

This Report will be made
public on 6 October
2026



Report Number **C/26/32**

To: Cabinet
Date: 14 October 2026
Status: Non-key Decision
Corporate Director: Andy Blaszkowicz, Corporate Director – Housing & Operations
Cabinet Member: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance
Oportunitas Chair: Councillor Rich Holgate
Subject: **OPORTUNITAS LIMITED PROVISIONAL OUTTURN 2025/26 AND Q1 FINANCIAL UPDATE 2026/27**

SUMMARY:

This report considers the provisional outturn for Oportunitas Limited (the company) submitted by its Board for 2025/26 and the quarter 1 (Q1) financial update for 2026/27, including a projected outturn for the profit and loss account for the period to 31 March 2027 compared to the original forecast, based on activity to 30 June 2026. The report meets the requirement contained in the Shareholder's agreement between the company and the Council.

REASONS FOR RECOMMENDATION:

Cabinet is asked to agree the recommendations set out below because:

- a) The Shareholder Agreement requires regular financial performance reporting from the Board of Directors to the Council.

RECOMMENDATIONS:

1. To receive and note Report C/26/32.
2. To receive and note the provisional outturn for 2025/26 for Oportunitas Limited (Appendix A).
3. To receive and note the Q1 26/27 financial update for Oportunitas Ltd (appendix B).

1. INTRODUCTION

- 1.1 The Shareholder Agreement requires the company to prepare and submit regular financial updates to the Council for its operating activities. This report provides a financial update for the first quarter of the current year including the latest projected outturn for the company's profit and loss account for the financial year ending 31 March 2027 compared to the original forecast for the year which was set as part of the current approved Business Plan. It also provides the provisional outturn for 2025/26, for the financial year ended 31 March 2026 (subject to audit).

2. INVESTMENT PORTFOLIO UPDATE

- 2.1 Since the Council established the company in 2014, it has invested approximately £11.7m to enable the company to acquire property, almost exclusively for residential lettings. £6.9m of this investment has been met by the Council using prudential borrowing, with the General Fund having to meet the annual capital financing cost arising from this. The remaining investment of about £4.8m has been met from Council reserves.
- 2.2 The company owns 75 residential units and one commercial unit. The current geographical split, value of these units at 31 March 2026 and the latest yield are summarised in table 1 below and shown in detail in Appendix A to the report:

Table 1 – Company Property Portfolio and Valuation

Units	Folkestone	Dover	Total Units	Value £'m	Yield %
Residential	67	8	75	14.299	5.70
Commercial (vacant)	1	-	1	0.050	15.0
Total	68	8	76	14.349	5.73

- 2.3 The company confirmed updated valuations for its property portfolio for accounting requirements. There was a £733k increase in the value of the portfolio reported. The company changed the contracted independent valuers for the 2025/26 financial year from Sibley Pares to Wilks, Head and Eve (WHE). WHE are the Council's valuers for both the Council's own assets and those of the Folkestone Parks and Pleasure Ground Charity. As such, whilst finance officers challenged the valuation with the provider, they confirmed their comfort with the new valuation provided. Separate valuers may use slightly different valuation methodologies; this is likely to explain much of the movement noted between 31 March 2025 and 31 March 2026.
- 2.4 The company continues to operate as an exemplar landlord providing high quality and well maintained rental accommodation primarily in Folkestone. There is high demand in the area which is backed up by high occupancy rates and low void rates.
- 2.5 The company also provides a limited grounds maintenance service primarily for tree-related work to external customers using available capacity with the Council's Grounds Maintenance Unit.

- 2.6 No further capital investment is planned by the Council in the company at this time, and there are currently no plans to dispose of any of the company's property portfolio over the business plan period.
- 2.7 The stock condition survey was carried out between November 2025 and March 2026. A number of high priority works were identified within the stock condition survey which are to be carried out in 2026/27. These are estimated to be approximately £127k. An annual major repairs provision to cover large one-off works required for the portfolio is provided at 5% of the gross rent income. For 2026/27 this will be £41,100, however this has been reallocated for the identified high priority works. Generally speaking, the condition of the stock is in good order and these works are concentrated on the older properties within the portfolio. It is anticipated at this stage that future identified works through the stock condition survey will be funded with the major repairs provision.

3. FINANCIAL UPDATE

- 3.1 The 2025/26 provisional outturn is attached to this report at appendix A. This outturn remains subject to external audit and therefore the balances reported require updating but we do not expect material changes. The external audit and final accounts are progressing well and we expect the auditor's work to complete in October 2026, following which the final accounts will be brought to the Board and Cabinet ahead of their filing with Companies House by 31 December 2026.
- 3.2 Attached at Appendix B is the quarter 1 financial update for Oportunitas providing actuals to 30 June 2026 and projections to the 31 March 2027. The projected outturn shows a pre-tax operating profit of £41.1k for the year, a decrease of £6.6k compared to £47.7k profit forecast in the business plan, as explained by the variance table at paragraph 2.2 of the Board report.
- 3.3 Following the decision by the Ministry of Housing, Communities and Local Government (MHCLG) on 7 September 2026 to pause the Kent and Medway local government reorganisation plans whilst a review is undertaken, there are no expected impacts to the business plan.

4. CONCLUSIONS

- 4.1 The provisional outturn for 2025/26 highlights a profit of £98k (before tax), an increase of £88.3k compared to the budget. The reasons for this are set out in paragraph 2.2 of the Board report attached at appendix A.
- 4.2 The Q1 financial update forecasts a £6.6k decrease against budget, for the reasons set out in paragraph 2.2 of the Board report attached at appendix B.

5. RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

PERCEIVED RISK	SERIOUSNESS	LIKELIHOOD	PREVENTATIVE ACTION
The company fail to meet their interest and loan repayment obligations to the Council on time	High	Low	Regular financial updates from the Board to Cabinet to provide an early warning of any cash flow issues for the company. Loans are secured on the investment assets of the company.
Company's turnover is less than forecast and/or costs are higher than expected	High	Medium	Regular Board meetings monitor rental income and vacant units. Some limited flexibility to delay expenditure and manage the cash flow. The Council provides the company with a £300k temporary loan facility to manage cash flow fluctuations.
The Council's interest rate costs rise	Medium	Medium	Loan agreement with company set to a variable rate of 2% above Council's borrowing cost to mitigate.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (KP)

The Shareholder Agreement between the Council and the company requires the company to provide the Council with regular financial performance information and a Business Plan to be approved for the next trading period. This report satisfies those

requirements. There are no recommendations requiring a Council decision to be made and there are no further legal implications arising from this report.

6.2 Finance Officer's Comments (JS)

The report has been prepared by Financial Services and the relevant financial implications are contained within it.

6.3 Diversities and Equalities Implications (GE)

There are no equalities or diversities implications arising directly from this report. The report does not cover a new service/policy, or a revision of an existing service or policy therefore does not require an EIA.

6.4 Climate Change Implications (JW)

There are no climate change implications arising directly from the Business Plan report. The Business Plan mentions the stock condition survey. This will include reviewing EPC's and an assessment of getting all stock to EPC C by 2030.

7. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Jonathan Smith
Chief Officer, Financial Services
Tel: 01303 853780 Email: jonathan.smith@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:
None

Appendices:

Appendix A – Oportunitas Provisional Outturn 2025/26

Appendix B – Oportunitas Quarter 1 financial update