowing	30,577	99,199
Net cash flows from financing activities	36,409	27,855

Note 32. Reconciliation of Liabilities arising from Financing Activities

	2023-24 1 April £000	Financing cash flows £000	Non-cash changes: Acquisition £000	Non-cash changes: Other non-cash changes £000	2023-24 31 March £000
Long-term borrowings	-721,893			19,331	-702,562
Short-term borrowings	-90,156	30,577		-18,790	-78,369
• IFRIC 12	-2,003				-2,003
• Lease Liabilities	-406	31			-406
• On balance sheet PFI liabilities	-193,537				-193,537
Total liabilities from financing activities	**-1,007,996**	**30,577**	**0**	**541**	**-976,878**

	2022-23 1 April £000	Financing cash flows £000	Non-cash changes: Acquisition £000	Non-cash changes: Other non-cash changes £000	2022-23 31 March £000
Long-term borrowings	-762,470			40,577	-721,893
Short-term borrowings	-73,839	33,839		-50,156	-90,156
• IFRIC 12	-2,152	149			-2,003
• Lease Liabilities	-437	31			-406
• On balance sheet PFI liabilities	-201,804	8,267			-193,537
Total liabilities from financing activities	**-1,040,703**	**42,286**	**0**	**-9,579**	**-1,007,996**

Note 33. Trading Operations

The results of the various trading operations for 2023-24 are shown below prior to transfers to and from reserves.

Business unit/activity	Turnover £000	Expenditure £000	Surplus/ Deficit (-) 2023-24 £000	Surplus/ Deficit (-) 2022-23 £000
Kent County Supplies and Furniture Provision of educational and office supplies (from warehouse stock and by direct delivery) and furniture assembly and professional services	9,727	8,681	1,046	1,792
Brokerage Services Procurement and distribution of Services, including Laser energy buying group	13,276	9,828	3,448	2,233
Transport Services Provision of lease cars, minibuses, and lorries, plus vehicle maintenance and repairs	2	9	-7	2
Total surplus	23,005	18,518	4,487	4,027

Note 34. Audit Costs

In 2023-24 the following fees were paid relating to external audit and inspection:

	2023-24 £000	**2022-23 £000**
Fees payable to Grant Thornton UK LLP for external audit services carried out by the appointed auditor	433	245
Fees payable in respect of other services provided by the appointed auditor	10	10
	443	255

The 2023-24 £10k fee payable for other services relates to the Teachers' Pensions end of year certificate.

Note 35. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) (No 2) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023-24 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2023-24 before academy and high needs recoupment			1,623,773
Academy and high needs figure recouped for 2023-24			-791,762
Total DSG after academy and high needs recoupment for 2023-24			832,011
Brought forward from 2022-23			36,263
Carry-forward to 2024-25 agreed in advance			0
Agreed initial budget distribution in 2023-24	303,125	565,149	868,274
In-year adjustments	14,565	3,425	17,990
Final budgeted distribution for 2023-24	317,690	568,575	886,264
Less actual central expenditure	301,642		301,642
Less Actual ISB deployed to schools		568,575	568,575
Plus Local Council contribution for 2023-24	14,400		14,400
Carry Forward to 2023-24	30,448	0	30,448
Plus Carry-forward to 2024-25 agreed in advance			0
Carry-forward to 2024-25			36,263
DSG unusable reserve at the end of 2022-23			-97,616
Addition to DSG Safety Valve reserve at the end of 2023-24*			-5,815
Total of DSG unusable reserve at the end of 2023-24			-103,431
Net DSG position at the end of 2023-24			**-67,168**

*2023-24 in-year DSG Deficit after additional contributions from both the DfE and KCC contribution.

The Authority entered the Department for Education's "Safety Valve" process in Summer 2022, which involves the Local Authority reforming its high needs systems and associated spending in return for additional funding to contribute to the historic deficit. This deficit is held in the DSG Adjustment Account in Note 23 on pages 90 to 98. A DSG Safety Valve earmarked reserve holds the net in-year surplus that has arisen due to the additional DfE funding and KCC contribution.

Note 36. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows 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, provides the majority of its 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). Grants received from government departments are set out in Note 10 on expenditure and income analysed by nature.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Member's allowances paid in 2023-24 is shown in Note 7 on page 47. During 2023-24 works and services to the value of £0.785m (£1.939m in 2022-23) were commissioned from companies which nine Members have had an interest in. Contracts were entered into in full compliance with the Council's standing orders.

Other Public Bodies (subject to common control by central government)

The Council has pooled budget arrangements for the provision of a range of services including drug and alcohol related services, registered nursing care contribution in care homes, and integrated care centres providing nursing, respite, and recuperative care to Older People.

Payments of Employers' Pension Contributions were made to the Pension Fund in respect of members of the Local Government Pension Scheme and to the Teachers Pension Agency in respect of teachers. The amounts of these payments are detailed in notes to the Consolidated Income and Expenditure Statement, Note 37 on pages 109 to 1157 of these Accounts.

As administrator of the Kent Pension Fund, KCC has direct control of the Fund. Transactions between KCC Pension Fund and the Council in respect of income for pensions admin, investment monitoring and other services amounted to £6.497m and cash held by the Pension Fund on behalf of KCC is £6.252m.

Payments to other local authorities and health bodies, excluding precepts, totalled £84.1m.

Receipts from other local authorities and health bodies totalled £99.4m.

Entities Controlled or Significantly Influenced by the Council

The Council has one active subsidiary company, the largest of which is Global Commercial Services Group Ltd (formerly known as Kent Holdco Ltd). During the year the total values of payments made to and received from Global Commercial Services Group Ltd, were £78.1m and £5.5m respectively (£73.5m and £5.2m respectively in 2022-23).

Kent County Council also has an interest in the following companies:

Active companies with less than or equal to 50% control	Payments made in 2023-24 £000
Design South East Ltd (formerly The North Kent Architecture Centre Ltd)	3,000
Aylesham & District Community Workshop Trust	10,090
Trading Standards South East Ltd	21,645
Kent PFI Holdings Company 1 Ltd	12,458,015
TRICS Consortium Ltd	3,835
Produced in Kent (PINK) Ltd	31,768
Discovery Park Technology Investments LP	1,266

The information on the above companies have been disclosed as either a Member or an officer of the Council sits on the company board as a representative of the Council.

Note 37. Pension Costs

Note 37a - Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023-24, Kent County Council paid £57.8m (£55.6m in 2022-23), to the Teachers Pension Agency in respect of teachers' pension costs, which represented 23.7% (23.7% in 2022-23) of teachers' pensionable pay. In addition, Kent County Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2023-24 these amounted to £4.9m (£4.6m in 2022-23), representing 2.0% (1.9% in 2022-23) of pensionable pay.

Public Health staff employed by the Authority are members of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. The Authority is not able to identify the underlying scheme assets and liabilities for the staff transferred. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023-24 Kent County Council paid £0.07m (£0.05m in 2022-23), to the NHS Pension Scheme in respect of public health pension costs, which represented 14.4% (14.4% in 2022-23) of employees pensionable pay.

Note 37b. Defined Benefit Pension Scheme

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

The Council participates in one post-employment scheme:

- The Local Government Pension Scheme, administered locally by Kent County Council – this is a funded defined benefit career average revalued earnings scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- 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 assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Kent County Council Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Kent County Council Superannuation Fund Committee, a committee of Kent County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and consist of the Director of Finance of Kent County Council and external Investment Fund managers (for details of investment fund managers see note 15d of the Pension Fund Accounts)
- 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.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when they are paid as pensions. However, the charge we are required to make against the Council Tax is based on the cash payable in the year, so the real cost is reversed out through the Movement in Reserves Statement.

Under the requirements of IAS19, the Council is required to show the movement in the net pensions deficit for the year. This can be analysed as follows:

Local Government Pension Scheme

Comprehensive Income and Expenditure Statement	**2023-24 £000**	**2022-23 £000**
Cost of Services:		
Current service cost	-65,846	-105,951
Past service costs	-1,296	-295
	-67,142	-106,246
Financing and Investment Income and Expenditure:		
Net interest expenses	10,054	1,022
(Gain)/loss from settlements	296	2,015
Administration expenses	-2,954	-1,992
Total Charged to the Surplus or Deficit on the Provision of Services	-59,746	-105,201
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement:		
Return on plan assets (excluding the amount included in the net interest expenses)	-46,273	-113,870
Actuarial gains and losses arising on changes in demographic assumptions	46,472	104,949
Actuarial gains and losses arising on changes in financial assumptions	19,067	1,939,161
Actuarial gains and losses arising on impact of asset ceiling	-16,799	0
Experience loss/(gain) on defined benefit obligation	-10,621	-418,106
Other	4,795	4,355
Total Charged to the Comprehensive Income and Expenditure	-3,359	1,516,489
Total charged to Comprehensive Income and Expenditure Statement	**-57,197**	**1,411,288**
Movement in Reserves statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	59,746	105,201
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	-90,725	-84,956
Total Movement in Reserves statement	**-30,979**	**20,245**

Other Employees

Other employees of the County Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme.

In 2023-24, Kent County Council paid an employer's contribution of £90.7m (£84.9m in 2022-23) into the Pension Fund, representing 21% (21% in 2022-23) of pensionable pay. The employer's contribution rate is determined by the Fund's actuary based on triennial actuarial valuations, and for 2022-23 was based on the review carried out as at 31 March 2022. Under Pension Fund Regulations the rates are set to meet 100% of the overall liabilities of the Fund.

Pension Assets and Liabilities in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan is as follows:

Local Government Pension Scheme

	2023-24 £000	2022-23 £000
Present value of the defined benefit obligation	3,349,863	3,291,595
Fair value of plan assets	-3,366,662	-3,267,712
Sub total	-16,799	23,883
Impact of asset ceiling	16,799	0
Other movements in the liability/(asset)	34,829	38,566
Net liability arising from defined benefit obligation	**34,829**	**62,449**

Reconciliation of Movements in the Fair Value of the Scheme (Plan) Assets:

Local Government Pension Scheme

	2023-24 £000	2022-23 £000
Opening fair value of scheme assets	3,267,712	3,262,803
Interest on assets	168,576	133,741
Remeasurement gains/(losses) • Return on plan assets (excluding the amount included in the net interest expenses) • Other	-46,273	-113,870
Contributions from employer	95,520	89,311
Contributions from employees into the scheme	30,065	28,946
Benefits paid	-141,128	-127,741
Other	-7,810	-5,478
Closing fair value of scheme assets	**3,666,662**	**3,267,712**

The actual return on scheme assets in the year was £122,303k (2022-23: £19,871k).

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

Liabilities: Local Government Pension Scheme

	2023-24 £000	2022-23 £000
Opening balance at 1 April	3,330,161	4,821,496
Current service cost	65,846	105,951
Interest cost	158,522	132,719
Contribution from scheme participants	30,065	28,946
Remeasurement gains/(losses):		
• Actuarial gains and losses arising on changes in demographic assumptions	-46,472	-104,949
• Actuarial gains and losses arising on changes in financial assumptions	-19,067	-1,939,161
• Experience loss/(gain) on defined benefit obligation	10,621	418,106
• Other	-4,795	-4,355
Past service costs	1,296	295
Benefits paid	-136,333	-123,386
Liabilities extinguished on settlements	-5,152	-5,501
Closing balance at 31 March	**3,384,692**	**3,330,161**

Local Government Pension Scheme assets comprised:

	2023-24 £000	2023-24 %	2022-23 £000	2022-23 %
Equities	1,958,520	58.2%	2,085,180	63.8%
Gilts	246,677	7.3%	17,899	0.5%
Other Bonds	484,746	14.4%	429,169	13.1%
Property	302,056	9.0%	326,154	10.0%
Cash	53,610	1.6%	58,622	1.8%
Absolute return fund	170,108	5.1%	239,369	7.3%
Infrastructure	150,945	4.5%	111,319	3.4%
Total assets	**3,366,662**	**100%**	**3,267,712**	**100%**

The percentages of the total Fund held in each asset class were as follows:

		2023-24 % Quoted	2023-24 % Unquoted	2022-23 % Quoted	2022-23 % Unquoted
Fixed Interest Government Securities	UK Overseas	0.0%		1.0%	
Index Linked Government Securities	UK Overseas	7.0%		4.0%	
Corporate Bonds	UK Overseas	4.0% 11.0%			
Equities	UK Overseas	16.0% 37.0%		16.0% 44.0%	
Property	All		9.0%		10.0%
Others	Absolute return portfolio	5.0%		7.0%	
	Private Equity		5.0%		4.0%
	Infrastructure		4.0%		3.0%
	Derivatives		-2.0%		0.0%
	Cash/Temporary Investments		3.0%		2.0%
Net Current Assets	Debtors		1.0%		
	Creditors		0.0%		
Total assets		**80.0%**	**20.0%**	**81.0%**	**19.0%**

The decrease in pension deficit during the year has arisen principally due to the technical decrease in the valuation of the liabilities. International Accounting standard IAS19 requires the liabilities to be valued using assumptions based on gilt and corporate bonds yields. Had these markets remained at their 2023 levels then the pensions deficit would have been £19,067k higher at £53,896k.

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 is £85,574k, this is in line with the revised IAS19 Standard.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The County Council Fund liability has been assessed by Barnett Waddingham.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme

		2023-24 £000	**2022-23 £000**
Mortality assumptions: Longevity at 65 for current pensioners:	Men	20.8 years	21.1 years
	Women	23.3 years	23.5 years
Longevity at 65 for future pensioners:	Men	22.0 years	22.3 years
	Women	24.7 years	25.0 years
Rate of increase in Consumer Price Index		2.95%	2.90%
Rate of increase in salaries		3.95%	3.90%
Rate of increase in pensions		2.95%	2.90%
Rate for discounting scheme liabilities		4.90%	4.80%
Take-up option to convert annual pension into retirement lump sum		50%	50%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £000	Decrease in Assumption £000
Adjustment to discount rate (increase or decrease by 0.1%)	3,332,403	3,438,350
Adjustment to long-term salary increase (increase or decrease by 0.1%)	3,387,883	3,381,525
Adjustment to pension increase and deferred revaluation (increase or decrease by 0.1%)	3,436,135	3,334,541
Adjustment to mortality age rate assumption (increase or decrease in 1 year)	3,526,659	3,249,192

Highways ex Direct Works DLO Pension Fund

The Balance Sheet includes £0.8m to reflect the unfunded liability of the Highways (ex Direct Works DLO) Pensions Fund as calculated by the actuary in March 2024 in accordance with IAS19.

Commercial Services, Invicta Law Ltd, Cantium Business Solutions Ltd, and The Education People

The Balance Sheet includes the assets and liabilities for the wholly-owned subsidiaries of KCC. All entities have closed resolution body status which allows them to treat the pension as a defined contribution pension scheme with the Council keeping the assets and liabilities on its Balance Sheet.

Note 38. Financial Instruments

Accounting Policy

Financial liabilities

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

For most of the borrowings that the authority has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets

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

- amortised cost
- fair value through profit or loss (FVPL), and

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

Financial Assets Measured at Amortised Cost

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

However, the Council has made a number of loans to start up companies at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

Expected Credit Loss Model

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

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

For loans and investments, the loss allowance is equal to 12-month expected credit losses (ECLs) unless credit risk has increased significantly in which case it is equal to lifetime ECLs. For trade receivables without a significant financing component, the loss allowance is always equal to lifetime ECLs.

To calculate ECLs, a two-year delay in cash flows is assumed to arise in the event of default. For 12-month ECLs, only default events occurring in the next 12 months are considered.

Financial Assets Measured at Fair Value through Profit or Loss

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

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

- instruments with quoted market prices - market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

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

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

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

Financial Instruments

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

Financial Liabilities

The Council's financial liabilities held during the year are measured at amortised cost and comprised of:

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- overdraft with NatWest Bank
- finance leases on land and buildings
- Private Finance Initiative contracts detailed in Note 19
- trade payables for goods and services received.

Financial Assets

The financial assets held by the Council during the year are held under the following two classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council’s business model is to collect those cash flow) comprising:

- cash
- bank current and deposit accounts
- fixed term deposits with the DMO
- fixed term deposits with banks and building societies

- treasury bills issued by the UK Government

- covered bonds issued by financial institutions and backed by a pool of assets

- loans to other local authorities

- trade receivables for goods and services delivered.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds

- shares in unlisted companies

- unquoted equity investments relating to KCC wholly owned companies

- pooled equity, bond, and property investment funds

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets	31 March 2024 Long Term £000	31 March 2024 Short Term £000	31 March 2023 Long Term £000	31 March 2023 Short Term £000
Investments				
• Fair value through profit or loss	201,763	128,912	197,705	134,708
• Amortised cost	99,290	50,283	125,782	61,673
	301,053	**179,195**	**323,487**	**196,381**
Debtors				
• Amortised cost	30,422	309,981	31,640	287,048
• Amortised cost - Soft Loans	20,365	8,980	19,300	6,332
• Non financial assets		78,708		52,824
	50,787	**397,669**	**50,940**	**346,204**
Cash & Cash Equivalents				
Total	**351,840**	**576,864**	**374,427**	**542,585**

Financial Liabilities	31 March 2024 Long Term £000	31 March 2024 Short Term £000	31 March 2023 Long Term £000	31 March 2023 Short Term £000
Borrowing				
• Amortised cost	702,562	78,369	721,893	90,155
• Non-financial liabilities	178,549	9,207	187,489	8,458
	881,111	**87,576**	**909,382**	**98,613**
Creditors				
• Amortised cost	34	354,823	35	377,265
• Non-financial liabilities		86,970		89,280
	34	**441,793**	**35**	**466,545**
Cash & Cash Equivalents		10,967		4,244
Total	**881,145**	**540,336**	**909,417**	**569,402**

Financial Instruments Designated at Fair Value through Profit or Loss

For Money Market Funds, Bond, equity and property funds the fair value is calculated at Level 1 valuation techniques, as set out on page 119.

The shareholdings in our wholly owned subsidiaries and unquoted equity is not subject to credit risk and is therefore limited to the value of our investment. Fair value is calculated at Level 3 valuation techniques, as set out on page 119.

	2023-24 Surplus or Deficit on the Provision of Services £000	2023-24 Other Comprehensive Income and Expenditure £000	2022-23 Surplus or Deficit on the Provision of Services £000	2022-23 Other Comprehensive Income and Expenditure £000
Net gains/losses on: Financial assets measured at fair value through the profit or loss	-474		18,835	
Financial assets measured at amortised cost	-	-	-	-
Financial assets measured at fair value through other comprehensive income				
Financial liabilities measured at amortised cost	-950	-950	-950	-950
Total net gain/losses	**-1,424**	**-950**	**17,885**	**-950**
Interest revenue Financial assets measured at amortised cost	10,726	-	6,233	-
Financial Assets measured at fair value through profit or loss	15,101	-	8,136	-
Total interest revenue	**25,827**	**0**	**14,369**	**0**
Interest expenses	**-34,599**	**-**	**-34,346**	**-**
Fee income Financial assets or financial liabilities that are not at fair value through profit or loss	-	-	-	-
Trust and other fiduciary activities	-	-	-	-
Total fee income	**0**	**0**	**0**	**0**
Fee expense Financial assets or financial liabilities that are not at fair value through profit or loss	-18,822	-	-19,257	-
Trust and other fiduciary activities	0	-	0	-
Total fee expense	**-18,822**	**0**	**-19,257**	**0**

Fair Value of Financial Assets

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

Recurring fair value measurements	Input Level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 Mar 2024 £000	As at 31 Mar 2023 £000
Fair value through Profit and Loss:				
Money market funds	Level 1	Unadjusted quoted prices in active markets for identical shares	128,912	134,708
Equity Shares	Level 1	Unadjusted quoted prices in active markets for identical shares	0	0
Bond, equity, and property funds	Level 1	Unadjusted quoted prices in active markets for identical shares	174,554	174,080
Equity Funds	Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly	10,127	10,528
Unquoted Equity	Level 3	Company net assets multiplied by the percentage share capital owned	17,082	13,097
			330,675	**332,413**

Sensitivity of Fair Value Measurement using Significant Unobservable Inputs - Level 3

Significant changes in unobservable inputs could result in a significantly lower or higher fair value.

Reconciliation of Fair Value Measurements (using significant Unobservable Inputs) categorised within Level 3 of the Fair Value Hierarchy

The movements during the year of level 3 Unquoted Equity held at fair value, are analysed below:

	2023-24 £000	2022-23 £000
Opening balance	13,097	16,632
Transfers into Level 3		
Transfers out of Level 3		
Additions		
Derecognition		-28
Total gains or (loss) for the period:		
Included in Surplus or Deficit on the Provision of Services	3,985	-3,507
Included in Other Comprehensive Income and Expenditure		
Closing Balance	13,097	13,097

The Fair Values of Financial Assets and Financial Liabilities that are not carried at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table on the previous page), all other financial liabilities and financial assets held by the Council as well as long-term debtors and creditors are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

Financial Liabilities	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
Financial liabilities held at amortised cost				
PWLB loans	462,218	466,692	490,528	518,248
Long-term LOBO and Market Loans	318,714	339,068	321,521	376,632
Cash and cash equivalents	10,967	10,967	4,244	4,244
Other long-term loans				
PFI and finance lease liabilities	187,746	218,413	195,936	240,588
Total	**979,645**	**1,035,140**	**1,012,229**	**1,139,713**

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Financial Assets	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
Financial assets held at amortised cost				
- long-term investments	99,290	97,948	125,782	124,504
- short-term investments	50,283	50,283	61,673	61,829
- cash and cash equivalents				
Amortised Cost - Soft Loans	20,365	11,640	19,300	12,350
Total	**169,938**	**159,871**	**206,755**	**198,683**

Long-term and short-term debtors and creditors carrying value is a fair approximation of their fair value.

Fair value hierarchy for financial assets and financial liabilities that are not carried at fair value

31 March 2024	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Recurring fair value measurements using: **Financial Liabilities** Financial liabilities held at amortised cost:				
• Long-term PWLB loans		466,692		**466,692**
• Long-term LOBO and Market Loans		339,068		**339,068**
PFI and finance lease liabilities			218,413	**218,413**
Total	**0**	**805,760**	**218,413**	**1,024,173**
Financial Assets Financial assets held at amortised cost:				
• Investments held at amortised cost	88,756	60,90	150	**149,596**
• Soft loans to third parties			11,640	**11,640**
Total	**88,756**	**60,690**	**11,790**	**161,236**

31 March 2023	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Recurring fair value measurements using: **Financial Liabilities** Financial liabilities held at amortised cost:				
• Long-term PWLB loans		518,248		**518,248**
• Long-term LOBO and Market Loans		376,632		**376,632**
PFI and finance lease liabilities			240,588	**240,588**
Total	**0**	**894,881**	**240,588**	**1,135,469**
Financial Assets Financial assets held at amortised cost:				
• Investments held at amortised cost	116,461	67,522	2,350	**186,333**
• Soft loans to third parties			12,350	**12,350**
Total	**116,461**	**67,522**	**14,700**	**198,863**

The fair value for financial liabilities and financial assets included in Level 2 and Level 3 in the table above have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024 using the following methods and assumptions:

- PWLB loans have been valued by discounting the contractual cash flows over the whole life of the instrument at the available market rate for local authority loans

- LOBO loans have been increased by the value of the embedded options. Lender's options to increase the interest rates of the loans have been valued according to the proprietary model for Bermudan cancellable swaps. Borrower's options have been valued at zero on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.

- PFI and finance lease liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements)

- Soft loans have been valued by discounting the contractual payments at the market rate of interest for a similar loan

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets	Financial Liabilities
• no early repayment or impairment is recognised	• no early repayment or impairment is recognised
• estimated ranges of interest rates at 31 March 2024 based on new lending rates for equivalent loans at that date	• estimated ranges of interest rates at 31 March 2024 based on new lending rates for equivalent loans at that date
• the fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount. For trade receivables this equates to the invoiced or billed amount	• The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount

Note 39. Nature and Extent of Risks Arising from Financial Instruments

The Council complies with CIPFA’s Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council’s Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council,
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments,
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measurables as interest rates and stock market movements.

Credit Risk: Treasury Investments

Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £20m is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in UK banks, building societies, and companies, a lower limit of £15m applies. The Council also sets limits on investments in certain sectors. No more than £300m in total can be invested for a period longer than one year.

The credit quality of the £88.2m of the Council's investments in covered bonds is enhanced as these bonds are collateralised by pools of residential mortgages. The collateral significantly reduces the likelihood of the Council suffering a credit loss on these investments.

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating:

Credit Rating	31 Mar 2024 £000	31 Mar 2023 £000
AAA	217,668	252,141
AA-	31,138	44,528
A+	8,634	0
A	5,022	1,237
A-	0	0
Unrated Pooled Funds/Equity/Other Local Authorities		
Unrated Pooled Funds	190,600	198,338
Equity	27,209	23,624
Other Local Authorities		
Total Investments	**480,271**	**519,868**

All deposits outstanding as at 31 March 2024 met the Council's credit rating criteria on 31 March 2024.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by [three] or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent.

Collateral and Other Credit Enhancements

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2024 was £1.5m.

Liquidity risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and at higher rates from banks. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

Time to maturity **Years**	**31 Mar 2024 £000**	**31 Mar 2023 £000**
Not over 1	29,330	30,577
Over 1 but not over 2	32,225	29,330
Over 2 but not over 5	41,674	65,674
Over 5 but not over 10	64,788	66,122
Over 10 but not over 20	212,976	178,867
Over 20 but not over 30	39,800	80,800
Over 30 but not over 40	160,600	130,000
Over 40	150,500	171,100
Uncertain date *	40,000	50,000
Total	**771,893**	**802,470**

* The Council has £90m of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. £50m of these LOBO loans have option dates in 2023-24. Due to current lower interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market risk

The Council is exposed to market risk both from its short-term cash investments as well as from its investments in pooled equity, bond and property funds. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The Council manages its investment risk through its treasury management strategy particularly by investing in a diversified range of pooled funds across a range of asset classes.

Interest Rate Risk

The Council is exposed to risks arising from movements in interest rates. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in the Provision of Services. The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2024, £255.1m (2023: £254.4m) of net principal borrowed (i.e. borrowing net of investments) was exposed to fixed rates and £40m (2023: £50m) to variable rates.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	400
Increase in interest receivable on variable rate investments	2,067
Decrease in fair value of investments held at FVPL	-1,220
Impact on Provision of Services (surplus)	**1,247**
Decrease in fair value of fixed rate investment assets	-185
Impact on Other Comprehensive Income and Expenditure	**-185**
Decrease in fair value of loans and investments at amortised cost*	**-93,724**

*No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council's investments will fluctuate in value as the result of changes in market prices. The Council has sought to mitigate the price risk through diversification in line with its treasury management strategy. The market prices of the Council’s bond investments are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk. The value of the Council's investments in pooled funds are subject to the value of the underlying investments. The following table shows the impact on the value of the Council's investments of falls in property and equity prices however these would have no impact on the General Fund until the investments are sold.

	£000
5% fall in commercial property prices	2,572
5% fall in equity prices	3,852

Foreign Exchange Risk

The Council has no foreign currency investments and therefore is not directly exposed to the risk of adverse movements in exchange rates.

Note 40. Contingent Liabilities

Accounting Policy

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They are factored into the consideration of an adequate level of reserves.

Note 41. Subsidiary Undertakings

Accounting Policy

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of wholly owned subsidiaries and jointly controlled entities. An assessment of the transactions between the Council and the subsidiaries and the jointly controlled entities is conducted each year.

Subsidiary Undertakings

Kent County Council (KCC) and Thanet District Council (TDC) wished to bring forward the economic development and regeneration of the sites known as Eurokent and Manston Park. A Member Agreement was signed on 22 August 2008 and a joint arrangement vehicle was set up, the East Kent Opportunities LLP (EKO LLP), which was incorporated on 4 March 2008. KCC and TDC have 50:50 ownership, control and economic participation in the joint arrangement. KCC and TDC contributed 38 acres of land each to EKO LLP. The land was valued for stamp duty land tax (SDLT) at £5.5m (KCC contribution) and £4.5m (TDC contribution).

The powers used are the 'well-being powers' provided to local authorities in Part 1 of the Local Government Act 2000. In 2023-24, in the final, audited EKO LLP accounts, the net assets of the joint operation are £9.68m with an operating profit before members remuneration and profit shares available for discretionary division among members of £0.17m.

Note 42. Events after the Balance Sheet Date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Two schools on the balance sheet as at 31 March 2024 are due to convert to academy status by 1 July 2024. The net book value of these assets as at 31 March 2024 is £45.5m.

There have been no events since 31 March 2024, up to the date when these accounts were authorised, that require any adjustment to these accounts.

Note 43. Other Notes

Pension Fund

Once credited to the Pension Fund, monies may only be used to provide for the statutory determined pension and other payments attributable to staff covered by the Fund. The assets and liabilities of the Pension Fund are shown separately from those of Kent County Council, although the legal position is that they are all in the ownership of Kent County Council as the administering Council. Any actuarial surplus or deficit is apportioned to the constituent member bodies of the Fund. Details of the Fund are disclosed in the Pension Fund Accounts found on pages 129 to 159.

Pension Fund Accounts

The following financial statements are included in the Kent Pension Fund's Annual Report and Accounts 2023-24 available from the Fund's website at www.kentpensionfund.co.uk.

Fund Account for the year ended 31 March:

	Notes	2023-24 £000	2022-23 £000
Dealings with members, employers and others directly involved in the Fund			
Contributions	7	321,214	297,692
Transfers in from other pension funds	8	12,280	17,306
		333,494	314,998
Benefits	9	-303,175	-270,995
Payments to and on account of leavers	10	-15,424	-15,184
		-318,599	-286,179
Net additions from dealings with members		**14,895**	**28,819**
Management expenses	11	-34,788	-32,502
Net withdrawals including fund management expenses		**-19,983**	**-3,683**
Returns on investments			
Investment Income	13	157,148	153,112
Taxes on Income		-371	-198
Profit and loss on disposal of investments and changes in the market value of investments	15a	147,233	-3,704
Net return on investments		**304,009**	**149,210**
Net increase in the net assets available for benefits during the year		**284,117**	**145,527**
Opening net assets of the scheme		**7,847,952**	**7,702,425**
Closing net assets of the scheme		**8,132,069**	**7,847,952**

Net Assets Statement as at 31 March

	Notes	2023-24 £000	2022-23 £000
Investment assets		8,139,986	7,860,392
Investment liabilities		-9,611	-12,323
Net investment assets	15	**8,130,374**	**7,848,069**
Current assets	21	34,778	29,503
Current liabilities	22	-33,083	-29,620
Net assets available to fund benefits at the period end		**8,132,069**	**7,847,952**

1. Description of the Fund

General

The Kent Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Kent County Council (KCC) for the purpose of providing pensions and other benefits for the pensionable employees of KCC, Medway Council, the district and borough councils in Kent and a number of other employers within the county area. The Fund is a reporting entity and KCC as the Administering Authority is required to include the Fund's accounts as a note in its Report and Accounts. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The LGPS is a contributory defined benefit pension scheme.

The Scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The Fund is overseen by the Kent Pension Fund Committee (the Scheme Manager). The Local Pension Board assists the Scheme Manager to ensure the effective and efficient governance and administration of the Scheme.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join or remain in the Scheme or to make personal arrangements outside the Scheme. Employers in the Fund include Scheduled Bodies which are local authorities and similar entities whose staff are automatically entitled to be members of the Scheme; and Admission Bodies which participate in the Fund by virtue of an admission agreement made between the Administering Authority and the relevant body. Admission bodies include voluntary, charitable and similar entities or private contractors undertaking a local authority function following a specific business transfer to the private sector.

There are 284 employers actively participating in the Fund and the profile of members is as detailed below:

	Kent County Council 31-Mar-24	Kent County Council 31-Mar-23	Other Employers 31-Mar-24	Other Employers 31-Mar-23	Total 31-Mar-24	Total 31-Mar-23
Contributors	22,005	21,885	33,286	31,468	55,291	53,353
Pensioners	25,252	24,878	25,156	23,705	50,408	48,583
Deferred Pensioners	24,495	24,618	26,150	25,284	50,645	49,902
Total	71,752	71,381	84,592	80,457	156,344	151,838

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Employers' contribution rates consist of a primary rate (representing the rate required to meet the cost of future accrual of benefits) and a secondary rate, which is an adjustment to the primary rate for employer specific circumstances (e.g. to allow for deficit recovery). Currently, employers' primary contribution rates range from 15.7% to 36.4% of pensionable pay.

Benefits

Pension benefits under the LGPS are based on the following:

	Service pre April 2008	**Membership from 1 April 2008 to 31 March 2014**	**Membership from 1 April 2014**
Pension	1/80 x final pensionable salary	1/60 x final pensionable salary	1/49 (or 1/98 if opted for 50/50 section) x career average revalued salary
Lump Sum	Automatic lump sum of 3/80 x final pensionable salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There is a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Kent Pension Fund website: www.kentpensionfund.co.uk .

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023-24 financial year and its position at 31 March 2024.

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 which is based upon International Financial Reporting Standards, as amended for the UK public sector. The accounts are prepared on a going concern basis.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS)19 basis is disclosed at note 20 of these accounts.

Going concern

The Statement of Accounts has been prepared on a going concern basis. The vast majority of employers in the pension scheme are scheduled bodies that have secure public sector funding, and therefore there should be no doubt in their ability to continue to make their pension contributions. Following the latest actuarial valuation and schedule of employer contribution prepayments, the Pension Fund has reviewed its cashflow forecast and is confident in its ability to meet is ongoing obligations to pay pensions from its cash balance for at least 12 months from the date of signing the accounts. In the event that investments need to be sold, 81% of the Fund's investments can be converted into cash within 3 months.

3. Summary of significant accounting policies

Fund Account - revenue recognition

a) Contribution income

"Normal contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset."

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in 'transfers in'. Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

Dividends, distributions, interest, and stock lending income on securities have been accounted for on an accruals basis and where appropriate from the date quoted as ex-dividend (XD). Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year. Where the Fund's investments are held in income accumulating funds that do not distribute income the accumulated income on such investments is reflected in the unit market price at the end of the year and is included in the realised and unrealised gains and losses during the year. Direct property related income mainly comprises of rental income which is recognised when it becomes due. Rental income is adjusted for provision for rent invoiced but collection of which is assessed as doubtful.

Fund Account - expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the year end. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities providing the payment has been approved.

e) Taxation

The Fund has been accepted by the HM Revenue and Customs as a registered pension scheme in accordance with paragraph 1(1) of Schedule 36 to the Finance Act 2004 and, as such, qualifies for exemption from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Tax is therefore only applicable to dividend income from equity investments. Income arising from overseas investments is subject to deduction of withholding tax unless exemption is permitted by and obtained from the country of origin. Investment income is shown gross of tax, and any recoverable tax at the end of the year is included in accrued investment income.

By virtue of KCC being the administering authority, VAT input tax is recoverable on all Fund activities including investment and property expenses.

f) Management expenses

All expenses are accounted for on an accruals basis. Costs relating to KCC staff involved in the administration, governance and oversight of the Fund, and overheads incurred by KCC and recharged to the Fund at the end of the year. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Fees incurred include fees directly paid to fund managers as well as fees deducted from the funds by pooled fund managers which is grossed up to increase the income from these investments.

Net Assets Statement

g) Financial assets

Financial assets other than cash and debtors are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any purchase or sale of securities is recognised upon trade and any unsettled transactions at the year-end are recorded as amounts receivable for sales and amounts payable for purchases. From the trade date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 and IFRS 9. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The values of investments as shown in the Net Assets Statement have been determined as follows:

- Quoted investments are stated at market value based on the closing bid price quoted on the relevant stock exchange on the final day of the accounting period.

- Fixed income securities (bonds) are recorded at net market value based on their current yields

- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager

- Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued based on year end valuation as information may not be available, and therefore will be valued based on the latest valuation provided by the managers adjusted for cash flow and foreign exchange rate movements to the year end.

- Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income which is reinvested in the fund.

- Debtors / receivables being short duration receivables with no stated interest rate are measured at original invoice amount. Debtors are adjusted for provision made for doubtful debts relating to rent income.

h) Freehold and Leasehold Properties

The freehold and leasehold properties were valued at open market prices in accordance with the valuation standards laid down by the Royal Institution of Chartered Surveyors. The last valuation was undertaken by Colliers International, as at 31 December 2023. The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's length terms. The results of the valuation have then been indexed in line with the MSCI Monthly Index movement to 31 March 2024. The indexation is carried out by DTZ, who are managers of the Fund's direct property portfolio.

i) Derivatives

The Fund uses derivative instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. At the reporting date the Fund only held forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract. Under the European Market Infrastructure Regulations, the Fund's forward currency contracts are required to be covered by margin cash. These amounts are included in cash or cash equivalents held by the Fund and reflected in a corresponding margin cash liability under investment liabilities.

j) Foreign currency transactions

Assets and liabilities in foreign currency are translated into sterling at spot market exchange rates ruling at the year-end. All foreign currency transactions including income are translated into sterling at spot market exchange rates ruling at the transaction date. All realised currency exchange gains or losses are included in change in market value of assets.

k) Cash and cash equivalents

Cash comprises cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents managed by fund managers and cash equivalents managed by KCC are included in investments. All other cash is included in current assets.

l) Financial liabilities

The Fund recognises financial liabilities relating to investments at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund. Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and the methodology used is in line with accepted guidelines and in accordance with IAS 19. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

n) Contingent assets and liabilities

A contingent asset/liability arises where an event has taken place that gives the Fund a possible right/obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent assets/liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an inflow/outflow of resources will be required, or the amount of the right/obligation cannot be measured reliably. Contingent assets/liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

o) Pooling expenses

The Fund is member of the ACCESS pool, a group of 11 LGPS Administering Authorities who, as part of a Government initiative, have agreed to pool their investments to achieve cost and scale benefits. Pooling costs included in the Fund's accounts reflect the Fund's proportion of the cost of the governance arrangements of the pool.

p) Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in note 23.

4. Critical judgements in applying accounting policy

The Fund’s investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value.

5. Assumptions made about future and other major sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumption
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £112m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approx. £9m, and a one year increase to the life expectancy assumptions would increase the value of the liabilities by approx. £290m.
Private	Valuation of unquoted private	The total private equity, infrastructure and

equity and infrastructure and other level 3 investments (Note 17)	equity and infrastructure investments is highly subjective and inherently based on forward looking estimates and judgements involving many factors. They are valued by the investment managers using guidelines set out in the British Venture Capital Association.	other level 3 investments on the financial statements are £755m. Potential change in valuation due to changes in these factors is estimated in Note 17.
Freehold and leasehold property and pooled property funds (Note 17)	Valuation techniques are used to determine the fair values of directly held property and pooled property funds. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property.	The effect of 10% variations in the factors supporting the valuation would be an increase or decrease in the value of directly held property and property pooled funds of £73m on a fair value of £727m. Details of potential factors affecting the valuation are in Note 17.

6. Events after the reporting date

There have been no events since 31 March 2024, up to the date when these accounts were authorised, that require or do not require any adjustment to these accounts.

7. Contributions receivable

	2023-24 £000	2022-23 £000
By category		
Employees' contributions	71,244	66,582
Employers' contributions		
-normal contributions	231,833	192,792
-deficit recovery contributions	13,852	35,993
-augmentation contributions	4,284	2,325
Total Employers' contributions	249,969	231,110
Total contributions receivable	**321,214**	**297,692**
By type of employer		
Kent County Council	116,271	109,234
Scheduled bodies	186,945	174,513
Admission bodies	17,998	13,945
	321,214	**297,692**

8. Transfers in from other pension funds

By category	2023-24 £000	2022-23 £000
Individual	12,280	17,306
Group	0	0
	12,280	**17,306**

9. Benefits payable

By Category	2023-24 £000	2022-23 £000
Pensions	254,015	227,129
Retirement commutation and lump sum benefits	42,833	36,188
Death benefits	6,327	7,678
	303,175	**270,995**
By type of employer		
Kent County Council	133,038	121,133
Scheduled bodies	151,361	133,453
Admission bodies	18,777	16,409
	303,175	**270,995**

10. Payments to and on account of leavers

	2023-24 £000	2022-23 £000
Group transfers	0	0
Individual transfers	13,747	14,009
Payments/refunds for members joining state scheme	1	3
Refunds of contributions	1,676	1,172
	15,424	**15,184**

11. Management expenses

	Notes	2023-24 £000	2022-23 £000
Administration costs		5,258	3,684
Governance and oversight costs		1,660	992
Investment management expenses	12	27,641	27,665
Audit fees		96	46
Pooling expenses		133	115
		34,788	**32,502**

12. Investment management expenses

	Notes	2023-24 £000	2022-23 £000
Investment managers fees	12a	27,419	27,448
Transaction costs		163	166
Custody fees		59	51
Total		**27,641**	**27,665**

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These indirect costs are not separately provided to the Fund.

12a. Investment management fees

	2023-24 £000	2022-23 £000
Fixed income	4,054	3,802
Equities	13,356	13,343
Private equity / infrastructure	6,906	6,907
Property	3,103	3,396
Total	**27,419**	**27,448**

13. Summary of income from investments

	Notes	2022-24 £000	2023-24 %	2022-23 £000	2022-23 %
Bonds		17,862	11.4	15,606	10.2
Equities		10,356	6.6	7,257	4.7
Pooled investments		97,933	62.3	97,769	63.9
Private equity / infrastructure		9,941	6.3	11,271	7.4
Property	**14**	11,556	7.4	11,456	7.4
Pooled property investments		5,518	3.5	7,028	4.6
Cash and cash equivalents		3,884	2.5	2,621	1.7
Stock lending		98	0.1	103	0.1
Total before taxes		**157,148**	**100.0**	**153,112**	**100.0**

14. Property income and expenditure

	2023-24 £000	2022-23 £000
Rental income from investment properties	21,215	19,962
Direct operating expenses	-9,659	-8,506
Net operating income from property	**11,556**	**11,456**

Rental income for 2023-24 is net of provision for doubtful debts of £5.8m (2022-23 £4.7m).

15. Investments

	Market Value as at 31 March 24 £000	Market Value as at 31 March 23 £000
Investment assets		
Bonds	400,903	356,101
Equities	406,065	363,714
Pooled investments		
Fixed income	792,897	711,013
Equities	4,390,583	4,312,029
Absolute return	410,961	573,683
Private equity/infrastructure funds	752,917	614,963
Property	461,774	501,584
Pooled property investments	265,421	280,305
Derivatives-forward currency contracts	375	5,562
Investment cash and cash equivalents	240,140	127,035
Investment income due	15,396	14,404
Amounts receivable for sales	1,247	0
Margin cash	1,307	0
Total investment assets	**8,139,986**	**7,860,392**
Investment liabilities		
Amounts payable for purchases	-2,444	-2,169
Margin cash liability	0	-5,010
Provision for doubtful debts	-5,811	-4,735
Derivatives-forward currency contracts	-1,355	-409
Total investment liabilities	**-9,611**	**-12,323**
Net investment assets	**8,130,374**	**7,848,069**

Investment income due (debtors) includes a sum of £8.3m (2022-23 £7.5m) for rents and service charges payable by tenants of properties owned by the Pension Fund. Due to continued effects of the pandemic on rent collection, there is a high likelihood that a significant portion will not be fully recovered. A provision of £5.8m (2022-23 £4.7m) has therefore been made for doubtful rent debts.

15a. Reconciliation of movements in investments and derivatives

	Market Value as at 31 March 23 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Market Value as at 31 March 24 £000
Bonds	356,101	99,347	-62,739	8,195	400,903
Equities	363,714	106,315	-107,103	43,139	406,065
Pooled investments	5,596,724	85,998	-179,148	90,867	5,594,441
Private equity/infrastructure	614,963	152,637	-43,045	28,362	752,917
Property	501,584	0	-19,766	-20,044	461,773
Pooled property investments	280,305	31,525	-35,052	-11,357	265,421
	7,713,391	475,821	-446,853	139,161	7,881,520
Derivative contracts					
- Forward currency contracts	5,153	2,807,373	-2,820,084	6,577	-981
	7,718,544	**3,283,194**	**-3,266,937**	**145,738**	**7,880,540**
Other investment balances					
- Investment cash and cash equivalents	127,035	167,933		1,495	240,140
- Amounts receivable for sales	0				1,247
- Amounts payable for purchases	-2,169				-2,444
- Margin cash liability	-5,010				1,307
- Investment income due	14,404				15,396
- Provision for doubtful debt	-4,735				-5,811
Net investment assets	**7,848,069**	**3,451,127**	**-3,266,937**	**147,233**	**8,130,374**

	Market Value as at 31 March 22 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Market Value as at 31 March 23 £000
Bonds	379,027	62,081	-73,921	-11,086	356,101
Equities	371,946	127,202	-124,305	-11,129	363,714
Pooled investments	5,414,155	84,969	-1,309	98,909	5,596,724
Private equity/infrastructure	464,955	132,147	-36,525	54,385	614,962
Property	577,934	0	0	-76,350	501,584
Pooled property investments	324,287	1,251	-6,983	-38,250	280,305
	7,532,304	407,650	-243,043	16,478	7,713,389
Derivative contracts					
- Forward currency contracts	-8,362	3,286,774	-3,252,871	-20,388	5,153
	7,523,942	**3,694,424**	**-3,495,914**	**-3,910**	**7,718,542**
Other investment balances					
- Investment cash and cash equivalents	155,305			206	127,035
- Cash pending issue of units					
- Amounts receivable for sales	788				0
- Amounts payable for purchases	-800				-2,169
- Margin cash asset	8,548				-5,010
- Investment income due	13,800				14,404
- Provision for doubtful debt	-4,544				-4,735
Net investment assets	**7,697,039**	**3,694,424**	**-3,495,914**	**-3,704**	**7,848,067**

15b. Analysis of derivative contracts

Objectives and policy for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the investment manager.

Open forward currency contracts

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant portion of the Fund's fixed income portfolio managed by Goldman Sachs Asset Management is invested in overseas securities. To reduce the volatility associated with fluctuating currency rates, the investment manager hedges the overseas exposure of the portfolio.

Settlement	Currency bought	Local value £000	Currency sold	Local value £000	Asset value £000	Liability value £000
Up to one month	GBP	51	EUR	-59	0	0
Up to one month	GBP	201	USD	-254	0	0
Up to one month	GBP	223,325	USD	-283,787	0	-1,312
Up to one month	USD	385	GBP	-302	2	0
Up to one month	GBP	523	USD	-664	0	-3
Up to one month	USD	65	GBP	-52	0	0
Up to one month	GBP	403	USD	-509	0	0
Up to one month	USD	104	GBP	-82	0	0
Up to one month	USD	544	GBP	-430	1	0
Up to one month	USD	1,092	GBP	-870	0	-5
Up to one month	GBP	3	USD	-4	0	0
Up to one month	USD	1,138	GBP	-898	3	0
Up to one month	GBP	811	USD	-1,041	0	-12
Up to one month	USD	30,065	GBP	-23,481	317	0
Up to one month	USD	1,993	GBP	-1,565	13	0
Up to one month	USD	725	GBP	-571	3	0
Up to one month	USD	2,109	GBP	-1,672	0	-2
Up to one month	GBP	6,126	USD	-7,760	0	-16
Up to two months	GBP	1,685	EUR	-1,966	2	0
Up to two months	GBP	341	EUR	-399	0	-1
Up to two months	GBP	81,665	EUR	-95,377	21	0
Up to two months	EUR	4,263	GBP	-3,652	0	-3
Up to two months	GBP	776	EUR	-907	0	0
Up to two months	GBP	550	EUR	-643	0	0
Up to two months	GBP	999	EUR	-1,165	1	0
Up to two months	GBP	1,098	EUR	-1,284	0	-1
Up to two months	GBP	1,981	EUR	-2,301	12	0
					375	-1,355
Net forward currency contracts at 31 March 2024						**-980**
Prior year comparative						
Open forward currency contracts at 31 March 2023					5,562	-409
Net forward currency contracts at 31 March 2023						**5,153**

15c. Property holdings

	Year ending 31 March 24 £000	Year ending 31 March 23 £000
Opening balance	501,584	577,934
Additions	0	0
Disposals	-19,766	0
Net increase in market value	-20,044	-76,350
Closing balance	**461,773**	**501,584**

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop these properties, other than to the extent reported in note 26.

The future minimum lease payments receivable by the Fund are as follows:

	Year ending 31 March 24 £000	Year ending 31 March 23 £000
Within one year	16,658	16,935
Between one and five years	42,615	41,290
Later than five years	30,512	32,204
	89,785	**90,429**

The above disclosures have been reduced by a credit loss allowance of 0.35% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This has been based on the Fund's own historic experience but also information on similar properties received from the Fund's property letting agents. The income has also been reduced to take into account the possibility of tenants taking advantage of break clauses in their non cancellable operating lease contracts to terminate tenancies.

15d. Investments analysed by fund manager

	Market Value as at 31 March 2024 £000	Market Value as at 31 March 2024 %	Market Value as at 31 March 2023 £000	Market Value as at 31 March 2023 %
Investments managed in the ACCESS Pool				
Baillie Gifford	1,204,259	14.8	1,071,672	13.7
M&G	593,948	7.3	536,060	6.8
Ruffer	180,143	2.2	191,519	2.4
Schroders	1,721,968	21.2	1,589,355	20.3
	3,700,318	45.5	3,388,606	43.2
Investments managed outside the ACCESS Pool				
CQS	257,039	3.2	226,095	2.9
DTZ	527,294	6.5	545,702	7.0
Fidelity	135,589	1.7	141,308	1.8
Goldman Sachs	417,890	5.1	385,314	4.9
HarbourVest	304,217	3.7	259,578	3.3
Impax	74,660	0.9	72,807	0.9
Insight	962,656	11.8	1,039,867	13.2
Kames	27,943	0.3	32,132	0.4
Kent County Council investment team	37,430	0.5	86,957	1.1
M&G	318,162	3.9	314,552	4.0
Partners Group	364,661	4.5	273,163	3.5
Pyrford	230,817	2.8	382,164	4.9
Sarasin	425,462	5.2	375,518	4.8
Schroders	259,889	3.2	239,281	3.0
YFM	84,038	1.0	82,222	1.0
Link Fund Solutions	2,308	0.0	2,803	0.0
	4,430,056	54.3	4,459,463	56.8
Total	**8,130,374**	**100**	**7,848,069**	**100**

15e. Single investments exceeding 5% of net assets available for benefits

Investments	31 March 2024 £000	31 March 2024 % of net assets
WS ACCESS Global Equity Core Fund	1,204,259	14.8
WS ACCESS UK Equity Fund	1,246,127	15.3
LDI Solutions Plus ICAV Active (Insight)	793,963	9.8
WS ACCESS Global Dividend Fund	593,948	7.3
WS ACCESS Global Active Value Fund	475,841	5.9

Investments	31 March 2023 £000	31 March 2023 % of net assets
WS ACCESS Global Equity Core Fund	1,071,672	13.7
WS ACCESS UK Equity Fund	1,184,302	15.1
LDI Solutions Plus ICAV Active (Insight)	1,039,867	13.3
WS ACCESS Global Dividend Fund	536,060	6.8

15f. Stock lending

The Custodians undertake a programme of stock lending to approved UK counterparties against non-cash collateral mainly comprising of Sovereigns and Treasury Bonds. The programme lends directly held global equities and bonds to approved borrowers against a collateral of Government and Supranational fixed interest securities of developed countries, which is marked to market on a daily basis. Securities on loan are included at market value in net assets on the basis that they will be returned to the Fund at the end of the loan term. Net income from securities lending received from the custodian is shown as income from investments in the Fund Account.

The amount of securities on loan at year end, analysed by asset class and a description of the collateral is set out in the table below:

31 March 2024

Loan Type	Market Value £000	Collateral Value £000	Collateral type
Equities	7,288	7,543	Treasury Notes and other Government debt
Bonds	33,754	34,934	Treasury Notes and other Government debt
	41,042	**42,478**	

31 March 2023

Loan Type	Market Value £000	Collateral Value £000	Collateral type
Equities	6,483	6,751	Treasury Notes and other Government debt
Bonds	33,470	34,854	Treasury Notes and other Government debt
	39,953	**41,605**	

16. Financial instruments

16a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement heading.

	31 Mar 24 Fair value through profit and loss £000	31 Mar 24 Assets at amortised cost £000	31 Mar 24 Financial liabilities at amortised cost £000	31 Mar 23 Fair value through profit and loss £000	31 Mar 23 Assets at amortised cost £000	31 Mar 23 Financial liabilities at amortised cost £000
Financial assets						
Bonds	400,903			356,101		
Equities	406,065			363,714		
Pooled investments	5,594,441			5,596,724		
Property pooled investments	265,421			280,305		
Private equity/infrastructure	752,917			614,963		
Derivative contracts	375			5,562		
Cash & cash equivalents	230,973	15,587		116,870	11,894	
Other investment balances		17,951			14,404	
Debtors/ receivables		5,272			6,474	
	7,651,095	**38,810**	**0**	**7,334,239**	**32,772**	**0**
Financial Liabilities						
Derivative contracts	-1,355			-409		
Other investment balances			-8,256			-11,904
Creditors			-11,524			-11,874
	-1,355	**0**	**-19,780**	**-409**	**0**	**-23,778**
Total	**7,649,740**	**38,810**	**-19,780**	**7,333,830**	**32,772**	**-23,778**

16b. Net gains and losses on financial instruments

Financial assets	**31 March 2024 £000**	**31 March 2023 £000**
Fair value through profit and loss	166,543	72,442
Assets at amortised cost	734	206
Total	**167,278**	**72,648**

17. Valuation of assets and liabilities carried at fair value

The basis of the valuation of each class of investment asset is set out in the following table. There has been no change in the valuation techniques used during the year. All assets are carried at and have been valued using fair value techniques.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation provided
Quoted equities	1	Bid market price on last day of accounting period	Not required	Not required
Quoted bonds	1	Market value on last day of accounting period	Not required	Not required
Quoted pooled investments	1	Net asset value/bid prices on last day of accounting period	Net asset values	Not required
Cash and cash equivalents	1	Carrying value is deemed to be fair value due to short term nature of these instruments	Not required	Not required
Unquoted pooled investments including pooled property	2	Net asset value/bid prices on last day of accounting period	Net asset values	Not required
Private equity and infrastructure funds	3	Fair values as per international private equity and venture capital guidelines (2012)	Valuation of underlying investment/assets/ companies/EBITDA multiples	Estimation techniques used in valuations, changes in market conditions, industry specific conditions
Property	2	Independent valuation by Colliers using RICS valuation standards	Market values of similar properties, existing lease terms estimated rental growth, estimated vacancies	Not required
Quoted funds in administration	3	Net asset value/bid prices on last day of accounting period	Net asset values /or if the fund holds illiquid assets, valuation of underlying investment/assets/ companies/EBITDA multiples	If the fund holds illiquid assets, estimation techniques used in valuations, changes in market conditions, industry specific conditions
Forward exchange contracts	2	Market forward exchange rates on the last day of accounting period	Wide range of deals executed in the currency markets, exchange rate risk	Not required
Bespoke fund for equity protection programme assets	2	Net asset value of Fund based on valuation of underlying assets with quoted prices for bond holdings and market prices for derivative	Wide range of deals executed in the bond holdings but limited comparable transactions for specialist equity derivatives	Valuation of derivatives is affected by the equity and foreign exchange market conditions

Note: Quoted fund in administration refers to the UK equities Fund managed by Link Fund Solutions. Bespoke fund for equity protection programme assets is managed by Insight.

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above, are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Assessed valuation range (+/-)	Value as at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Private equity	23.7%	388,256	480,273	296,239
Infrastructure	11.7%	364,661	407,326	321,996
Other level 3 investments	23.7%	2,308	2,855	1,761
Total		755,225	890,454	619,996

	Assessed valuation range (+/-)	Value as at 31 March 2023 £000	Value on increase £000	Value on decrease £000
Private equity	23.7%	341,800	422,807	260,793
Infrastructure	11.7%	273,163	305,123	241,203
Other level 3 investments	23.7%	2,803	3,467	2,139
Total		617,766	731,397	504,135

17a. Fair Value Hierarchy

Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Investments include quoted equities, quoted fixed interest securities, quoted index linked securities and quoted unit trusts.

Level 2

Assets and liabilities at Level 2 are those where quoted market prices are not available or where valuation techniques are used to determine fair value. These techniques use inputs that are based significantly on observable market data. Investments include derivatives, direct property investments, property unit trusts and investments in Link pooled funds for ACCESS.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data and are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. They include private equity and infrastructure investments the values of which are based on valuations provided by the general partners to the funds in which the Pension Fund has invested. Assurances over the valuation are gained from the independent audit of the accounts. These assets also include investments in quoted funds that were in administration as at 31 March 2024 and are invested in illiquid underlying assets.

These valuations are prepared by the fund managers in accordance with generally accepted accounting principles and the requirements of the law where these companies are incorporated. Valuations are usually undertaken periodically by the fund managers, who provide a detailed breakdown of the valuations of underlying assets as well as a reconciliation of movements in fair values. Cash flow adjustments are used to roll forward the valuations where the latest valuation information is not available at the time of reporting. The following table provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2024	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	400,903			400,903
Equities	406,065			406,065
Pooled investments	565,365	5,026,768	2,308	5,594,441
Pooled property investments		265,421		265,421
Private equity and infrastructure			752,917	752,917
Derivatives		375		375
Cash deposits	240,140			240,140
Other investment balances	17,951			17,951
Non- Financial assets at fair value through profit and loss				
Property		461,773		461,773
Financial liabilities at fair value through profit and loss				
Derivatives		-1,355		-1,355
Other investment liabilities	-8,256			-8,256
Net investment assets	**1,622,167**	**5,752,983**	**755,225**	**8,130,375**

Values at 31 March 2023	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	356,101			356,101
Equities	363,714			363,714
Pooled investments	694,252	4,899,671	2,803	5,596,725
Pooled property investments		280,305		280,305
Private equity and infrastructure			614,963	614,963
Derivatives		5,562		5,562
Cash deposits	127,035			127,035
Other investment balances	9,393			9,393
Non- Financial assets at fair value through profit and loss				
Property		501,584		501,584
Financial liabilities at fair value through profit and loss				
Derivatives		-409		-409
Other investment liabilities	-6,904			-6,904
Net investment assets	**1,543,591**	**5,686,713**	**617,766**	**7,848,069**

17b. Reconciliation of fair value measurements within level 3

	Private equity £000	Infrastructure £000	Other £000	Total £000
Market value 1 April 2023	341,800	273,163	2,803	617,766
Transfers into level 3				0
Transfers out of level 3				0
Purchases during the year	69,615	83,023	0	152,637
Sales during the year	-41,292	-1,753	-12,148	-55,193
Unrealised gains/ losses	-7,860	9,404	0	1,544
Realised gains/losses	25,994	824	11,653	38,471
Market value 31 March 2024	**388,256**	**364,661**	**2,308**	**755,225**

18. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the value of its assets will fall short that of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value and to maximise the opportunity for gains across the whole Fund 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 Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Kent Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risks, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to security and derivative price risks. This arises from investments held by the Fund for which the future price is uncertain. All security investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The possible loss from shares sold short is unlimited. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments, and their activity is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Other price risk - sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Council has determined that the following movements in market price risk are reasonably possible for the 2023-24 reporting period.

Asset Type	Potential Market Movements (+/-)
UK Equities	15.3
Overseas equities	15.4
Global pooled equities inc UK	15.4
Bonds	7.4
Property	9.0
Infrastructure	11.7
Private equity	23.7

The potential price changes disclosed above are based on predicted volatilities calculated by our fund managers. The analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is shown below):

Asset Type	Value as at 31 March 24 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	240,140	0.0	240,140	240,140
Investment portfolio assets:				
UK equities	38,058	15.3	43,881	32,235
Overseas equities	368,006	15.4	424,679	311,333
Global pooled equities inc UK	4,801,544	15.4	5,540,982	4,062,106
Bonds incl bond funds	1,193,801	7.4	1,282,142	1,105,460
Property pooled funds	265,421	9.0	289,309	241,533
Private equity	388,256	23.7	480,273	296,239
Infrastructure funds	364,661	11.7	407,326	321,995
Derivative assets	375	0.0	375	375
Total	**7,660,262**		**8,709,106**	**6,611,417**

The Fund has an equities downside protection programme to protect the Fund from falls and cap the returns within a given range and is designed to manage the risks associated with global equity investments and help achieve the Fund's required rate of return.

Asset Type	Value as at 31 March 23 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	128,764	0.0	128,764	128,764
Investment portfolio assets:				
UK equities	55,534	15.3	64,031	47,037
Overseas equities	308,180	15.4	355,639	260,720
Global pooled equities inc UK	4,885,711	15.4	5,638,111	4,133,312
Bonds inc bond funds	1,067,114	7.4	1,146,081	988,148
Property pooled funds	280,305	9.0	305,533	255,078
Private equity	341,800	23.7	422,806	260,793
Infrastructure funds	273,163	11.7	305,123	241,203
Derivative assets	5,562	0.00	5,562	5,562
Total	**7,346,133**		**8,371,650**	**6,320,617**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposures to interest rate movements as at 31 March 2024 and 31 March 2023 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset type	31 March 24 £000s	31 March 23 £000s
Cash and cash equivalents	240,140	127,035
Cash balances	6,421	1,729
Bonds		
- Directly held securities	400,903	356,101
- Pooled funds	792,897	711,013
Total	**1,440,361**	**1,195,878**

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A one percent movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than one percent from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- one percent change in interest rates:

Asset type	Carrying amount as at 31 March 24 £000	Change in year in the net assets available to pay benefits +1% £000	Change in year in the net assets available to pay benefits +1% £000
Cash and cash equivalents	240,140	0	0
Cash balances	6,421	0	0
Bonds			
- Directly held securities	400,903	-15,555	15,555
- Pooled funds	792,897	-12,344	12,344
Total change in assets available	**1,440,361**	**-27,899**	**27,899**

Asset type	Carrying amount as at 31 March 23 £000	Change in year in the net assets available to pay benefits +1% £000	Change in year in the net assets available to pay benefits +1% £000
Cash and cash equivalents	127,035	0	0
Cash balances	1,729	0	0
Bonds			
- Directly held securities	356,101	-13,817	13,817
- Pooled funds	711,013	-11,286	11,286
Total change in assets available	**1,195,878**	**-25,103**	**25,103**

Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits. The analysis demonstrates that a 100 bps increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect interest income received on those balances.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Through their investment managers, the Fund holds both monetary and non-monetary assets denominated in currencies other than GBP, the functional currency of the Fund. Most of these assets are not hedged for currency risk and the Fund is exposed to currency risk on these financial instruments. However, a significant proportion of the investments managed by Goldman Sachs Asset Management and all investments in the CQS Fund are hedged for currency risk through forward currency contracts. The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to current fluctuations. The following table summarises the Fund's currency exposure excluding the hedged investments as at 31 March 2024 and 2023:

Currency exposure - asset type	Asset value as at 31 March 24 £000	Asset value as at 31 March 23 £000
Overseas equities	368,006	308,180
Overseas pooled funds	3,829,079	3,944,244
Overseas bonds	0	0
Overseas private equity, infrastructure and property funds	668,878	532,741
Non GBP cash	6,758	3,116
Total overseas assets	**4,872,722**	**4,788,281**

Currency risk - sensitivity analysis

Following analysis of historical data and expected currency movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in the values of financial assets denominated in foreign currency are reasonably possible for the 2023-24 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. A relevant strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure - asset type	Asset value as at 31 March 24 £000	Change to net assets available to pay benefits +5.4% £000	Change to net assets available to pay benefits -5.4% £000
Overseas equities	368,006	387,879	348,134
Overseas pooled funds	3,829,079	4,035,849	3,622,309
Overseas bonds	0	0	0
Overseas private equity, infrastructure and property funds	668,878	704,998	632,759
Non GBP cash	6,758	7,123	6,393
Total change in assets available	**4,872,722**	**5,135,849**	**4,609,595**

Currency exposure - asset type	Asset value as at 31 March 23 £000	Change to net assets available to pay benefits +5.4% £000	Change to net assets available to pay benefits -5.4% £000
Overseas equities	308,180	324,821	291,538
Overseas pooled funds	3,944,244	4,157,233	3,731,255
Overseas bonds	0	0	0
Overseas private equity, infrastructure and property funds	532,741	561,509	503,973
Non GBP cash	3,116	3,284	2,948
Total change in assets available	**4,788,281**	**5,046,848**	**4,529,714**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment of a receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Derivative contracts are also covered by margins which provide collateral against risk of default by the counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund has also set limits as to the maximum amount that may be placed with any one financial institution. The Fund's cash was held with the following institutions:

	Rating	Balance as at 31 March 24 £000	Balance as at 31 March 23 £000
Money market funds			
Northern Trust Sterling Fund	AAAm	18,372	12,295
SSGA Liquidity Fund	AAAm	0	0
Blackrock ICS	AAAm	41	43,648
Blackrock USD Government Liquidity Fund	AAAm	8	3,047
Aberdeen Sterling Liquidity Fund	AAAm	5	88
Goldman Sachs Liquid Reserve Government Fund	AAAm	6,478	17,481
Aviva Investors Sterling Liquidity Fund	AAAm	7,889	6,409
Federated (PR) Short-term GBP Prime Fund	AAAm	0	0
Deutsche Managed Sterling Fund	AAAm	2,330	3,923
HSBC Global Liquidity Fund	AAAm	0	0
LGIM Liquidity Fund	AAAm	25,315	28,043
Insight Sterling Liquidity Fund	AAAm	168,694	0
		229,132	**114,933**
Bank deposit accounts			
NatWest SIBA	A+	1,841	1,799
		1,841	**1,799**
Bank current accounts			
NatWest current account	A-	50	50
NatWest current account - Euro	A+	134	891
NatWest current account - USD	A+	9	651
Northern Trust - current accounts	AA-	12,802	8,214
Barclays - DTZ client monies account	A+	2,592	2,225
		15,588	**12,032**
Total cash and cash equivalents		**246,560**	**128,764**

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments. The Council has immediate access to the Fund's money market fund and current account holdings.

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund’s cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2024 are due within one year.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

19. Funding arrangements

In line with Local Government Pension Scheme (Administration) Regulations 2013 (as amended), the Fund is required to obtain an actuary's funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund and ensure that sufficient funds are available to meet all the benefits as they fall due for payment

- To ensure employer contribution rates are as stable as possible

- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return

- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so

At the 2022 valuation a maximum deficit recovery period of 11 years (2019 - 14 years) is used for all employers. Shorter recovery periods have been used where affordable. This will provide a buffer for future adverse experience and reduce the interest cost paid by employers. For Transferee Admission Bodies the deficit recovery period is set equal to the future working life of current employees or the remaining contract period, whichever is the shorter.

In the 2022 triennial valuation, the smoothed value of the Fund's assets at the valuation date was £7,555m and the liabilities were £7,374m. The assets therefore, represented 102% (2019 - 98%) of the Fund's accrued liabilities, allowing for future pay increases.

The primary contribution rate for the average employer, including payments to target full funding has increased from 18.4% to 20.5% of pensionable salaries after the latest valuation. Secondary rates however differ from employer to employer depending upon their funding position and agreed deficit recovery period. The funding level for the Fund as a percentage has increased (due to good investment returns and employer contributions) although this has been partly offset by the changes in the financial assumptions used to calculate the liabilities.

The actuarial valuation has been undertaken on the projected unit method. At individual employer level the projected unit funding method has been used where there is an expectation that new employees will be admitted to the Fund. The attained age method has been used for employers who do not allow new entrants. These methods assess the costs of benefits accruing to existing members during the remaining working lifetime, allowing for future salary increases. The resulting contribution rate is adjusted to allow for any differences in the value of accrued liabilities and the market value of assets.

The 2022 actuarial assumptions were as follows:

Valuation of Assets:	Assets have been valued at a 6 month smoothed market rate
Rate of return on investments (discount rate)	4.5% p.a.
Rate of general pay increases:	
Long term	3.9% p.a.
Short Term	n/a
Assumed pension increases	2.9% p.a.

20. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, every year the Fund's actuary undertakes a valuation of the Fund's liabilities on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

Actuarial present value of promised retirement benefits	31 March 24 £m	31 March 23 £m
Present value of promised retirement benefits	-7,923.6	-7,735.4
Fair value of scheme assets at bid value	8,134.2	7,831.8
Net asset	210.6	96.4

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. Based on the latest valuation, the fair value of net assets of the Fund represents 103% of the actuarial valuation of the promised retirement benefits. Future liabilities will be funded from future contributions from employers.

The liability above being calculated on an IAS 19 basis and differs from the results of the 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects a market rate.

Assumptions used:	**% p.a.**
Salary increase rate	3.90%
Inflation/Pensions increase rate	2.90%
Discount rate	4.90%

In December 2018 the Court of Appeal passed the McCloud judgement, which relates to age discrimination in relation to judges and firefighters pensions. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases and legislation is now being drafted to bring forward these changes. Updated Regulations are to be consulted on in 2023 with the earliest effective date expected to be October 2023. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. For the 2022 valuation, as instructed by the Department of Levelling Up, Housing and Communities (DLUHC), our actuaries have assumed that the legislation will bring forward the changes as currently proposed, and have valued the benefits in line with this. This exercise has estimated the additional costs to be approximately 0.7% of the Fund's liabilities and these have been included in the total liabilities of the Fund at the 2022 valuation.

21. Current assets

	31 March 24 £000	31 March 23 £000
Debtors		
- Contributions due - employees	5,391	4,759
- Contributions due - employers	17,694	16,541
	23,085	21,300
Sundry debtors	5,272	6,474
Total debtors	**28,357**	**27,774**
Cash	6,421	1,729
Total current assets	34,778	29,503

22. Current liabilities

	31 March 24 £000	31 March 23 £000
Creditors		
- Benefits payable	21,559	17,746
- Sundry creditors	11,524	11,874
Total current liabilities	**33,083**	**29,620**

23. Additional voluntary contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4(2)(b) of the LGPS (Management and Investment of Funds) Regulations 2009, these AVC contributions are not included within the Pension Fund Accounts. These contributions are paid to the AVC provider directly by the employer and are invested separately from the Pension Fund, with either Utmost Life, Prudential Assurance Company or Standard Life Assurance Company. These amounts are included within the disclosure note figures below.

	Prudential 2023-24 £000	Prudential 2022-23 £000	Standard Life 2023-24 £000	Standard Life 2022-23 £000	Utmost Life 2023-24 £000	Utmost Life 2022-23 £000
Value at 1 April		10,286	1,914	2,043	277	330
Value at 31 March		10,054	1,918	1,914	282	277
Contributions paid		2,309	318	186	1	3

24. Related party transactions

The Fund is required to disclose material transactions with related parties, not disclosed elsewhere, in a note to the financial statements. During the year each member of the Kent Pension Fund Committee is required to declare their interests at each meeting. None of the members of the Committee or senior officers undertook any material transactions with the Fund.

	2023-24 £000	2022-23 £000
KCC is the largest single employer of members of the Fund and during the year contributed:	88,527	83,624
A list of all contributing employers and amount of contributions received is included in the Fund's annual report available on the pension fund website		
Charges from KCC to the Fund in respect of pension administration, governance arrangements, investment monitoring, legal and other services.	6,497	4,118
Year end balance due to KCC arising out of transactions between Kent County Council and the Fund	-6,252	-6,934

The year end credit balance due to KCC mainly comprises of recharges and of VAT payable to KCC.

Key management personnel

The employees of KCC who held key positions in the financial management of the Fund during 2023-24 was the Corporate Director Finance (and the Acting Corporate Director Finance) and the Head of Pensions and Treasury.

Total remuneration payable to key management personnel is set our below:

	31 March 24 £000	31 March 23 £000
Salary	306	303
Allowances	18	16
Other	0	0
Employer's pension contributions	56	58
Total	381	377

25. Contingent liabilities

There are no contingent liabilities as at 31 March 2024.

26. Contractual commitments

Outstanding capital commitments (investments) as at 31 March 2024 totalled £309m (31 March 2023: £387m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over the life of each fund.

The fund also had outstanding commitments for the purchase of property of £4m and for sales of £1.4m.

27. Contingent assets

38 admitted body employers in the Fund hold insurance bonds and 12 hold guarantees with their Employing Authority to guard against the possibility of being unable to meet their pension obligations. These bonds and guarantees are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

Glossary of terms

Agency - The provision of services by one local authority, on behalf of and reimbursed by the responsible local authority or central government.

Budget - A statement defining the Council's policy over a specified period and expressed in financial or other terms.

Capital expenditure - Expenditure on the provision and improvement of permanent assets such as land, buildings, and roads.

Capital receipts - Money obtained on the sale of a capital asset.

Derivatives - A derivative is a contract that derives its value from the performance of an underlying entity. Common derivatives include forwards, futures, options, and swaps.

Employee expenditure - The salaries and wages of employees together with national insurance, superannuation, and all other pay-related allowances. Training expenses and professional fees are also included.

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. Page 33 of the accounts provides clarification of level 2 and 3 inputs.

Government grants - Part of the cost of local government's services is paid for by central government from its own tax income. These grants are of two main types. Some (specific grants and supplementary grants) are for particular services such as Highways and Transportation. Others are in aid of local services generally.

Intangible Assets - Capital spend on items such as software licences and patents.

Local Authority Accounting Panel -The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting, Service Reporting Code of Practice, and the Prudential Code.

Long-term debtors - Amounts due to Kent County Council where payment is to be made over a period of time in excess of one year.

Minimum Revenue Provision - The amount that the Council is required to charge to the revenue account each year to provide for the repayment of debt.

Net operating expenditure - This comprises all expenditure minus all income, other than the precept and transfers from reserves.

Non-Delegated - Spend on Education Services which is not delegated to schools.

Precept - The levying of a rate by one authority which is collected by another. Kent County Council precepts upon the district council’s collection funds for its income but some bodies, e.g. the Environment Agency, precept upon Kent County Council.

Public Works Loans Board - A Government controlled agency that provides a source of borrowing for public authorities.

Related party transaction - A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Revenue expenditure - Expenditure to meet the continuing cost of services including salaries, purchase of materials, and capital financing charges.

Revenue expenditure funded from capital under statute (Refcus) - Refcus includes expenditure that has been treated as capital expenditure but does not lead to the acquisition by the Council of a tangible asset.

Specific grants - See 'government grants'.

Support service costs - The 'overhead' cost to Service Directorates of support services, such as architects, accountants, and solicitors.

Unusable reserves - Those reserves that the Council is not able to utilise to provide a service.

Usable capital receipts - The proportion of the proceeds arising from the sale of fixed assets that can be used to finance capital expenditure.

Further information on the accounts can be obtained from the Chief Accountant (please call 03000 41 41 41).

This publication can be made available in alternative formats and can be explained in a range of languages. Please call 03000 41 41 41 or Text Relay 18001 03000 41 41 41.