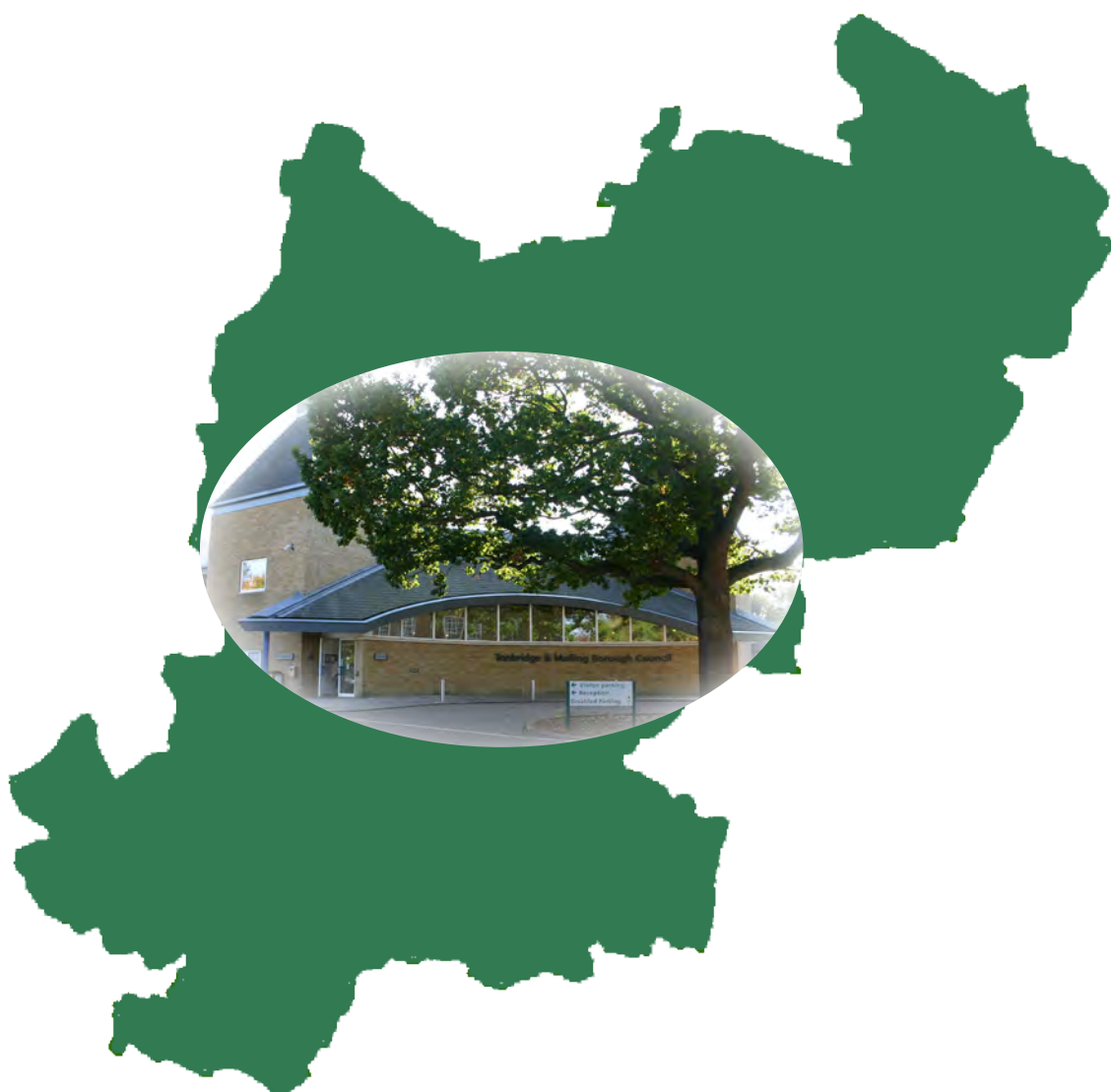


# Statement of Accounts

2021/22



The accounts are only draft and the date of issue is on page 16.

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# NARRATIVE REPORT

## 1. INTRODUCTION

The Council has published a [Corporate Strategy](#). The Strategy sets out Our Vision: To continue to be a financially sustainable Council with strong leadership that delivers valued services, a commitment to delivering innovation and change to meet the needs of our Borough guided by our values and priorities:

- Achieving efficiency;
- Embracing effective partnership working;
- Valuing our environment and encouraging sustainable growth; and
- Innovation.

A [one-year Addendum](#) has been added to the Corporate Strategy to provide a framework within which to consider a wide range of issues in response to the Covid-19 pandemic and development of a future recovery plan and the production of a second-year addendum planned.

The Narrative Report provides, amongst other things, an overview of the Borough Council; a brief explanation of the financial aspects of the Council's activities for the year 2021/22; a review of the year; and possible issues for the future.

## 2. OVERVIEW OF TONBRIDGE AND MALLING BOROUGH COUNCIL

### The Borough

The Borough of Tonbridge and Malling is one of 12 districts in the County of Kent. It was established in 1974 by the merger of the Urban District of Tonbridge, the Rural District of Malling and parts of the Rural District of Tonbridge.

The Borough, with a population of 132,000, covers an area of 240km<sup>2</sup> and is located in west Kent. Immediately to the east lies the county town of Maidstone. Sevenoaks lies some 10km to the west and Tunbridge Wells is located to the south close to the market town of Tonbridge. The Borough does not have a single urban focus but comprises a number of diverse, contrasting settlements and neighbourhoods.

It stretches north, beyond the M2 motorway, encompassing Blue Bell Hill village and parts of Walderslade on top of the North Downs. To the south of the M2 is an area of the Borough known locally as the 'Medway Gap' where the River Medway cuts through the North Downs. This area includes a number of villages on the east and west banks of the River Medway which are based on a history of cement and papermaking. The urban area immediately to the south, which has resulted from the amalgamation of a series of former villages, comprises the parishes of Leybourne, East Malling and Larkfield, Ditton and Aylesford, and looks predominantly eastwards to Maidstone for other than day-to-day services.

Most of the Borough is rural in character, with villages and small towns of varying size and character, many of which are of architectural or historic interest. The largest rural settlements are West Malling, Borough Green, Hadlow, Hildenborough and East Peckham. Kings Hill is a new mixed use community constructed on the former West Malling Airfield.

## **The Council**

The Borough of Tonbridge and Malling is served by 54 Councillors, representing 24 wards. Local Councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which he or she has been elected to serve a term of office. Elections of the whole Council are held every four years and the last election took place in May 2019. The current make-up of the Council is Conservatives 36, Liberal Democrats 9, Green Party 4, Independent Alliance (Kent) 3, Labour 1 and Independent 1.

The Council operates on a system of Cabinet decision-making whereby the Leader and six Cabinet members are responsible for most day-to-day decisions. The Leader and each member of the Cabinet have responsibility for particular service areas. Members of the Cabinet are appointed annually by Full Council.

At 31 March 2022 the Cabinet comprised the following Councillors:

Cllr Matthew Boughton	Leader and Strategic Planning and Infrastructure
Cllr Robin Betts	Environment and Climate Change
Cllr Vivian Branson	Economic Regeneration
Cllr Martin Coffin	Finance, Innovation and Property
Cllr Des Keers	Community Services
Cllr Piers Montague	Technical and Waste Services
Cllr Kim Tanner	Housing

In addition to Cabinet there are a number of Committees with delegated responsibility for specific functions such as planning decisions. The Council also has a system of Advisory Boards which gives all Councillors the chance to discuss matters as they arise and assist the Cabinet in its decision-making. Members of Committees and Advisory Boards are appointed annually by full Council.

The full Council of 54 members approves and adopts the budget and key policies within which Cabinet decisions are taken. Council holds the Cabinet and Committees to account for the decisions they take.

Further information on how the Council works can be found on the Council's [website](#).

## **Senior Management and Services**

The Chief Executive is the most senior officer with overall responsibility to the Council for the management of its affairs and leads the Council's Corporate Management Team. The Chief Executive and four Directors make up the Council's Corporate Management Team.

Service areas are aligned with the Corporate Management Team as follows:

- Chief Executive and Head of Paid Service and Returning Officer for elections, Julie Beilby. Service responsibilities include conduct of elections, corporate policy, economic development / regeneration and electoral registration.
- Director of Central Services and Deputy Chief Executive and Monitoring Officer, Adrian Stanfield. Service responsibilities include customer services, local land charges, democratic services, licensing, personnel and property.
- Director of Finance and Transformation and Section 151 Officer, Sharon Shelton. Service responsibilities include accountancy, business rates, council tax, housing benefits, information technology and local council tax support.
- Director of Planning, Housing and Environmental Health, Eleanor Hoyle. Service responsibilities include building control, development control, environmental protection, homelessness, housing advice and local plan.

- Director of Street Scene, Leisure and Technical Services, Robert Styles. Service responsibilities include car parking, leisure centres, parks and open spaces, refuse collection and recycling and street cleansing.

Further information on the Council's senior management can be found on the Council's [website](#).

### 3. OVERVIEW OF STATEMENT OF ACCOUNTS

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. The Code is based on a hierarchy of approved accounting standards.

There have been no material changes to the presentation of the Accounts for 2021/22.

The accounting convention adopted for the preparation of the Accounts is an historical basis modified for the revaluation of certain categories of assets. The Accounts are supported by Accounting Policies and by various notes to the Accounts.

The Council's Accounts for the year 2021/22 in addition to the Narrative Report consists of the following sections.

#### **Statement of Responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Authority and the Council's responsible financial officer. The Statement is signed when the Accounts are authorised for audit and again following the audit of the Accounts.

#### **Core Financial Statements**

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

- **Comprehensive Income and Expenditure Statement**

This 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 Movement in Reserves Statement and Expenditure and Funding Analysis.

- **Movement in Reserves Statement**

This 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'. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

- **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide

services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- **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 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 to the Core Financial Statements**

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used, for example, the method of depreciation used, policies in respect of provisions and reserves and accounting for pension costs. The notes also disclose information required by the Code that is not presented elsewhere in the financial statements. They also provide information that is not provided elsewhere in the financial statements, but is relevant to understanding them.

### **Supplementary Financial Statements**

In addition to the four core statements the following supplementary statement and associated notes are included within the Accounts.

- **Collection Fund and Associated Notes**

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

### **Annual Governance Statement**

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

### **Independent Auditor's Report**

The Council's independent external auditors provide an independent opinion on whether the financial statements present a "true and fair view" of the financial position of the Council at the Balance Sheet date and its income and expenditure for the year. They also report on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

#### **4. FINANCIAL PERFORMANCE**

##### **Day to Day Expenditure and Income**

The revenue account - known as the General Fund – shows the net cost of providing day-to-day services. The following paragraphs and tables provide details of actual General Fund spend compared to the budget on which the council tax was set. This is different to the accounting cost reflected within the financial statements whose format is set out under the accounting code.

In February 2021 the Council set a net revenue budget of £17,106,000. This was to be met from council tax income of £11,277,000, business rates of £2,140,000, New Homes Bonus of £2,210,000, other grants and contributions of £1,590,000, council tax surplus of £19,000 and a net contribution from specific revenue reserves for specific projects/purposes of £275,000; offset by a contribution of £405,000 to the general revenue reserve.

The revised net revenue budget of £17,359,000 prepared in the year was £253,000 more than the original budget set by the Council in February 2021. This, together with a decrease of £206,000 in the planned net contribution from specific revenue reserves; offset by an increase of £454,000 in other grants and contributions and an increase in business rates of £27,000, led to a contribution to the general revenue reserve of £427,000 compared to the estimated contribution to the reserve of £405,000 when the budget was set in February 2021, a difference of £22,000.

The actual spend (net) for the year of £14,963,000 was £2,143,000 less than the original budget set by the Council in February 2021. This, together with an increase of £31,000 in respect of business rates and an increase of £451,000 in other grants and contributions; offset by an increase of £2,454,000 in the planned net contribution to specific revenue reserves, led to a contribution to the general revenue reserve of £576,000 compared to the estimated contribution to the reserve of £405,000 when the budget was set in February 2021, a difference of £171,000.

The actual spend (net) compared with the original and revised budget is shown in the table below.

2020/21 Actual		Original Budget £'000	2021/22 Revised Budget £'000	Actual £'000
3,254	Corporate Services	3,535	3,382	3,507
702	Chief Executive	2,544	1,010	938
254	Director of Central Services	231	704	286
1,169	Director of Finance & Transformation	1,836	1,404	1,245
3,764	Director of Planning, Housing & Environmental Health	4,523	4,656	3,571
9,618	Director of Street Scene, Leisure & Technical Services	8,059	9,277	9,705
<b>18,761</b>	<b>Cost of Services</b>	<b>20,728</b>	<b>20,433</b>	<b>19,252</b>
(2,842)	Depreciation, Amortisation & Impairment	(2,967)	(3,006)	(4,262)
30	Revenue Expenditure Funded from Capital	(655)	(68)	(27)
<b>15,949</b>	<b>Sub-total</b>	<b>17,106</b>	<b>17,359</b>	<b>14,963</b>
(3,375)	New Homes Bonus	(2,210)	(2,210)	(2,210)
(5,133)	Other Grants & Contributions	(1,590)	(2,044)	(2,041)
4,552	Contributions to or (from) Specific Revenue Reserves	(275)	(69)	2,179
<b>11,993</b>	<b>Sub-total</b>	<b>13,031</b>	<b>13,036</b>	<b>12,891</b>
509	Contribution to or (from) General Revenue Reserve	405	427	576
<b>12,502</b>	<b>Budget Requirement</b>	<b>13,436</b>	<b>13,463</b>	<b>13,467</b>
(1,416)	Business Rates Retention Scheme	(2,140)	(2,167)	(2,171)
(67)	Council Tax (Surplus) / Deficit	(19)	(19)	(19)
<b>11,019</b>	<b>BALANCE TO BE MET FROM COUNCIL TAX PAYERS</b>	<b>11,277</b>	<b>11,277</b>	<b>11,277</b>
<b>£214.50</b>	<b>Council Tax at Band D (Borough Council only)</b>	<b>£219.50</b>	<b>£219.50</b>	<b>£219.50</b>

Factors that contributed towards the favourable variance include Covid-19 related grant funding and contributions from third parties, Kent County Council. Offset by reduced income from our major operational income streams, increased cost of temporary accommodation and movements from and to specific earmarked reserves.

The table on the next page provides in more detail the reasons for the variation of £171,000 in the contribution to / (from) the General Revenue Reserve.



	Original Budget £'000	Actual £'000	Variance £'000
Planning Services Reserve	80	1,030	950
Climate Change Reserve	0	600	600
Major Income Streams	(6,624)	(6,134)	490
Temporary Accommodation	463	704	241
Waste Services	3,848	3,975	127
Information Technology	833	954	121
Asset Review Reserve	0	100	100
Peer Review Reserve	0	100	100
Covid-19 Grants to Businesses	0	95	95
Housing Benefits	97	190	93
Legal Expenses	50	132	82
Bad Debt Provision	30	84	54
Invest to Save Reserve	150	50	(100)
Investment Income	(250)	(355)	(105)
Revenue Reserve for Capital Schemes	792	665	(127)
Payments to Principals / Ticket Refunds	438	307	(131)
Summons Costs Recovered	(245)	(386)	(141)
Covid-19 New Burden Grants	0	(174)	(174)
Reorientation / Post Emergency Reserve	0	(200)	(200)
Contributions from KCC	0	(205)	(205)
Local Council Tax Support Grant	0	(225)	(225)
Contain Outbreak Management Fund	0	(491)	(491)
Budget Stabilisation Reserve	1,500	300	(1,200)
Other	9,709	9,584	(125)
<b>TOTAL</b>	<b>10,871</b>	<b>10,700</b>	<b>(171)</b>

Major income streams represents income from planning and building control applications, recycling, garden waste and bulky refuse collection, car parking, land charges and licensing.

An analysis of the cost of employees is given in the table below. At 31 March 2022 the Council employed 243 permanent staff (31 March 2021: 251) or 213 full-time equivalents (31 March 2021: 217).

2020/21 Actual		Original Budget	2021/22 Actual	Variance
£'000		£'000	£'000	£'000
8,241	Salaries	8,558	8,641	83
788	Employers' National Insurance Contributions	827	813	(14)
1,389	Employers' Superannuation Contributions	1,494	1,415	(79)
1,290	Superannuation Lump Sum Contribution	1,336	1,330	(6)
231	Termination Payments	231	264	33
14	Training	80	54	(26)
6	Health Care	7	6	(1)
10	Recruitment	6	31	25
10	Leased Car Costs	7	6	(1)
15	Professional Subscriptions	16	14	(2)
27	Apprenticeship Levy	29	27	(2)
<b>12,021</b>	<b>TOTAL</b>	<b>12,591</b>	<b>12,601</b>	<b>10</b>

More detailed information on the Council's income and expenditure for the year at service budget level can be found in the Revenue and Capital Outturn booklet on the Council's [website](#).

### Capital Expenditure

The Council has a programme of capital investment that will assist in the achievement of the Council's strategic priorities and objectives. This investment includes the purchase of land and buildings, vehicles, plant and equipment and improvements to existing properties.

In February 2021 the Council set a capital budget of £2,830,000 net of specific government grants and other contributions all of which was to be met from the revenue reserve for capital schemes. The original budget was revised during the year to take account of the position at the end of 2020/21 and progress made on our capital projects. The revised budget total was £2,393,000 of which £878,000 was to be met from the revenue reserve for capital schemes and the balance from capital receipts.

The Council's capital spend net of specific government grants and other contributions in the year including work completed, but not yet billed was £857,000 of which £27,000 was to be met from the revenue reserve for capital schemes and the balance from capital receipts. The underspend of £1,536,000 can largely be attributed to a lower than anticipated spend on renewal of vehicles, plant and equipment at our leisure facilities; and in respect of information technology; and due to the nature of capital expenditure and funding the rescheduling / re-profiling and review of future budgetary provision. In the year 2021/22 the Covid-19 pandemic also continued to have an impact on the level of spend.

A summary of capital expenditure by service is shown in the table below.

2020/21 Actual			Original Budget	2021/22 Revised Budget	Actual
£'000	Service	Scheme	£'000	£'000	£'000
38	Planning, Hsg & Env Health	Homeless Accommodation	0	1,064	64
(2)		Other Schemes	155	30	(10)
<b>36</b>		<b>Total</b>	<b>155</b>	<b>1,094</b>	<b>54</b>
176	Street Scene, Leisure & Technical	Waste Collection Containers	106	106	217
5		Open Spaces	60	124	124
0		Sports Grounds	201	18	29
24		Car Parking	240	30	23
0		Land Drainage & Flood Defence	500	0	0
690		Larkfield Leisure Centre	0	0	0
19		Other Schemes	0	40	3
<b>914</b>	<b>Total</b>	<b>1,107</b>	<b>318</b>	<b>396</b>	
99	Corporate	I.T. Initiatives	30	101	89
0		Other Schemes	24	122	58
<b>99</b>	<b>Total</b>	<b>54</b>	<b>223</b>	<b>147</b>	
0	Capital Renewals	Planning, Housing & Env Health	0	0	0
80		Street Scene, Leisure & Technical	1,277	561	225
35		Corporate	237	197	35
<b>115</b>	<b>Total</b>	<b>1,514</b>	<b>758</b>	<b>260</b>	
<b>1,164</b>	<b>TOTAL CAPITAL EXPENDITURE</b>		<b>2,830</b>	<b>2,393</b>	<b>857</b>
1,164	Funding	Revenue Reserve for Capital Sch	2,830	878	27
0		Capital Receipts	0	1,515	830
<b>1,164</b>	<b>TOTAL FUNDING</b>		<b>2,830</b>	<b>2,393</b>	<b>857</b>

Capital projects commenced / completed in the year included construction of a purpose built lakeside facility at Leybourne Lakes Country Park (LLCP); purchase of the freehold of 47 High Street, Tonbridge for homelessness purposes; LLCP path improvements; CMS website solution to improve customer experience and allow customers to access council services via a secure unified customer portal; and purchase of an electric pool car.

More detailed information on the Council's Capital Plan for the year at service budget level can be found in the Revenue and Capital Outturn booklet on the Council's [website](#).

## Net Worth

The Balance Sheet gives details of what the Council owns in the way of assets such as property, plant and equipment; what the Council has invested; and amounts of money owed to and by the Council (Net Worth). The table below shows the Council's Net Worth is £61.4m as at 31 March 2022 (31 March 2021: £57.6m). The increase in net worth can be attributed to a number of factors which are explained in the [Notes to the Core Financial Statements](#).

At 31 March 2021 £'000		At 31 March 2022 £'000	
92,541	Council Assets	89,475	
10	Inventories	12	
36,774	Cash and Investments held	55,994	
16,283	Money owed to the Council	4,944	
(20,938)	Money owed by the Council	(22,774)	
(5,926)	Long Term Liabilities	(8,034)	
(61,173)	Pension Liability	(58,261)	
<b>57,571</b>	<b>TOTAL</b>	<b>61,356</b>	

This is represented by revenue balances and reserves of £36.1m available to fund services and £25.3m of other balances. A breakdown of the revenue balances and reserves is shown below. The decrease in earmarked reserves is primarily due to government grant received as recompense for the impact of Covid-19 business rates relief measures accounted for in 2020/21 and the associated loss of business rates income in 2021/22.

At 31 March 2021 £'000		At 31 March 2022 £'000	
7,599	Revenue Reserve for Capital Schemes	6,825	
7,085	General Revenue Reserve	7,661	
894	Building Repairs Reserve	1,031	
1,750	Property Investment Fund Reserve	3,250	
17,248	Earmarked Reserves	14,889	
1,250	Revenue Balances - General Fund	1,250	
897	Grants & Contributions Unapplied	456	
0	Usable Capital Receipts Reserve	685	
<b>36,723</b>	<b>TOTAL</b>	<b>36,047</b>	

## Council Assets

The Council's assets comprise Property, Plant and Equipment, Heritage Assets, Investment Property and Intangible Assets.

- Property, plant and equipment are assets that are held for use in the production or supply of goods and services or for administrative purposes and expected to be used during more than one period.
- Heritage assets are defined as an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture.

- Investment property 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.
- Intangible assets do not have physical substance, but are identifiable and controlled by the Council through custody or legal rights. Intangible assets held by this Council currently consist of IT software and associated costs.

The Code requires the Council to consider material changes in other assets not due for revaluation in the current year under the five-year rolling programme. In addition to car parks, council offices and leisure premises were also the subject of revaluation. Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net loss of £1,591,000, of which £58,000 is recognised in the revaluation reserve and losses of £1,533,000 recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement.

The Estates Surveyor determined that no other property asset class required revaluation because of a material change in value. The revaluation is carried out at the end of each year after accounting for acquisitions and improvements, depreciation and disposals. As at 31 March 2022 the total value of the Council's Assets was £89.5m (31 March 2021: £92.5m).

### **Borrowing**

The Council had no recourse for short term or long term borrowing during the financial year and remained debt-free at 31 March 2022 and, at least in the short term, does not expect to borrow to support its capital programme.

### **Investments**

Investments are broken down into internally managed core funds and cash flow surpluses (including cash equivalents). The Council prepares a Treasury Management Strategy Statement and Annual Investment Strategy as part of the Budget Setting Process each year. The Strategy for 2021/22 was approved by full Council in February 2021 and outlined the Council's approach to the management of risk both in terms of security and liquidity of its investments. Investment performance is monitored during the year and reported to the Finance, Innovation and Property Advisory Board and a more detailed report on treasury management activity including performance is reported to the Audit Committee. In addition, the Treasury Management Strategy Statement and Annual Investment Strategy and any revisions during the year are presented to the Audit Committee prior to consideration by Cabinet and Council approval to provide an independent scrutiny role.

At the start of the year a balance of £5m was invested in property investment funds and no further sums were invested during the year. The Council achieved an investment return of 3.17% on its property investment funds for the year. This equates to investment income of £158,725. At the end of March 2022 the value of our property investment funds stood at £5.4m including the entry fee paid at the time the investment was made.

In 2021/22 a sum of £3m was invested equally between three multi-asset diversified income funds in July and August, with a further £1.25m invested in November 2021 across two of the funds. The Council achieved an investment return of 3.87% on its multi-asset diversified income funds for the year. This equates to investment income of £95,869. At the end of March 22 the value of our multi-asset diversified income funds stood at £4.1m.

The Council achieved an investment return of 0.34% on its core funds for the year. This equates to investment income of £69,874. At the end of March 2022 the value of our core fund investments stood at £24.0m.

The Council achieved an investment return of 0.14% on its cash flow investments (including cash equivalents) for the year. This equates to investment income of £30,581. At the end of March 2022 the value of our cash flow investments stood at £22.1m.

Further information on Treasury Management performance for the year ended 31 March 2022 can be found in the Treasury Management Outturn report annexed to the Revenue and Capital Outturn report to Cabinet in June 2022.

### Cash Flow Statement

This summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes.

2020/21 £'000		2021/22 £'000
1,103	Net (Surplus) / Deficit on the Provision of Services	1,249
(12,389)	Adjusting for Non-Cash Movements	(10,193)
51	Adjusting for Investing & Financing Activities	1,714
(11,235)	<b>Net Cash Flows from Operating Activities</b>	(7,230)
(3,409)	Investing Activities	12,943
12,406	Financing Activities	(11,068)
<b>(2,238) NET (INCREASE) / DECREASE IN CASH RESOURCES</b>		<b>(5,355)</b>

The net cash inflow of £5.4m can be attributed to a number of factors, one of which is the early payment by Central Government of grant monies in respect of Energy Support Measures.

### Pension Fund

The Council is a member of the Local Government Pension Scheme which is administered on behalf of the Council by Kent County Council. The Statement of Accounts reflects the full adoption of International Accounting Standard 19 (Retirement Benefits) (IAS19).

Pension costs charged to services are based on the cost of providing retirement benefits to employees in the period that the benefits are earned by the employee rather than the actual cash contributions to the Pension Fund. This cost, referred to as the current service cost, is calculated by the Fund's actuary.

The net liability at 31 March 2022 was £58.3m (31 March 2021: £61.2m). The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year.

It is important to note that IAS 19 does not have any impact on the actual level of employer contributions. 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 scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council. The valuation in March 2019 gave a pension fund deficit of £12.1m and set the employers' contribution rate at 18.5% for the period 1 April 2020 to 31 March 2023. Employee contribution rates are set by Government and range from 5.5% to 12.5%.

Further information relating to the assets, liabilities, income and expenditure of the pension scheme can be found in [Note 12](#) to the accounts.

## 5. REVIEW OF THE YEAR

The year was again impacted by the ongoing national response to the coronavirus pandemic. This included administering business support grant funded schemes and self-isolation payments on behalf of the government, support to those most at risk from coronavirus, track and trace related work and enforcement activity; whilst continuing to provide 'day to day' services. Put in that context here are some of our improvements / achievements / milestones over the last financial year:

- **April:** TMBC worked with the NHS to promote pop-up Covid-19 vaccination centres across the borough. Planning permission granted for the Aylesford Newsprint site. The inward investment of £180 million, securing 3,000 jobs on site and a further 2,000 in the supply chain a massive vote of confidence in our area.
- **June:** A new TMBC website was launched.
- **August:** TMBC announced plans to spruce up tired shop fronts in Railway Approach Tonbridge as part of its Welcome Back campaign of borough improvements. The council's housing team announced it would be offering homes to families fleeing Afghanistan.
- **September:** The council withdraw plans to sell a piece of land at River Lawn Road in Tonbridge town centre for development in support of its Climate Change strategy. TMBC announced plans to streamline its front office operation with a switch to cashless services and bookable appointments following a fall in visitor numbers.
- **October:** A consultation, 'What matters to you?', inviting residents to tell the council about their priorities was launched.
- **November:** TMBC was awarded a government grant of more than £67,000 for enforcement of energy efficiency standards in privately rented flats and houses. A programme of green business grants was launched. The management of Leybourne Lakes Country Park was transferred to Tonbridge and Malling Leisure Trust.
- **December:** The Local Plan call for sites was opened.
- **January:** Figures showed that residents of Tonbridge and Malling recycle more of their household waste than anywhere else in Kent, 51.6%. The average across Kent was 43% with a national average for England of 42%. The council undertook a blitz on graffiti as part of its Welcome Back campaign of improvements. Funding to install electric vehicle charging points across the borough was announced. Building works start in respect of the eco café at Leybourne Lakes Country Park.
- **February:** Council participate in a Corporate Peer Challenge facilitated by the Local Government Association, cognisant without challenge there was no opportunity to identify areas of improvement which supported a modern, efficient and effective organisation. Plans to roll out recycling services to flats across the borough were announced. TMBC took delivery of its first electric vehicle. Budget for the year 2022-23 approved, increasing the bill for a band D home from £219.50 a year to £224.50 from April 2022.
- **March:** TMBC planted 1,000 trees donated by the Woodland Trust. Landlords were invited to an event to provide information on the latest rules on energy efficiency in the rented sector.

### Financial and Performance Statistics

- We collected 98.1% of the £104.2m of council tax due for the 2021/22 year (2020/21: 97.9% of the £98.0m due).
- We collected 98.9% of the £50.8m of business rates due for the 2021/22 year (2020/21: 97.3% of the £39.6m due).
- We paid 99.6% of the 5,298 invoices processed within 30 days of receipt in 2021/22 (2020/21: 99.4% of the 4,629 invoices processed).

- On average it took us 13.6 days to process a new housing benefit claim in 2021/22 (2020/21: 12.1 days).
- On average 45% (2020/21: 54%) of household waste was recycled, 54% (2020/21: 45%) energy recovery and 1% (2020/21: 1%) to landfill in 2021/22.
- Of the 1,258 (2020/21: 1,057) planning applications decided 66% (2020/21: 93%) were determined within the recommended timeframe in 2021/22.
- Working with its registered social landlord partners, in 2021/22, the Council secured 120 homes (2020/21: 57 homes) for affordable rent, social rent and shared ownership.

### **Transparency**

As part of its commitment to openness and accountability the Council publishes a number of datasets under the heading Transparency in Local Government. Information provided includes:

- Payments the Council has made to suppliers.
- Senior officer remuneration.
- Allowances paid to Members.
- Prompt payment statistics.

Further details can be found on the Council's [website](#).

## **6. THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY AND ISSUES FOR THE FUTURE**

The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period. The Strategy affords the opportunity to take a measured and structured approach to budget pressures rather than a "knee jerk" reaction. The Strategy sets out the high level financial objectives the Council wishes to fulfil over the agreed time span. This currently includes achieving a balanced revenue budget that delivers the Council's priorities and to retain a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period, and not to fall below £2.0m at any time during the 10-year period. The general revenue reserve balance at 31 March 2022 was £7.7m (31 March 2021: £7.1m).

Since 2010/11 the Council has seen its local government finance settlement (core funding) decrease by some 65% or £4.3m (from £6.6m in 2010/11 to £2.3m in 2022/23). The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme which in 2022/23 is around £1.2m and other time limited grant income. The future of NHB or a replacement remains the subject of discussion, but at the very least will not continue in its current form leaving one of two options. The scheme is withdrawn and not replaced or is replaced, but where the funding stream and sum awarded is much reduced (our working assumption).

For medium term financial planning purposes it is assumed government grant funding will steadily reduce from circa £4.8m in 2022/23 to £2.7m in 2025/26 before seeing a modest increase year on year thereafter and that the reductions in income and increased costs seen as a result of the pandemic will in large part return to pre Covid-19 levels in the short to medium term; where the latest projected funding gap between expenditure and income is circa £2,150,000. Of which £1.5m must be 'bridged' within the next three years to protect financial integrity. Add to this those initiatives already built into the MTFS, but not yet delivered, in the sum of £200,000 giving a total projected funding gap of £2,350,000.

At the start of the year the projected funding gap was put at £475,000 and the reasons for what is a marked increase in the funding gap set out in a report to Cabinet on the 6 July followed by a further update on 12 October.

Dependent on the outcome of the Fair Funding Review, the future of NHB and the recently introduced lower tier services grant and new one-off services grant, business rates reforms and the extent and



speed of the recovery following the pandemic, there is a risk the funding gap could be more than is presently reflected in the MTFS.

We do believe that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but this is becoming progressively more difficult. That said, as in previous iterations of the MTFS the latest projected funding gap can be broken down into tranches to enable more measured steps to be taken (Tranche 1 – £350,000 by April 2023; Tranche 2 – £500,000 by April 2024; Tranche 3 – £650,000 by April 25 and Tranche 4 – £650,000 by April 2028).

It goes without saying the Council faces a difficult and challenging financial outlook. Alongside the MTFS sits a Savings and Transformation Strategy (STS). The purpose of the STS is to provide structure, focus and direction in addressing the financial challenge faced by the Council. In so doing, it recognises that there is no one simple solution and as a result we will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale. A number of key themes have been identified, together with outline targets and timescales.

More detailed information on the Council's Budget for 2022/23, the MTFS and the STS can be found on the Council's [website](#).

### **Issues for the Future**

The Council going forward, amongst other issues, will need to give due consideration to:

- the impact of the conflict in Ukraine on the Council's finances, e.g. energy prices, inflation and income including council tax and fees and charges more widely as cost of living pressures deepen.
- the impact of the Covid-19 pandemic on the Council's finances;
- the outcome of the expected multi-year settlement and the Fair Funding Review;
- the Waste Services operation beyond the current contract period;
- Welfare Reform and cessation of the administration of housing benefits for working age claimants over a transitional period in the lead up to the migration to Universal Credit;
- the sustainability of the NHB scheme and what will follow;
- the ongoing impact of the localisation of council tax support;
- Climate Change agenda and associated costs; and
- proposals to transfer the Land Charges function to HM Land Registry and to devolve the setting of planning fees.

The increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections.

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Authority's Responsibilities

The Authority is required:

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

## The Director of Finance and Transformation's Responsibilities

The Director of Finance and Transformation is responsible for the preparation of the authority's Statement of Accounts in accordance with the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* ('the code').

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

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

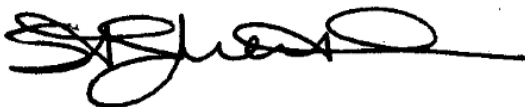
The Director of Finance and Transformation has also:

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

By signing the Statement of Accounts the Director of Finance and Transformation is stating that the Accounts present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2022.

This Statement of Accounts is authorised for issue by the Director of Finance and Transformation at the date given below.

Signed



Sharon Shelton BSc (Hons) FCPFA  
Director of Finance and Transformation

Dated 31 May 2022

Signed

Councillor Ann Kemp  
Chair of the Audit Committee

Dated

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure £'000	2020/21 Income £'000	Net Expenditure £'000	Notes	Gross Expenditure £'000	2021/22 Income £'000	Net Expenditure £'000
<b>Continuing Operations</b>						
3,423	249	3,174		4,806	349	4,457
4,767	4,065	702		3,522	2,584	938
1,138	623	515		1,298	705	593
31,404	30,740	664		29,046	28,110	936
8,172	4,443	3,729		9,123	5,552	3,571
13,801	5,456	8,345		14,320	4,821	9,499
<b>62,705</b>	<b>45,576</b>	<b>17,129</b>		<b>62,115</b>	<b>42,121</b>	<b>19,994</b>
<b>Cost of Services</b>						
<b>Other Operating Expenditure</b>						
			8	612	1,515	(903)
3,131		3,131		3,327		3,327
431		431		450		450
<b>Financing &amp; Investing Income &amp; Expenditure</b>						
21	356	(335)	10	38	349	(311)
	234	(234)	11		964	(964)
1,265		1,265	12	1,194		1,194
1,807	20	1,787	8	19	419	(400)
<b>Taxation &amp; Non-Specific Grant Income &amp; Expenditure</b>						
127	14,217	(14,090)	13		14,791	(14,791)
31,924	23,741	8,183	13	29,771	26,200	3,571
	16,113	(16,113)	14		9,719	(9,719)
	51	(51)	14		199	(199)
<b>101,411</b>	<b>100,308</b>	<b>1,103</b>		<b>97,526</b>	<b>96,277</b>	<b>1,249</b>
<b>(Surplus) / Deficit on Provision of Services</b>						
<b>Other Comprehensive Income &amp; Expenditure</b>						
		(176)	8			58
		4,906	12			(5,092)
<b>5,833 TOTAL COMPREHENSIVE INCOME AND EXPENDITURE (3,785)</b>						



## BALANCE SHEET

At 31 March 2021			At 31 March 2022	
£'000	£'000	Notes	£'000	£'000
		<b>Long Term Assets</b>		
	72,700	Property, Plant & Equipment	8	69,123
	15,179	Heritage Assets	8	15,659
	4,423	Investment Properties	8	4,533
	239	Intangible Assets	8	160
97,213	4,672	Long Term Investments	11	9,538
		<b>Current Assets</b>		
	12,032	Short Term Investments	11	21,031
	10	Inventories		12
	19,572	Short Term Debtors	18	8,179
	(3,289)	less Impairment Allowance	18	(3,235)
48,395	20,070	Cash & Cash Equivalents	19	25,425
		<b>Current Liabilities</b>		
(20,938)	(20,938)	Short Term Creditors	20	(22,774)
		<b>Long Term Liabilities</b>		
	(29)	Long Term Creditors	20	(19)
	(4,746)	Provisions	21	(5,084)
	(61,173)	Pensions Liability	12	(58,261)
(67,099)	(1,151)	Grants & Contributions in Advance	22	(2,931)
<b>57,571</b>		<b>NET ASSETS</b>		<b>61,356</b>
		<b>Reserves</b>		
		Usable Reserves		
	34,576	Reserves	17	33,656
	1,250	General Fund		1,250
	897	Grants & Contributions Unapplied	22	456
36,723	0	Usable Capital Receipts Reserve	16	685
		Unusable Reserves		
	45,030	Capital Adjustment Account	23	43,507
	47,505	Revaluation Reserve	24	45,963
	(372)	Pooled Investment Funds Adjustment A/c	11	236
	(9,843)	Collection Fund Adjustment Account	13	(5,874)
	(299)	Employee Benefits - Accrued Leave	15	(262)
20,848	(61,173)	Pensions Reserve	12	(58,261)
<b>57,571</b>		<b>TOTAL RESERVES</b>		<b>61,356</b>

## CASH FLOW STATEMENT

2020/21		2021/22	
£'000	£'000	£'000	£'000
1,103		<b>NET (SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>	1,249
		<b>Adjust Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements</b>	
	(2,778)	Depreciation & Amortisation	(2,729)
	(64)	Impairment & Downward Valuations	(1,533)
	(2)	Increase / (Decrease) in Inventories	2
	3,275	Increase / (Decrease) in Debtors	(2,957)
	(205)	(Increase) / Decrease in Impairment for Bad Debts	54
	(8,456)	(Increase) / Decrease in Creditors	859
	(1,040)	Movement in Pension Liability	(2,180)
	0	Carrying Amount of Non-Current Assets Sold or Derecognised	(612)
	(3,119)	Other Non-Cash Items Charged to the Net Surplus / Deficit on the Provision of Services	(1,097)
(12,389)			(10,193)
		<b>Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing &amp; Financing Activities</b>	
	0	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	1,515
	51	Any Other Items for Which the Cash Effects are Investing or Financing Cash Flows	199
51			1,714
<b>(11,235)</b>		<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(7,230)</b>
		<b>INVESTING ACTIVITIES</b>	
	1,601	Purchase of Property, Plant & Equipment, Investment Property and Intangible Assets	1,414
	29,006	Purchase of Short-Term & Long-Term Investments	32,250
	0	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	(1,515)
	(34,000)	Proceeds from Short-Term & Long-Term Investments	(19,007)
	(16)	Other Receipts from Investing Activities	(199)
<b>(3,409)</b>		<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>12,943</b>
		<b>FINANCING ACTIVITIES</b>	
	12,406	Other Payments for Financing Activities	(11,068)
<b>12,406</b>		<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(11,068)</b>
<b>(2,238)</b>		<b>NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,355)</b>
<b>17,832</b>		<b>Cash &amp; cash equivalents at the beginning of the reporting period</b>	<b>20,070</b>
<b>20,070</b>		<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>25,425</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. 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. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund & Reserve Balances £'000	2020/21 Adjustments Between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund & Reserve Balances £'000	2021/22 Adjustments Between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
2,782	392	3,174	Corporate Services	2,779	1,678	4,457
702	0	702	Chief Executive	938	0	938
498	17	515	Director of Central Services	593	0	593
664	0	664	Director of Finance & Transformation	936	0	936
3,673	56	3,729	Director of Planning, Housing & Environmental Health	3,516	55	3,571
6,046	2,299	8,345	Director of Street Scene, Leisure & Technical Services	6,030	3,469	9,499
<b>14,365</b>	<b>2,764</b>	<b>17,129</b>	<b>Net Cost of Services</b>	<b>14,792</b>	<b>5,202</b>	<b>19,994</b>
3,562	0	3,562	Other Operating Expenditure	3,777	(903)	2,874
558	1,925	2,483	Financing & Investing Income & Expenditure	(680)	199	(481)
(32,679)	10,608	(22,071)	Taxation & Non-Specific Grant Income & Expenditure	(16,969)	(4,169)	(21,138)
<b>(14,194)</b>	<b>15,297</b>	<b>1,103</b>	<b>(SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>	<b>920</b>	<b>329</b>	<b>1,249</b>
<b>21,632</b>			<b>OPENING GENERAL FUND &amp; RESERVE BALANCES</b>	<b>35,826</b>		
(14,194)			(Surplus) / Deficit on Provision of Services	920		
<b>35,826</b>			<b>CLOSING GENERAL FUND &amp; RESERVE BALANCES</b>	<b>34,906</b>		

Further information on the adjustments between the funding and accounting basis can be found in the [Movement in Reserves Statement](#).

## 2. ACCOUNTING POLICIES

### a) General

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*. The Code is based on levels of approved accounting standards:

- International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).
- International Accounting Standards (IAS) approved by the International Accounting Standards Committee (IASC).
- Interpretations originating from the International Financial Reporting Interpretations Committee (IFRIC).
- Interpretations originating from the Standing Interpretations Committee (SIC).
- International Public Sector Accounting Standards (IPSAS) approved by the International Public Sector Accounting Standards Board (IPSASB).
- Financial Reporting Standards (FRS) approved by the Accounting Standards Board (ASB).
- Statements of Standard Accounting Practice (SSAP) approved by the Accounting Standards Committee (ASC).
- Urgent Issues Task Force's (UITF) Abstracts.

The accounting convention adopted for the preparation of these Accounts is an historical cost basis modified for the revaluation of certain categories of assets.

### b) Qualitative Characteristics of Financial Information

- Relevance - in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the objective of the principal statements is to provide information on the Council's financial performance that is useful for assessing the stewardship of public funds and for making economic decisions.
- Reliability - the financial information can be depended upon to represent accurately the substance of the transactions that have taken place. The Accounts are unbiased, free from material error, have been prepared in a prudent manner and have included all issues that would assist users to make adequate decisions on the Council's financial standing.
- Comparability - the Accounts contain comparative information about the Council so that performance may be compared with a prior period.
- Understandability - although a reasonable knowledge of accounting and local government is required, all efforts have been made in the preparation of the financial statements to ensure that they are as easy to understand as possible.
- Materiality - an item of information is material to the Accounts if its misstatement or omission might reasonably be expected to influence assessments of the Council's stewardship and economic decisions.

### c) Accounting Concepts

- Going concern – it is assumed that the Council will continue in operational existence for the foreseeable future and accordingly the Accounts have been prepared on a going concern basis.
- Accruals - the financial statements, other than the Cash Flow Statement, have been prepared on an accruals basis. The accruals basis requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.



- Primacy of legislation - local authorities derive their power from statute and their financial and accounting framework is closely controlled by legislation. Where there is conflict between a legal requirement and an accounting standard, the legal requirement will take precedence.

**d) Accruals and Revenue Recognition**

Income and expenditure is accrued to ensure that it is accounted for in the year to which it relates, not when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed, where supplies remain unconsumed as at the balance sheet date 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.
- Revenue relating to council tax and business rates will be recorded at the full amount receivable, net of any impairment losses. These transactions are deemed to be of a non-contractual, non-exchange nature in that there is no difference between the delivery of services and the payment of the debt raised.
- Interest receivable on investments is accounted for as income based on the effective interest rate for the relevant investment rather than the cash flows for the redemption of the investment or interest due dates.
- Income from garden waste customers is apportioned between years to account for the service that they have paid for in the current and following financial years.

Where income or expenditure has been recognised within the income and expenditure account, but cash has not been received or paid, a debtor or creditor for the amount stated will be recorded on the Balance Sheet. Where debts raised may not be settled, the balance of debtors will be adjusted by an impairment adjustment charged to the revenue account.

Exceptions to these principles are electricity, gas and similar periodical payments (excluding council offices) which are charged at the date of meter reading rather than being apportioned between financial years; and penalty charge notices, income from car parks, land charges income, licensing fees and planning application and building control fees which are accounted for on the day of receipt. This policy is consistently applied each year and its effect on the Accounts is not considered to be material.

**e) Assets Held for Sale**

Non-current assets that have been identified for sale by the Council will be reclassified as current assets when the asset is being actively marketed and has a high probability of sale within twelve months of the Balance Sheet date.

**f) Cash and Cash Equivalents**

Internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value). Externally Managed funds normally comprise of investments that cannot be easily realised and are excluded from this heading.

#### **g) Council Tax and National Non-Domestic (Business) Rates**

The Council is a billing authority which is required to bill local residents and businesses for Council Tax and National Non-Domestic Rates respectively. The Council acts as an agent for Kent County Council, Police and Crime Commissioner for Kent and Kent Fire and Rescue in respect of Council Tax and as such the Accounts show the amount owed by and to taxpayers in respect of our proportion of the Council Tax and the major precepting authorities as a net debtor or creditor.

Similarly, the Council acts as an agent for the Government, Kent County Council and Kent Fire and Rescue in respect of Business Rates and as such the Accounts show the amount owed by and to taxpayers in respect of our proportion of the Business Rates and the other bodies covered by the Business Rates Retention scheme as a net debtor or creditor.

In addition, included in the Comprehensive Income and Expenditure Statement is our share of the Collection Fund surplus/deficit for the year in respect of Council Tax and Business Rates, which is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account in the Balance Sheet.

#### **h) Contingent Assets and Liabilities**

Contingent assets should not be recognised in the accounting statements, they should be disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures should indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities should not be recognised in the accounting statements, they should be disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability the Council should disclose the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

#### **i) Debt Write-Off**

The Director of Finance and Transformation approves and or recommends the write-off of debt where efforts to collect the sums have failed and any further action would be uneconomic or impractical or in the opinion of the Director of Finance and Transformation there is a valid reason for not pursuing the debt. In order to mitigate the financial impact of write-offs the Director of Finance and Transformation makes an impairment allowance taking into account the size and age of the debt outstanding and the likelihood of recovery.

#### **j) Employee Benefits**

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

##### **Benefits Payable during Employment**

This covers:

- Short-term employee benefits, such as salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees.
- Benefits earned by current employees, but payable twelve months or more after the end of the reporting period (e.g. long-service awards).

##### **Termination Benefits**

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments, but also

include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee the known liability is recognised at the earlier of when the authority can no longer withdraw the offer of these benefits or when the authority recognises the costs of a restructure will involve the payment of termination benefits, any enhanced retirement benefits paid by the employer are accounted for on a cash basis.

### **Post-Employment Benefits**

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time employees earn their future entitlement. The Local Government Pension Scheme is administered locally by Kent County Council – this is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2014, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Under IAS 19, the employer recognises as an asset or liability the surplus / deficit in a pension scheme. The surplus / deficit in a pension scheme is the excess / shortfall of the value of assets when compared to the present value of the scheme liabilities. A prerequisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. The Balance Sheet will show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The most recent actuarial valuation was on 31 March 2022 and will determine contribution rates for the three-year period from April 2023 to March 2026.

### **k) Events After the Balance Sheet Date**

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Accounts are authorised for issue.

The authorised for issue date is:

- When the Accounts are signed by the Council's Section 151 Officer for approval by Members and published with the audit opinion and certificate which should be by no later than 30 November 2022.

Events arising after the Balance Sheet date and before either of the two dates above will be reflected in the Accounts if they provide additional evidence of conditions that existed at the Balance Sheet date and materially affect the amounts to be included (adjusting events). Such events:

- could materially alter an estimate of, for example, debtors, creditors or an impairment allowance previously identified in the accounting processes;
- could substitute a materially different actual figure for an estimate; or
- could reflect a permanent impairment or betterment in the financial position, but only where the originating event took place prior to the year-end and the amounts are considered material to the Accounts.

## **l) Exceptional Items and Prior Period Adjustments**

Exceptional items, when they occur, are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts. A description of any exceptional items will be given within the notes to the Accounts.

Prior period adjustments arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions for the year in which they are identified and are accounted for accordingly. Material adjustments applicable to prior periods arising from changes in accounting policies or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period and adjusting the appropriate opening balances for the cumulative effect.

## **m) Financial Instruments**

Financial instruments are broken down between financial assets (cash, investments and some categories of debtors) and financial liabilities (loans payable and some categories of creditors).

Although there are three classifications for the valuation of financial instruments, only two are relevant to the types of investments held by the Council, being either amortised cost or fair value through profit and loss (Comprehensive Income and Expenditure Statement).

Debtors and creditors are measured at fair value and are carried in the Balance Sheet at amortised cost.

Investments are broken down in two ways. Firstly, by maturity, in that any investment with a maturity date of more than 364 days after the Balance Sheet date will be classed as long-term and less than as short-term; and secondly by class of asset such as amortised cost or fair value through profit and loss.

Loans and receivables are assets that have fixed or determinable payments, but are not quoted in an active market, these are measured at fair value and are carried on the Balance Sheet at amortised cost.

Assets classified as fair value through profit and loss have a quoted active market price and do not have fixed or determinable payments. These are measured and carried on the Balance Sheet at fair value through profit and loss.

Accrued interest is shown as part of the investment balance. This is a departure from the Code which requires accrued interest to be shown as part of the debtors balance. Accrued interest receivable within 364 days of the Balance Sheet date will be recognised as part of the short-term investment balance on the Balance Sheet, irrespective of the date of maturity of the investment.

Gains and losses in relation to investments are recognised within the Comprehensive Income and Expenditure Statement under interest and investment income. Statute however requires unrealised gains and losses on investments classified as fair value through profit and loss to be subsequently transferred via the Movement in Reserves Statement to the Balance Sheet.

## **n) Foreign Currency Transactions**

Any gains or losses arising from exchange rate fluctuations will be charged to the Comprehensive Income and Expenditure Statement in the year of payment or receipt.

## **o) Government Grants and Other Contributions**

Revenue grants received are accrued and credited to the Comprehensive Income and Expenditure Statement in the same period as the related expenditure was incurred.

Grants specific to a service will be shown against that service expenditure line. General grant, e.g. Revenue Support Grant and New Homes Bonus are credited and disclosed separately in the Comprehensive Income and Expenditure Statement under taxation and non-specific grant income.

Capital grants and contributions (such as Section 106 developer contributions) received will be credited in full to the Comprehensive Income and Expenditure Statement on receipt where there are no conditions attached to its use and in the year that the capital expenditure is incurred where there are conditions attached to its use.

**p) Inventories**

Inventories are valued at the latest price paid. This is a departure from the requirements of the Code and IAS 2 (Inventories), which require stocks to be shown at actual cost or net realisable value, if lower. The difference in value is not considered to be material.

**q) Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. A definition of a lease includes hire purchase arrangements.

**Finance Leases**

The Council currently has no finance lease arrangements where it is the lessor or where it is a lessee.

**Operating Leases**

Lease payments under an operating lease shall be recognised as income or an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by the Council where the Council is a lessor or lessee respectively.

**r) Non-Current Assets**

The Council has set a de-minimis level of £10,000 for the purposes of capital expenditure. In the case where the individual value of an item, e.g. IT equipment is below the de-minimis level, but the aggregate value of similar items purchased in the year exceed the de-minimis level the expenditure may be treated as capital expenditure.

**Property, Plant and Equipment**

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services or for administrative purposes and expected to be used during more than one period.

Property, plant and equipment is split into five classes as described below.

Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets
Community Assets	Assets Under Construction	

The policy for each type of asset is explained as follows.

Land and Buildings

The Borough Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. The programme is as follows:

<b>Asset Category</b>	<b>Year of Valuation</b>	
Car Parks	2016/17	Completed
Leisure Premises	2017/18	Completed
Properties for Community Use	2018/19	Completed
Public Conveniences	2019/20	Completed
Council Offices	2020/21	Completed
Car Parks	2021/22	Completed

In addition to the valuation of the asset category above the Code requires the Council to consider material changes in other assets not due for revaluation in year under the five year rolling programme. The Council's external valuers will undertake interim valuations in respect of our major assets, i.e. council offices, leisure premises and car parks where appropriate. Where the interim valuation shows a movement of £100,000 or more the Balance Sheet values will be updated accordingly. The Council's external valuers will also advise annually on any further work required to identify material changes in asset valuations.

The valuations reviews are carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institution of Chartered Surveyors (RICS) and based on the market value for existing use or where a market value cannot be determined as the property is of a specialist nature the depreciated replacement cost. The method used on the current year's valuation will be explained in the notes to the Accounts. Items of plant that are integral to the operation of a building are included in the valuation for that building.

All buildings are subject to straight line depreciation over their estimated useful lives which range between 15 and 125 years depending on the building. In accordance with the Code land is not depreciated.

The Note to the Core Financial Statements in respect of Non-Current Assets provides details of the asset class, Land and Buildings, rather than for each of the categories listed above that make up that asset class. This departure from the requirements of the Code has no financial impact and is not considered to detract from the message being given to the reader of the accounts.

Under the Code the Council is required to consider componentisation of significant parts of an asset, where they are of a material financial nature or have significantly differing life expectancies. The Council, following a review of the property, plant and equipment asset registers has decided that the Council's offices and major leisure facilities will be the subject of componentisation if the replacement value of the component is significant in relation to the gross book value of the asset.

#### Vehicles, Plant and Equipment

Vehicles, Plant and Equipment, other than plant that is integral to the operation of a building, are recognised in the Balance Sheet at historic cost and are subject to straight line depreciation over a period of between 2 and 30 years.

#### Infrastructure Assets

These are non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of Infrastructure Assets are street furniture, footpaths and signage.

These assets are carried on the Balance Sheet at historic cost.

These assets are subject to straight line depreciation over a period of between 3 and 40 years.

#### Community Assets

These are non-current assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of Community Assets are parks and open spaces.

These assets are carried on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

#### Assets under Construction

This covers assets not yet ready for operational use, but expected to be operational within twelve months of the Balance Sheet date. Assets under Construction are not subject to revaluation or depreciation.

#### **Heritage Assets**

Heritage assets are defined as historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture.

Heritage assets where the Council holds information on their cost or value are to be recognised on the Balance Sheet which will normally be its insured value. Where the Council does not hold information on the cost or value and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts such details as the Council holds are to be included in the notes to the financial statements.

Heritage assets are not subject to depreciation.

#### **Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. The fair value of these assets can be attributed in three ways.

- Level 1 - Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability.

For the purposes of investment property fair value will be determined at level 2 using market knowledge and indices on market values of compatible properties.

Properties are subject to revaluation on an annual basis in accordance with market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

Investment properties are not subject to depreciation.



## **Intangible Assets**

These are non-current assets that do not have physical substance, but are identifiable and controlled by the Council through custody or legal rights. Intangible Assets held by this Council currently consist of IT software and associated costs.

Intangible Assets are recognised on the Balance Sheet at historic cost, are not subject to revaluation, but are amortised over their useful economic life assessed to be 5 years for IT software and associated costs.

## **Impairment of Non-Current Assets**

A review for impairment of a non-current asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in a non-current asset's market value during the period;
- evidence of obsolescence or physical damage to the non-current asset;
- a significant adverse change in the statutory or other regulatory environment in which the Council operates; and
- a commitment by the Council to undertake a significant reorganisation.

In the event that impairment is identified the value will either be written off to the revaluation reserve, where sufficient reserve levels for that asset exist or written off to revenue through the Comprehensive Income and Expenditure Statement. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer assessing the value of the impairment.

## **Gains or Losses on Disposal of Non-Current Assets**

When an asset is disposed of or de-commissioned, the net book value of the asset and the receipt from the sale are both charged to the Comprehensive Income and Expenditure Statement which could result in a net gain or loss on disposal.

Receipts in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the usable capital receipts reserve and can only be used to finance capital expenditure. Receipts below £10,000 are considered de-minimis and treated as revenue.

The net gain or loss on disposals has no impact on taxation requirements as the financing of non-current assets is provided for under separate arrangements.

### **s) Overheads**

The majority of management and administrative expenses, including buildings, are allocated to Services. Costs of Support Services are allocated on the basis of estimated time spent by officers on Services and costs of buildings are apportioned on a floor area basis.

### **t) Provisions**

The Council sets aside provisions for liabilities or losses that are either likely to, or certain to be incurred, but uncertain as to the amount or the date on which they will arise. Provisions are recognised when:

- the Council has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.



#### u) Reserves

The Council maintains both general and earmarked reserves. General reserves are to meet general rather than specific future expenditure and earmarked reserves, such as the building repairs reserve are for specific purposes. No expenditure is charged directly to a reserve, but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement, this is then offset by a reserve appropriation within the Movement in Reserves Statement.

#### v) Revenue Expenditure Funded from Capital Under Statute

This is expenditure of a capital nature on non-current assets not owned by the Council, for example house renovation grants. Under the Code this is revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute, however, allows such expenditure to be funded from capital resources. In our case such expenditure is mainly funded from reserves.

#### w) Value Added Tax (VAT)

VAT is included within the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

### 3. COVID-19 AND ENERGY SUPPORT MEASURES GRANT FUNDING

Given below are details of Covid-19 and Energy Support Measures grant funding provided by central government including via Kent County Council split between those where the Council is acting as agent or as principal. Where the Council is acting as agent year-end balances only are reflected in the Accounts as either a sundry creditor or debtor. Where the Council is acting as principal the grants are reflected in both the Comprehensive Income and Expenditure Statement and Balance Sheet as appropriate.

Includes grant monies received in 2020/21 and used in 2021/22.

Further information on grants can be found at [Note 14](#).

#### Agent

Grant	Purpose of Grant	Grant Amount £000s	Expended £000s	Balance Sheet £000s	Balance Sheet analysis
Self-isolation Payments - Mandatory	Payments to those on low incomes whilst self-isolating in line with Government Guidelines	(88)	(242)	154	Debtor
Business Rates Grant Funded Schemes	Payments to business ratepayers for periods of enforced closure by Government Regulations	(5,830)	(5,505)	(325)	Creditor
Support for Energy Bills - Mandatory	Support for energy bills in line with Government Guidelines	(5,213)	0	(5,213)	Receipt in Advance
		<b>(11,131)</b>	<b>(5,747)</b>	<b>(5,384)</b>	

## Principal

Grant	Purpose of Grant	Grant Amount £000s	Comprehensive Income & Expenditure Analysis	Amount Shown in CIES £000s	Balance Sheet £000s	Balance Sheet analysis
General Covid-19 Grant	General Grant from HM Government	(605)	Taxation & Non-Specific Grant Income	(605)	0	N/a
Income Compensation Scheme	Compensation for loss of income from Sales Fees and Charges	(224)	Cost of Services	(224)	0	N/a
Local Council Tax Support	General Fund Services grant support	(225)	Taxation & Non-Specific Grant Income	(225)	0	N/a
Self-isolation Payments - Discretionary	Payments to those on low incomes whilst self-isolating in line with Government Guidelines	(135)	Cost of Services	(189)	54	Debtor
Practical Support Payments	Practical support to those self-isolating	(63)	Cost of Services	0	(63)	Creditor
LCTS Grant - Main	Support for those in receipt of council tax support	(215)	Cost of Services	(258)	43	Debtor
LCTS Grant - Discretionary	Support for those in receipt of council tax support	(216)	Cost of Services	(201)	(15)	Receipt in Advance
Discretionary Business Grants	Payments to businesses who are non rate payers during times of national restrictions	(2,159)	Cost of Services	(2,156)	(3)	Creditor
Support for Energy Bills - Discretionary	Discretionary grants to support energy costs	(289)	Cost of Services	0	(289)	Receipt in Advance
Welcome Back Funding	Financial support for the re-opening of retail areas	(60)	Cost of Services	(199)	139	Debtor
Contain Outbreak Management	Contribution towards contain outbreak management activity	(797)	Cost of Services	(631)	(166)	Receipt in Advance
Homelessness Support	Homelessness and rough sleeping support	(35)	Cost of Services	0	(35)	Creditor
National Leisure Recovery Fund	Financial support for leisure facilities operated by a Charitable Trust	(192)	Cost of Services	(192)	0	N/a
Community Parks Funding	Contribution towards community parks related costs	(116)	Cost of Services	(116)	0	N/a
Household Support	Grants to community groups to provide local support to vulnerable households		Cost of Services	(160)	160	Debtor
New Burdens Grants	Contribution towards the cost of administering various grant schemes on behalf of central government	(174)	Cost of Services	(174)	0	N/a
		<b>(5,505)</b>		<b>(5,330)</b>	<b>(175)</b>	

#### 4. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

International Accounting Standard 8 requires the Council to disclose the expected impact of new standards that have been issued, but not yet adopted.

- Annual Improvements to IFRS Standards 2018-2020: IFRS 1 (First-time adoption); IAS 37 (Onerous contracts); IFRS 16 (Leases); and IAS 41 (Agriculture).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

None of the above standards, when adopted, are expected to have a material impact on the Council's financial statements.

#### 5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

##### Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out at [Note 2](#) the authority has to make judgements and estimates about complex transactions or those involving uncertainty about future events. 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 critical judgements made in preparing the Council's 2021/22 accounts are as follows:

- The Council is acting as guarantor for the pension liability of Tonbridge and Malling Leisure Trust. In the event that the Trust fails to meet its obligations to the Fund the Council will be called upon to cover these liabilities. As at the 31 March 2022 these liabilities, calculated under FRS 102, amounted to £6.9m (31 March 2021: £7.26m) however, the Trust remains a going concern and recourse to such a guarantee is considered remote; and is not one and the same as the actual liability if the guarantee was to be called on. An indicative cessation report of the estimated liability is obtained at each triennial valuation. The most recent valuation was undertaken in March 2019 and gave a pension fund deficit of £186,000.

##### Estimation Uncertainty

There will be numerous issues that will impact on the finances of local authorities as a result of the Covid-19 pandemic, the current global economic conditions and cost of living crisis. Specific areas within the financial statements include:

- Property Plant and Equipment and Investment Property – Property values are based upon market values and are periodically reviewed to ensure that the Council does not materially misstate the value of its property, plant and equipment and investment property. After reviewing the asset base for this financial year, our internal valuer, Linda Martin MRICS, has given the follow statement; “The RICS now states that it is up to the individual valuer to make a judgement on market uncertainty based upon specific properties. In respect of the Council's car parks there remains a level of uncertainty in the valuations given, this is as a result of changes in shopping and working habits and the uncertainty of settling income levels for the car parks.”

As a result the Council considers this advice indicates there is Material Valuation Uncertainty and valuations are subject to change when updated market evidence begins to emerge.

- Short Term Debtors, collectability of debt – It is prudent to establish a provision (impairment allowance) for non-payment of debt. The impact of the current global economic conditions and 'cost of living crisis' could potentially have an adverse impact on collectability of debt and will be the subject of ongoing review.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

In preparing these accounts the Council is required to consider events that may have an impact on the accounting statements since 31 March 2022. No events have occurred that require changes to the accounting statements. In April 2022, the Council purchased the freehold of 47 High Street, Tonbridge in the sum of circa £200,000 to be reflected in the 2022/23 accounts.

## 7. SEGMENT REPORTING

The Council is required to present information on reportable segments. Reporting segments are to be based on an authority's internal management reporting arrangements.

**Corporate Services:** Services under this heading include democratic representation including payments to members and corporate management.

**Chief Executive:** Services under this heading include elections and economic development.

**Director of Central Services:** Services under this heading include local land charges and licences.

**Director of Finance and Transformation:** Services under this heading include housing benefits and local council tax support.

**Director of Planning, Housing and Environmental Health:** Services under this heading include planning and building control, homelessness, housing advice and environmental protection.

**Director of Street Scene, Leisure and Technical Services:** Services under this heading include refuse collection and recycling, amenity and street cleansing, leisure centres, parks and open spaces, youth and play development and on and off-street parking.

The following tables provide an analysis of the Council's revenue income and expenditure on a segmental reporting basis and reconciliations to the Comprehensive Income and Expenditure Statement.

## Service Analysis

2020/21							2021/22							
Corporate Services £'000	Chief Executive £'000	Director of Central Services £'000	Director of Finance & Transformation £'000	Director of Planning, Housing & Env Health £'000	Director of Street Scene, Leisure & Technical Services £'000	Total £'000	Corporate Services £'000	Chief Executive £'000	Director of Central Services £'000	Director of Finance & Transformation £'000	Director of Planning, Housing & Env Health £'000	Director of Street Scene, Leisure & Technical Services £'000	Total £'000	
<b>Income</b>														
249	75	904	368	2,699	4,032	8,327	Fees, Charges & Other Service Income	266	229	1,008	1,427	3,720	4,310	10,960
			301			301	Interest & Investment Income	0	0	0	356	0	0	356
	3,990	1	29,998	1,708	152	35,849	Grants & Contributions	18	2,355	41	26,468	1,832	304	31,018
<b>249</b>	<b>4,065</b>	<b>905</b>	<b>30,667</b>	<b>4,407</b>	<b>4,184</b>	<b>44,477</b>	<b>Total Income</b>	<b>284</b>	<b>2,584</b>	<b>1,049</b>	<b>28,251</b>	<b>5,552</b>	<b>4,614</b>	<b>42,334</b>
<b>Expenditure</b>														
5,441	241	613	867	3,051	1,895	12,108	Employee Expenses	5,498	327	701	1,005	3,301	1,863	12,695
540		41	1	24	1,587	2,193	Premises	561	2	57	0	24	1,365	2,009
182					46	228	Transport	155	0	0	0	0	47	202
1,699	4,311	108	1,037	3,240	851	11,246	Supplies & Services	1,846	2,923	98	950	3,766	1,079	10,662
2			0	77	5,886	5,965	Third Party Payments	2	0	0	0	53	5,246	5,301
			431			431	Precepts & Levies	0	0	0	450	0	0	450
			(65)	48		(17)	Provisions for Bad Debts	0	0	0	(22)	66	18	62
			28,242			28,242	Housing Benefits	0	0	0	25,943	0	0	25,943
(4,834)	215	379	1,323	1,676	1,241	0	Support Service Recharges	(5,000)	270	466	1,170	1,858	1,236	0
473		18		55	2,296	2,842	Depreciation, Amortisation & Impairment	729	0	13	0	55	3,466	4,263
<b>3,503</b>	<b>4,767</b>	<b>1,159</b>	<b>31,836</b>	<b>8,171</b>	<b>13,802</b>	<b>63,238</b>	<b>Total Expenditure</b>	<b>3,791</b>	<b>3,522</b>	<b>1,335</b>	<b>29,496</b>	<b>9,123</b>	<b>14,320</b>	<b>61,587</b>
<b>3,254</b>	<b>702</b>	<b>254</b>	<b>1,169</b>	<b>3,764</b>	<b>9,618</b>	<b>18,761</b>	<b>COST OF SERVICES</b>	<b>3,507</b>	<b>938</b>	<b>286</b>	<b>1,245</b>	<b>3,571</b>	<b>9,706</b>	<b>19,253</b>

Detailed information on the Council's income and expenditure for the year at a service budget level can be found in the Revenue and Capital Outturn booklet on the Council's [website](#).

## Reconciliation to Cost of Services in the Comprehensive Income and Expenditure Statement

The table below reconciles the Cost of Services above to the Cost of Services shown within the Comprehensive Income and Expenditure Statement.

	2020/21 £'000	2021/22 £'000
<b>Cost of Services in Service Analysis</b>	<b>18,761</b>	<b>19,253</b>
add Amounts not Reported to Management		
Pension Adjustments	(225)	986
Accrued Annual Leave	144	(37)
Sales, Fees and Charges Compensation	(1,559)	(224)
Miscellaneous Income and Expenditure	(197)	(201)
less Items Included in Other Operating Expenditure		
Drainage Board Levies	(431)	(450)
less Items Included in Financing & Investment		
Trading Undertakings	335	311
Interest & Investment Income	301	356
<b>NET COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>	<b>17,129</b>	<b>19,994</b>

## Reconciliation to (Surplus) / Deficit on Provision of Services in Comprehensive Income and Expenditure Statement (Subjective Analysis)

The table below reconciles the Cost of Services above to the (Surplus) / Deficit on Provision of Services shown within the Comprehensive Income and Expenditure Statement.

2020/21					2021/22				
Service Analysis	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services	Service Analysis	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>									
8,327	200			8,527	10,960	205			11,165
301	(67)			234	356		608		964
			14,217	14,217			14,791		14,791
			23,741	23,741			26,200		26,200
35,849	1,556		16,164	53,569	31,018	221	9,918		41,157
			0	0			903		903
			20	20			419		419
<b>44,477</b>	<b>1,689</b>	<b>0</b>	<b>54,142</b>	<b>100,308</b>	<b>42,334</b>	<b>426</b>	<b>0</b>	<b>52,839</b>	<b>95,599</b>
<b>Expenditure</b>									
12,108	(81)		1,265	13,292	12,695	950	1,194		14,839
2,193				2,193	2,009				2,009
228				228	202				202
11,246	1			11,247	10,662				10,662
5,965				5,965	5,301				5,301
431			3,131	3,562	450		3,327		3,777
(17)				(17)	62				62
28,242				28,242	25,943				25,943
0				0	0				0
2,842				2,842	4,263				4,263
			126	126					0
			31,924	31,924			29,771		29,771
			1,807	1,807			19		19
<b>63,238</b>	<b>(80)</b>	<b>0</b>	<b>38,253</b>	<b>101,411</b>	<b>61,587</b>	<b>950</b>	<b>0</b>	<b>34,311</b>	<b>96,848</b>
<b>18,761</b>	<b>(1,769)</b>	<b>0</b>	<b>(15,889)</b>	<b>1,103</b>	<b>19,253</b>	<b>524</b>	<b>0</b>	<b>(18,528)</b>	<b>1,249</b>
<b>TOTAL</b>									

## 8. NON-CURRENT ASSETS

Movements in non-current assets during the year were as follows.

	Land & Buildings	PROPERTY, PLANT & EQUIPMENT Vehicles, Plant & Equipment	Infra-Structure Assets	Community Assets	Assets under Const'ion	TOTAL PROPERTY, PLANT & EQUIPMENT	HERITAGE ASSETS	INVESTMENT PROPERTIES	INTANGIBLE ASSETS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>NET BOOK VALUE AT 1 APRIL 2020</b>	<b>67,732</b>	<b>3,238</b>	<b>1,059</b>	<b>2,047</b>	<b>0</b>	<b>74,076</b>	<b>15,174</b>	<b>6,210</b>	<b>256</b>	<b>95,716</b>
<b>Cost or Valuation</b>										
At 1 April 2020	68,032	8,811	3,229	2,047	0	82,119	15,174	6,210	603	104,106
Additions	785	328	66			1,179			99	1,278
Derecognition - Disposals		(494)				(494)			(78)	(572)
Reclassification						0				0
Revaluation Recognised in the Revaluation Reserve	1,420					1,420	5			1,425
Net Gains / (Losses) from Fair Value						0		(1,787)		(1,787)
Other Movements in Cost or Valuation	(2,931)					(2,931)				(2,931)
At 31 March 2021	67,306	8,645	3,295	2,047	0	81,293	15,179	4,423	624	101,519
<b>Depreciation, Amortisation &amp; Impairment</b>										
At 1 April 2020	(300)	(5,573)	(2,170)	0	0	(8,043)	0	0	(347)	(8,390)
Depreciation & Amortisation Written out to Surplus/Deficit on the Provision of Services	(1,902)	(644)	(116)			(2,662)			(116)	(2,778)
Impairment Recognised in Surplus/Deficit on the Provision of Services	(64)					(64)				(64)
Impairment Recognised in Revaluation Reserve	(1,249)					(1,249)				(1,249)
Derecognition - Disposals		494				494			78	572
Reclassification						0				0
Other Movements in Depreciation, Amortisation and Impairment	2,931					2,931				2,931
At 31 March 2021	(584)	(5,723)	(2,286)	0	0	(8,593)	0	0	(385)	(8,978)
<b>NET BOOK VALUE AT 31 MARCH 2021</b>	<b>66,722</b>	<b>2,922</b>	<b>1,009</b>	<b>2,047</b>	<b>0</b>	<b>72,700</b>	<b>15,179</b>	<b>4,423</b>	<b>239</b>	<b>92,541</b>
<b>NATURE OF ASSET HOLDINGS</b>										
Owned	66,722	2,922	1,009	2,047	0	72,700	15,179	4,423	239	92,541



	Land & Buildings	PROPERTY, PLANT & EQUIPMENT				TOTAL PROPERTY, PLANT & EQUIPMENT	HERITAGE ASSETS	INVESTMENT PROPERTIES	INTANGIBLE ASSETS	TOTAL
	£'000	Vehicles, Plant & Equipment	Infra-Structure Assets	Community Assets	Assets under Const'n	£'000	£'000	£'000	£'000	
<b>NET BOOK VALUE AT 1 APRIL 2021</b>	<b>66,722</b>	<b>2,922</b>	<b>1,009</b>	<b>2,047</b>	<b>0</b>	<b>72,700</b>	<b>15,179</b>	<b>4,423</b>	<b>239</b>	<b>92,541</b>
<b>Cost or Valuation</b>										
At 1 April 2021	67,306	8,645	3,295	2,047	0	81,293	15,179	4,423	624	101,519
Additions	139	583	165	0	515	1,402			65	1,467
Derecognition - Disposals	(701)	(188)				(889)		(290)	(231)	(1,410)
Reclassification						0				0
Revaluation Recognised in the Revaluation Reserve	4,289					4,289	480			4,769
Net Gains / (Losses) from Fair Value Adjustments						0		400		400
Other Movements in Cost or Valuation	(1,813)					(1,813)				(1,813)
At 31 March 2022	69,220	9,040	3,460	2,047	515	84,282	15,659	4,533	458	104,932
<b>Depreciation, Amortisation &amp; Impairment</b>										
At 1 April 2021	(584)	(5,723)	(2,286)	0	0	(8,593)	0	0	(385)	(8,978)
Depreciation & Amortisation Written out to Surplus/Deficit on the Provision of Services	(1,805)	(666)	(115)			(2,586)			(143)	(2,729)
Impairment Recognised in Surplus/Deficit on the Provision of Services	(1,533)					(1,533)				(1,533)
Impairment Recognised in Revaluation Reserve	(4,827)					(4,827)				(4,827)
Derecognition - Disposals	379	188				567			231	798
Reclassification						0				0
Other Movements in Depreciation, Amortisation and Impairment	1,813					1,813			(1)	1,812
At 31 March 2022	(6,557)	(6,201)	(2,401)	0	0	(15,159)	0	0	(298)	(15,457)
<b>NET BOOK VALUE AT 31 MARCH 2022</b>	<b>62,663</b>	<b>2,839</b>	<b>1,059</b>	<b>2,047</b>	<b>515</b>	<b>69,123</b>	<b>15,659</b>	<b>4,533</b>	<b>160</b>	<b>89,475</b>
<b>NATURE OF ASSET HOLDINGS</b>										
Owned	62,663	2,839	1,059	2,047	515	69,123	15,659	4,533	160	89,475

## Depreciation and Amortisation

The depreciation and amortisation methods and useful lives used in the preparation of the accounts have been specified within the accounting policies.

The amortisation of intangible assets shown above is included within cost of services under the following service areas.

Service	2020/21 £'000	2021/22 £'000
Corporate Services	116	143
Chief Executive	0	0
Director of Central Services	0	0
Director of Finance & Transformation	0	0
Director of Planning, Housing & Environmental Health	0	0
Director of Street Scene, Leisure & Technical Services	0	0
<b>TOTAL</b>	<b>116</b>	<b>143</b>

## Non-Current Asset Valuation

The Council has a policy of revaluing its property assets on a rolling programme, such that the intervals between valuations do not exceed 5 years as detailed in the accounting policies.

In accordance with the rolling programme car parks were the subject of revaluation.

In arriving at the valuations the Estates Surveyor, Linda Martin, MRICS has made the following assumptions:

- That the valuations given are based on existing use values or, where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost.
- That the properties are repaired and maintained to a reasonable standard.
- That no significant Planning or Highways applications exist that could affect the value.
- The Code requires the Council to consider material changes in other assets not due for revaluation in the current year under the five-year rolling programme. In addition to car parks, council offices and leisure premises were also the subject of revaluation; and for Poult Wood Golf Course an external valuer was asked to undertake the valuation. Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net loss of £1,591,000, of which £58,000 is recognised in the revaluation reserve and losses of £1,533,000 recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement.

In assessing fair value of Investment Properties the Estates Surveyor has determined a market value given the sites location and likelihood of achieving such values. The resulting increase in asset values of £400,000 is primarily as a result of improved rental income assumptions. The gain has been recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement. Under the standard the higher of the valuations is reported within the statements.

The Estates Surveyor determined that no other property asset class required revaluation because of a notable change in value.

The freehold and leasehold properties which comprise the Council's portfolio have been assessed as at each review date, being 31 March each year, by the Estates Surveyor, Linda Martin, MRICS and for

Poult Wood Golf Course, Christie & Co. in accordance with the *Statement of Asset Valuation Practice and Guidance Notes* of the Royal Institution of Chartered Surveyors.

Plant and machinery is included in the valuation of the buildings.

### Covid-19

The impact that Covid-19 has had on valuations has been discussed with the Estates Surveyor, Linda Martin, MRICS who has given the followings statement.

“The RICS now states that it is up to the individual valuer to make a judgement on market uncertainty based upon specific properties. In respect of the Council’s car parks there remains a level of uncertainty in the valuations given, this is as a result of changes in shopping and working habits and the uncertainty of settling income levels for the car parks.”

As a result the Council considers this advice indicates there is Material Valuation Uncertainty and valuations are subject to change when updated market evidence begins to emerge.

### Valuations of Non-Current Assets carried at current / fair value

	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Heritage Assets £'000	Investment Properties £'000	Total £'000
Valued at current/fair value in:	<----- at Current Value ----->			at Fair Value	
2021/22	55,560	2,839	15,629	4,533	78,561
2020/21	34				34
2019/20	4,315				4,315
2018/19	1,228				1,228
2017/18	1,526				1,526
Prior Years	0		30		30
<b>TOTAL</b>	<b>62,663</b>	<b>2,839</b>	<b>15,659</b>	<b>4,533</b>	<b>85,694</b>

Land and buildings include assets under construction where relevant. For vehicles, plant and equipment, depreciated historic cost is used as a proxy of current value due to the short term nature of the majority of assets held in this class. Assets revalued in 2021/22 are reflected in the figures for that year rather than the year of previous valuation.

## Heritage Assets

Heritage assets where the Council holds information on their cost or value have been recognised on the Balance Sheet and are detailed in the table below. Heritage assets, where the Council does not hold information on the cost or value and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts, comprise Tonbridge Castle Gatehouse exhibits; Tonbridge Castle curtain wall; cannons; and war memorials.

	At 31 March 2021 £'000	At 31 March 2022 £'000
Tonbridge Castle Gatehouse	15,000	15,450
Civic Regalia	78	81
Paintings	46	73
Sculptures	55	55
<b>TOTAL</b>	<b>15,179</b>	<b>15,659</b>

The main items of capital expenditure during the year were: -

	2020/21 £'000	2021/22 £'000
Open Spaces	69	585
Capital Renewals	115	321
Waste Collection Containers	204	217
Car Parks	31	139
IT Initiatives	99	89
Larkfield Leisure Centre	690	0

The Capital Expenditure was financed as follows: -

	2020/21 £'000	2021/22 £'000
<b>Opening Capital Financing Requirement</b>	<b>0</b>	<b>0</b>
<b>Capital Investment</b>		
Purchase of Non-Current Assets		
Property, Plant & Equipment	1,178	1,402
Intangible Assets	99	65
<b>Total</b>	<b>1,277</b>	<b>1,467</b>
<b>Sources of Finance</b>		
Revenue	(1,194)	0
Capital Grants & Contributions	(83)	(637)
Capital Receipts	0	(830)
<b>Total</b>	<b>(1,277)</b>	<b>(1,467)</b>
<b>CLOSING CAPITAL FINANCING REQUIREMENT</b>	<b>0</b>	<b>0</b>

The capital financing requirement reflects the extent to which the Council had to borrow to support its capital programme.

## Outstanding Capital Commitments

As at 31 March 2022 the Council had capital commitments in respect of the new lakeside facility at Leybourne Lakes Country Park (£440,000), adaptation works to properties purchased for temporary accommodation purposes (£37,000) and purchase of the freehold of 47 High Street, Tonbridge (£200,000).

### (Gain) / Loss on Disposal of Non-Current Assets

	2020/21			2021/22		
	Net Book Value £'000	Sale Proceeds £'000	Net (Gain) / Loss £'000	Net Book Value £'000	Sale Proceeds £'000	Net (Gain) / Loss £'000
River Walk Offices	0	0	0	290	(1,515)	(1,225)
Borough Green Public Conveniences	0	0	0	114	0	114
East Peckham Public Conveniences	0	0	0	117	0	117
Larkfield Public Conveniences	0	0	0	91	0	91
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>612</b>	<b>(1,515)</b>	<b>(903)</b>

## 9. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Represents capital expenditure on non-current assets not owned by the Council. The Code considers this to be revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute allows the expenditure to be funded from capital resources but this Council funds the expenditure entirely from revenue resources.

	2020/21		2021/22	
	£'000	£'000	£'000	£'000
<b>Gross Expenditure</b>				
House Renovation Grants	767		746	
Other	20	787	38	784
<b>Grants &amp; Contributions Received</b>				
Better Care Fund	(689)		(682)	
Housing Assistance Grant Repaid	(68)		(39)	
Disabled Facilities Grant Repaid	(40)		(36)	
Priory Works Developer Contribution	(20)	(817)	0	(757)
<b>TOTAL</b>		<b>(30)</b>		<b>27</b>

## 10. LEASES

### Lessor – Operating Lease

The Council owns a number of properties which are leased out under the terms of an operating lease. A projection of the current rental income, based on existing leases, is provided in the table below.

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Rental Income Due	350	350	248	218	171	166	159

The Council lease out property under an operating lease for the following purposes:

- for the provision of community services, such as sports facilities, tourism and community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

Leases Expiring :	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	9	53
Later than one year and not later than five years	658	537
Later than five years and not later than fifty years	1,538	1,347
Later than fifty years	7,007	6,936
	<b>9,212</b>	<b>8,873</b>

### Trading Undertakings

The majority of these properties are treated as Trading Undertakings within the Comprehensive Income and Expenditure Statement, the financial results of which are given below.

Commercial Properties and Industrial Estates	2020/21 £'000	2021/22 £'000
Income	(356)	(349)
Expenditure	21	38
<b>TOTAL</b>	<b>(335)</b>	<b>(311)</b>

The Balance Sheet value of these properties at the 31 March 2022 was £4,577,000 (£4,533,000 Investment Properties and £44,000 Land and Buildings). There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

### Lessor – Finance Lease

The Council does not lease out assets under a finance lease.

### Lessee – Operating Lease

The Council uses leased cars under the terms of an operating lease. The amount paid under this arrangement in 2021/22 was £1,000 (2020/21: £1,000). The future cash payments required under these leases are: £nil not later than one year following the cessation of the leased car scheme.

### Lessee – Finance Lease

The Council does not normally lease assets under a finance lease. The Council's policy is to purchase operational vehicles and equipment from capital renewals within the Capital Plan. These purchases are funded from capital receipts or revenue reserves.

## 11. INTEREST AND INVESTMENTS

### Interest and Investment Income Earned

	2020/21			2021/22		
	Income	Unrealised (Gains) / Losses	Total	Income	Unrealised (Gains) / Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Property Investment Funds	(172)	67	(105)	(159)	(751)	(910)
Multi-Asset Diversified Income Funds	0		0	(96)	143	47
Certificates of Deposit	(17)		(17)	(17)		(17)
Fixed Interest Deposits	(64)		(64)	(43)		(43)
Call Accounts	(48)		(48)	(40)		(40)
Miscellaneous Interest	0		0	(1)		(1)
<b>TOTAL</b>	<b>(301)</b>	<b>67</b>	<b>(234)</b>	<b>(356)</b>	<b>(608)</b>	<b>(964)</b>

### Interest and Investment Income Received

	2020/21	2021/22
	£'000	£'000
Interest and Investment Income Earned	(234)	(964)
Increase / (Decrease) in Debtors	3	(30)
Increase / (Decrease) in Accrued Interest	(91)	12
Unrealised Gains / (Losses) on Property Investment Funds / Multi-Asset Funds	(67)	608
<b>TOTAL</b>	<b>(389)</b>	<b>(374)</b>

Interest and investment income received is included within net cash flows from operating activities in the Cash Flow Statement.

## Long Term Investments

	At 31 March 2021				At 31 March 2022			
	Capital	Gain / (Loss)	Accrued Interest	Total	Capital	Gain / (Loss)	Accrued Interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property Investment Funds</b>								
Hermes Property Unit Trust	1,000	(32)	8	976	1,000	131	9	1,140
Local Authorities' Property Fund	2,000	(175)	21	1,846	2,000	146	18	2,164
Lothbury Property Trust	2,000	(165)	15	1,850	2,000	102	13	2,115
<b>Total</b>	<b>5,000</b>	<b>(372)</b>	<b>44</b>	<b>4,672</b>	<b>5,000</b>	<b>379</b>	<b>40</b>	<b>5,419</b>
<b>Multi-Asset Diversified Income Funds</b>								
Aegon Diversified Income Fund	0			0	1,750	(19)	6	1,737
Fidelity Multi-Asset Income Fund	0			0	1,000	(76)	3	927
Ninety-One Diversified Income Fund	0			0	1,500	(48)	3	1,455
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,250</b>	<b>(143)</b>	<b>12</b>	<b>4,119</b>
<b>TOTAL</b>	<b>5,000</b>	<b>(372)</b>	<b>44</b>	<b>4,672</b>	<b>9,250</b>	<b>236</b>	<b>52</b>	<b>9,538</b>

The amount shown on the Pooled Investment Funds Adjustment Account represents unrealised gains/losses.

## Short Term Investments

	At 31 March 2021			At 31 March 2022		
	Capital	Accrued Interest	Total	Capital	Accrued Interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Certificates of Deposit</b>						
Barclays Bank	2,007	8	2,015	0		0
National Westminster Bank	2,000	6	2,006	4,000	3	4,003
<b>Total</b>	<b>4,007</b>	<b>14</b>	<b>4,021</b>	<b>4,000</b>	<b>3</b>	<b>4,003</b>
<b>Fixed Interest Deposits</b>						
Close Brothers	2,000	4	2,004	4,000	10	4,010
Goldman Sachs	4,000	1	4,001	3,000	9	3,009
Nordea	0		0	4,000	3	4,003
Santander	2,000	6	2,006	2,000	3	2,003
Toronto Dominion	0		0	4,000	3	4,003
<b>Total</b>	<b>8,000</b>	<b>11</b>	<b>8,011</b>	<b>17,000</b>	<b>28</b>	<b>17,028</b>
<b>TOTAL</b>	<b>12,007</b>	<b>25</b>	<b>12,032</b>	<b>21,000</b>	<b>31</b>	<b>21,031</b>

## Cash Equivalents ([Note 19](#) refers)

Investments which are considered to be of a 'liquid' nature are to be included under the category of cash and cash equivalents. Under the Council's accounting policies any internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value).



## Financial Instruments Disclosures

Investments are classified as financial assets and as such require additional disclosures on:

- Class of investment.
- Interest earned by class of investment.
- Market valuation of each type of investment as at 31 March 2022.
- Management of risk.

### Investment Classification

The Council's investments are classified as either amortised cost or fair value through profit and loss as detailed in the table below.

	At 31 March 2021			At 31 March 2022		
	Amortised Cost	Fair Value Through Profit & Loss	Total	Amortised Cost	Fair Value Through Profit & Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Long Term	0	4,672	4,672		9,538	9,538
Short Term	12,032		12,032	21,031		21,031
<b>TOTAL</b>	<b>12,032</b>	<b>4,672</b>	<b>16,704</b>	<b>21,031</b>	<b>9,538</b>	<b>30,569</b>

### Interest Earned

Interest earned by class of investment is detailed in the table below.

	2020/21			2021/22		
	Amortised Cost	Fair Value Through Profit & Loss	Total	Amortised Cost	Fair Value Through Profit & Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Interest &amp; Investment Income</b>						
Income	(81)	(172)	(253)	(60)	(255)	(315)
Unrealised (Gains) / Losses		67	67		(608)	(608)
<b>TOTAL</b>	<b>(81)</b>	<b>(105)</b>	<b>(186)</b>	<b>(60)</b>	<b>(863)</b>	<b>(923)</b>

### Market Valuation

The accounts are required to show the 'fair value' of the financial assets held by the Council. Fair value is defined as the amount for which an asset could be exchanged assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. Our property investment and multi-asset diversified income funds are an actively quoted value per share on the market and have been valued in accordance with the closing value at year end. Other deposits are held on book value as no active market exists for bank deposits.

The fair value of investments is shown in the table below.

	At 31 March 2021		At 31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Property Investment Funds	4,672	4,672	5,419	5,419
Multi-Asset Diversified Income Funds			4,119	4,119
Deposits with Banks & Building Societies	12,032	12,032	21,031	21,031
<b>TOTAL</b>	<b>16,704</b>	<b>16,704</b>	<b>30,569</b>	<b>30,569</b>

## Management of Risk

### Credit Risk

Credit risk arises from deposits with banks and financial institutions. The Council's Investment Strategy sets out the approach the Council will take to the management of risk both in terms of the security and liquidity of its investments and as at 31 March 2022 the risk of default is considered remote.

### Interest Rate Risk

Interest rate movements will clearly have an impact on investment returns. To put this into context, 1% would currently generate investment income of about £306,000 (2020/21: £167,000).

## 12. PENSION COSTS

Employees of Tonbridge & Malling Borough Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme (LGPS), a defined benefit statutory scheme.

The LGPS is a national scheme that is administered locally – all employees have the right to join and the Council cannot prevent this. The scheme is a career average one, with the pension benefits being determined by career average salary and length of service. Employee contribution rates are set by Government and range from 5.5% to 12.5% and the fund actuary, Barnett Waddingham, sets the employer's contribution rate. This is a funded defined benefit 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. The fund provides index linked pensions and other retirement benefits based upon employees' career average salary and length of service. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The KCC pension scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Superannuation Committee of KCC. This Committee is responsible for: setting investment strategy; appointing professional fund managers; carrying out regular reviews; monitoring of investments; monitoring the administration of the pension scheme; and determining pension fund policy in regard to employer admission arrangements. The Committee consists of 12 members with voting rights (nine from KCC and three from district councils) and 5 other members without voting rights. Policy is determined in accordance with the *Local Government Pensions Fund Regulations 1997* as amended.

The pension costs charged to the Comprehensive Income and Expenditure Statement in accordance with International Accounting Standard 19 are given below.

## Transactions Relating to Retirement Benefits

	2020/21 £'000	2021/22 £'000
<b>Amounts Charged to Income and Expenditure Statement</b>		
Net Cost of Services		
Current Service Costs	2,617	3,886
Past Service Costs (Change in Benefit)	0	0
Administration Expenses	66	61
Net Operating Expenditure		
Net Interest on the Defined Liability (Asset)	1,265	1,194
<b>Net Charge to the Income and Expenditure Statement</b>	<b>3,948</b>	<b>5,141</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(3,948)	(5,141)
Actual Amount Charged to the General Fund for Pensions in the Year		
Employers' contributions payable to scheme	2,908	2,961
<b>CONTRIBUTION (FROM) / TO PENSIONS RESERVE</b>	<b>(1,040)</b>	<b>(2,180)</b>

As required under IAS 19 the valuation method used is the projected unit method of valuation. With this method where the age profile of the active membership is rising the current service cost will increase as the members of the scheme approach retirement.

In addition, an actuarial gain of £5,092,000 in 2021/22 (2020/21: loss of £4,906,000) is included in the Comprehensive Income and Expenditure Statement. The cumulative amounts of actuarial gains and losses are detailed later in this note.

## Assets and Liabilities in Relation to Retirement Benefits

The table below summarises the reconciliation of the present value of scheme liabilities.

Reconciliation of the Present Value of Scheme Liabilities	2020/21 £'000	2021/22 £'000
<b>Opening Balance at 1 April - Defined Benefit Obligation</b>	<b>135,092</b>	<b>163,240</b>
Current Service Costs	2,617	3,886
Past Service Costs	0	0
Contributions from Scheme Participants	547	556
Interest Cost	3,124	3,223
Change in Financial Assumptions	30,359	(5,315)
Change in Demographic Assumptions	(1,582)	0
Experience Loss / (Gain) on Defined Benefit Obligation	(1,963)	322
Benefits Paid	(4,723)	(4,517)
Unfunded Pension Payments	(231)	(214)
<b>CLOSING BALANCE AT 31 MARCH - DEFINED BENEFIT OBLIGATION</b>	<b>163,240</b>	<b>161,181</b>

The liability shows the underlying commitment that the Council has in the long run to pay retirement benefits. Liabilities have been assessed on an actuarial basis using the projected unit method, and

estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The table below summarises the reconciliation of the present value of scheme assets.

Reconciliation of the Fair Value of Scheme Assets	2020/21 £'000	2021/22 £'000
<b>Opening Balance at 1 April - Fair Value of Scheme Assets</b>	<b>79,865</b>	<b>102,067</b>
Interest on Assets	1,859	2,029
Return on Assets Less Interest	21,908	99
Other Actuarial Gains / (Losses)	0	0
Employers' Contributions	2,908	2,961
Contributions from Scheme Participants	547	556
Benefits Paid	(4,954)	(4,731)
Administration Expenses	(66)	(61)
<b>CLOSING BALANCE AT 31 MARCH - FAIR VALUE OF SCHEME ASSETS</b>	<b>102,067</b>	<b>102,920</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year: gain of £2,128,000 (2020/21: gain of £23,767,000).

#### Net Liabilities in Relation to Retirement Benefits

	2020/21 £'000	2021/22 £'000
Present value of funded obligation	161,031	159,170
Fair value of scheme assets (bid price)	102,067	102,920
<b>Sub-total</b>	<b>58,964</b>	<b>56,250</b>
Present value of unfunded obligation	2,209	2,011
<b>NET PENSION LIABILITY</b>	<b>61,173</b>	<b>58,261</b>

The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year.

The figures presented are prepared only for the purpose of IAS 19. They are not relevant for calculations undertaken for funding purposes. IAS 19 does not have any impact on the actual level of employer contributions paid to Kent County Council Pension 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).

## Reconciliation of Opening & Closing Surplus / Deficit

The table below reconciles the opening and closing deficit on the scheme.

Surplus / (Deficit)	2020/21	2021/22
	£'000	£'000
<b>Balance at 1 April</b>	<b>(55,227)</b>	<b>(61,173)</b>
Current Service Costs	(2,617)	(3,886)
Past Service Costs	0	0
Actuarial Gains / (Losses)	(4,906)	5,092
Employer's Contributions	2,677	2,747
Unfunded Pension Payments	231	214
Administration Expenses	(66)	(61)
Other Finance Income	(1,265)	(1,194)
<b>BALANCE AT 31 MARCH</b>	<b>(61,173)</b>	<b>(58,261)</b>

## Breakdown of Assets Held by Pension Fund shown at Fair Value

Assets are valued at fair value, principally market value for investments. The fair values of the attributable assets and expected rates of return are given below.

Assets	At 31 March 2021		At 31 March 2022	
	Fund Value	Percentage of Fund	Fund Value	Percentage of Fund
	£'000	%	£'000	%
Bonds	12,747	13	14,210	14
Cash	5,061	5	2,126	2
Equities	65,724	64	66,252	64
Gilts	607	1	628	1
Property	10,563	10	12,089	12
Target Return Portfolio	7,365	7	7,615	7
<b>TOTAL</b>	<b>102,067</b>	<b>100</b>	<b>102,920</b>	<b>100</b>

## Scheme History

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	(144,784)	(144,209)	(135,092)	(163,240)	(161,181)
Fair Value of Assets	83,009	87,513	79,865	102,067	102,920
<b>SURPLUS / (DEFICIT) IN THE SCHEME</b>	<b>(61,775)</b>	<b>(56,696)</b>	<b>(55,227)</b>	<b>(61,173)</b>	<b>(58,261)</b>
Experience Gains / (Losses) on Assets	0	0	289	0	0
Percentage of Assets	0.0%	0.0%	0.4%	0.0%	0.0%
Experience Gains / (Losses) on Liabilities	0	0	(1,009)	1,963	(322)
Percentage of Liabilities	0.0%	0.0%	(0.7%)	1.2%	(0.2%)

## Actuarial Gains and Losses

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Actuarial Gains / (Losses) recognised in the Comprehensive Income and Expenditure Statement	3,037	6,462	3,484	(4,906)	5,092
<b>CUMULATIVE ACTUARIAL GAINS / (LOSSES)</b>	<b>(41,582)</b>	<b>(35,120)</b>	<b>(31,636)</b>	<b>(36,542)</b>	<b>(31,450)</b>

## Basis for Estimating Assets and Liabilities

The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council based upon the full valuation of the scheme as at 31 March 2019.

The financial assumptions used for the purposes of IAS 19 calculations are given below.

	2020/21	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.6 Years	21.6 Years
Women	23.6 Years	23.7 Years
Longevity at 65 for future pensioners:		
Men	22.9 Years	23.0 Years
Women	25.1 Years	25.1 Years
CPI Increases	2.85%	3.30%
Salary Increases	3.85%	4.30%
Pension Increases	2.85%	3.30%
Discount Rate	2.00%	2.60%

It has also been assumed that members will exchange half of their commutable pension for cash at retirement.

## Sensitivity Analysis

The following table sets out the impact of a small change in the discount rate; salary increase; pension increase; and mortality assumptions on the defined benefit obligation and projected service cost.

	£'000	£'000	£'000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present Value of Total Obligation	158,352	161,181	164,064
Projected Service Cost	3,484	3,602	3,723
Adjustment to Long Term Salary Increase	0.1%	0.0%	-0.1%
Present Value of Total Obligation	161,488	161,181	160,878
Projected Service Cost	3,604	3,602	3,600
Adjustment to Pensions Increase and Deferred Revaluation	0.1%	0.0%	-0.1%
Present Value of Total Obligation	163,736	161,181	158,672
Projected Service Cost	3,722	3,602	3,486
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	168,910	161,181	153,828
Projected Service Cost	3,753	3,602	3,457

### Projected Pension Expense for the Year to 31 March 2023

These projections are based on the Actuary's assumptions as at 31 March 2022.

	2022/23 Projection £'000
Service Cost	3,602
Net Interest on the defined liability (asset)	1,476
Administration Expenses	60
<b>Total</b>	<b>5,138</b>
Employers' Contributions	2,797

Information can also be found in Kent County Council's Superannuation Fund Annual Report via the following link [Report and Accounts - Kent Pension Fund](#).

### 13. COUNCIL TAX AND NATIONAL NON-DOMESTIC (BUSINESS) RATES INCOME

Council Tax	2020/21 £'000	2021/22 £'000
Borough Council's Council Tax	(11,019)	(11,277)
Parish Councils' Council Tax	(3,131)	(3,327)
Prior Year's Estimated Accumulated Council Tax (Surplus) / Deficit	(67)	(20)
Council Tax (Surplus) / Deficit	127	(167)
<b>TOTAL</b>	<b>(14,090)</b>	<b>(14,791)</b>

National Non-Domestic Rates	2020/21 £'000	2021/22 £'000
Share of National Non-Domestic Rates	(22,918)	(22,398)
Tariff / (Top-Up)	21,310	21,310
Levy / Safety Net		20
Business Rates Pool	82	(4)
Prior Year's Estimated Accumulated Non-Domestic Rates (Surplus) / Deficit	(823)	8,445
National Non-Domestic Rates (Surplus) / Deficit	10,532	(3,802)
<b>TOTAL</b>	<b>8,183</b>	<b>3,571</b>

Collection Fund Adjustment Account	Balance at 31 March 2020 £'000	2020/21 Surplus / (Deficit) £'000	Balance at 31 March 2021 £'000	2021/22 Surplus / (Deficit) £'000	Balance at 31 March 2022 £'000
Council Tax	94	(127)	(33)	167	134
National Non-Domestic Rates	722	(10,532)	(9,810)	3,802	(6,008)
<b>TOTAL</b>	<b>816</b>	<b>(10,659)</b>	<b>(9,843)</b>	<b>3,969</b>	<b>(5,874)</b>

#### 14. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

##### Credited to Taxation & Non-Specific Grant Income & Expenditure

	2020/21		2021/22	
	£'000	£'000	£'000	£'000
General Government Grants				
Covid-19 Buisness Rate Relief	0		(3,291)	
New Homes Bonus	(3,375)		(2,210)	
Covid-19 Additional Relief	0		(1,507)	
Small Business & Empty Property Rate Relief Grant	(1,144)		(1,091)	
Lower Tier Services Grant	0		(666)	
Covid-19 Support Grant	(1,736)		(605)	
Council Tax Support Scheme	0		(225)	
Under Indexing Multiplier Grant	(41)		(114)	
Tax Income Guarantee	(1,588)		5	
Expanded Retail Discount Grant	(8,127)		0	
Other	(102)	(16,113)	(15)	(9,719)
Capital Grants & Contributions				
Other	(51)	(51)	(199)	(199)
<b>TOTAL</b>		<b>(16,164)</b>		<b>(9,918)</b>

The Council has also received a number of developer contributions but which as yet have not been applied to revenue and capital projects ([Note 22](#) refers).

##### Credited to Services

	2020/21	2021/22
	£'000	£'000
Rent Allowance Subsidy	(27,001)	(24,243)
Additional Restrictions Grant	(2,974)	(2,156)
Non-HRA Rent Rebate Subsidy	(672)	(894)
Better Care Fund	(791)	(767)
Rough Sleeping Initiative Grant	(165)	(390)
Homelessness Prevention Grant	0	(383)
Benefits Administration Grant	(291)	(261)
Discretionary Housing Payment Contribution	(268)	(239)
Income Compensation Scheme	(1,559)	(224)
Welcome Back Fund/Reopening High Streets	0	(200)
National Leisure Recovery Fund	(76)	(192)
NNDR Cost of Collection Allowance	(157)	(156)
Test and Trace/Self Isolation Payments Grant	(107)	(189)
Administering Business Grants	(355)	(131)
Local Council Tax Support Administration Grant	(111)	(121)
Contain Outbreak Management Fund Grant	0	(110)
Council Tax Hardship Fund	(813)	(53)
Garden Communities Programme Grant	(100)	(50)
Local Authority Discretionary Grant Fund	(1,006)	0
Flexible Homelessness Support Grant	(189)	0
Next Steps Accommodation Programme Grant	(125)	0
Homelessness Reduction Act	(116)	0
Energy Strategy Support Grant	(100)	0
Other	(430)	(483)
<b>TOTAL</b>	<b>(37,406)</b>	<b>(31,242)</b>



## 15. OFFICERS' EMOLUMENTS, ACCRUED ANNUAL LEAVE AND EXIT PACKAGES

### Emoluments

Employee remuneration is defined as all amounts paid to or receivable by an employee, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax) and the estimated money value of any other benefits received by an employee otherwise than in cash. The number of employees, whose remuneration, including exit packages, but excluding employers' pension contributions, was £50,000 or more in bands of £5,000 is given in the table below.

Remuneration Band	Number of Employees	
	2020/21	2021/22
£50,000 - £54,999	7	7
£55,000 - £59,999	4	5
£60,000 - £64,999	8	5
£65,000 - £69,999	-	2
£70,000 - £74,999	3	4
£75,000 - £79,999	1	1
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	4	4
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	1
<b>TOTAL</b>	<b>28</b>	<b>29</b>

The numbers above include one employee included in the exit packages table for 2021/22 (2020/21: no employees).

## Senior Officer Remuneration

We are also required to disclose additional information about the remuneration of senior officers as set out below, together with the value of the employers' pension contribution for the financial year. The employees shown in the table below are also included within the banding table.

	Post Title	Salary, Fees & All'ces £'000	Expenses All'ces £'000	Comp for Loss of Office £'000	Benefits in Kind £'000	Total Excl Pension £'000	Pension Contrib's £'000	Total Including Pension £'000
2020/21	Chief Executive	122	5			127	23	150
	Director of Central Services & Deputy Chief Executive	98	7			105	18	123
	Director of Finance & Transformation	95	7			102	18	120
	Director of Planning, Housing & Environmental Health	95	7			102	18	120
	Director of Street Scene, Leisure & Technical Services	94	6			100	18	118
	<b>TOTAL</b>		<b>504</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>536</b>	<b>95</b>
2021/22	Chief Executive	123	5			128	23	151
	Director of Central Services & Deputy Chief Executive	99	6			105	19	124
	Director of Finance & Transformation	96	7			103	18	121
	Director of Planning, Housing & Environmental Health	96	7			103	18	121
	Director of Street Scene, Leisure & Technical Services	96	7			103	18	121
	<b>TOTAL</b>		<b>510</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>542</b>	<b>96</b>

At 31 March 2022 the Council employed 243 permanent staff (31 March 2021: 251) or 213 full-time equivalents (31 March 2021: 217).

### Accrued Annual Leave

The Council is required to accrue for annual leave not taken by staff at the end of the accounting period. At the end of 2021/22 this was estimated to be £262,000 (2020/21: £299,000). Includes the impact of the working time directive in respect of annual leave not taken in 2020/21 as a result of the Covid-19 pandemic. The untaken leave related to the pandemic is to be used no later than 31 March 2023.

## Exit Packages

Exit packages include compulsory and voluntary redundancy payments, added-years pension contributions, ex-gratia payments and other departure costs. The number of employees receiving exit packages in bands of £20,000 is given in the table below.

	2020/21		2021/22	
	Number of Employees	Total Cost £'000	Number of Employees	Total Cost £'000
<b>Compulsory Redundancies</b>				
£0 - £19,999	-	-	-	-
£20,000 - £39,999	-	-	-	-
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	-	-	-	-
<b>Other Agreed Departures</b>				
£0 - £19,999	-	-	1	7
£20,000 - £39,999	-	-	-	-
£40,000 - £59,999	-	-	1	50
£60,000 - £79,999	-	-	-	-
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>57</b>

## 16. CAPITAL RECEIPTS

### Usable Capital Receipts

These are proceeds from the sale of capital assets that have not yet been used to finance new capital expenditure. Capital receipts are as defined in the *Local Government Act 2003* and the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003*.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	0	0
Usable Capital Receipts Received	0	1,515
Disposal Costs	0	0
	0	1,515
<b>less Usable Capital Receipts Applied</b>		
Purchase of Non-Current Assets	0	830
<b>BALANCE AT 31 MARCH</b>	<b>0</b>	<b>685</b>

## 17. RESERVES

	Balance at 1 April £'000	Contribution to Reserve £'000	Contribution from Reserve £'000	Balance at 31 March £'000	
2020/21	Revenue Reserve for Capital Schemes	7,456	1,397	(1,254)	7,599
	General Revenue Reserve	6,576	509		7,085
	Building Repairs Reserve	516	1,075	(697)	894
	Property Investment Fund Reserve	1,750			1,750
	Earmarked Reserves				
	Business Rates Retention Scheme	901	10,297	(111)	11,087
	Budget Stabilisation	0	2,700		2,700
	Tonbridge & Malling Leisure Trust	949		(241)	708
	Homelessness Reduction	421	568	(283)	706
	Planning Services	384	398	(289)	493
	Housing Assistance	260	60		320
	Special Projects	330	39	(96)	273
	Climate Change	250			250
	Transformation	150	80	(37)	193
	Invest to Save	171	50	(47)	174
	Election	117	53		170
	Other Earmarked Reserves	151	45	(22)	174
<b>TOTAL</b>	<b>20,382</b>	<b>17,271</b>	<b>(3,077)</b>	<b>34,576</b>	
2021/22	Revenue Reserve for Capital Schemes	7,599	809	(1,583)	6,825
	General Revenue Reserve	7,085	576		7,661
	Building Repairs Reserve	894	725	(588)	1,031
	Property Investment Fund Reserve	1,750	1,500		3,250
	Earmarked Reserves				
	Business Rates Retention Scheme	11,087	4,798	(8,616)	7,269
	Budget Stabilisation	2,700	300		3,000
	Planning Services	493	1,162	(222)	1,433
	Climate Change	250	600	(70)	780
	Homelessness Reduction	706	846	(825)	727
	Housing Assistance	320	40		360
	Transformation	193	65	(7)	251
	Special Projects	273	168	(204)	237
	Invest to Save	174	50	(3)	221
	Tonbridge & Malling Leisure Trust	708		(508)	200
	Election	170	25	(21)	174
	Other Earmarked Reserves	174	100	(37)	237
<b>TOTAL</b>	<b>34,576</b>	<b>11,764</b>	<b>(12,684)</b>	<b>33,656</b>	

## **Reserve**

### **Revenue Reserve for Capital Schemes**

#### **General Revenue Reserve**

#### **Building Repairs Reserve**

#### **Property Investment Fund Reserve**

#### **Business Rates Retention Scheme**

#### **Budget Stabilisation**

#### **Planning Services**

#### **Climate Change**

#### **Homelessness Reduction**

#### **Housing Assistance**

#### **Transformation**

#### **Special Projects**

#### **Invest to Save**

#### **Tonbridge & Malling Leisure Trust**

#### **Election**

#### **Other Earmarked Reserves**

## **Purpose of the Reserve**

Established to finance future capital expenditure.

We maintain a financial cushion should something unexpected happen that leads to significant unplanned expenditure or reduced income. The General Revenue Reserve is also intrinsically linked to the objectives of the Council's Medium Term Financial Strategy.

Established to finance general repairs and maintenance expenditure to Council owned buildings.

Established to recognise proceeds from the sale of Council owned assets and other funds set aside for long term investment with the aim of generating a higher rate of return.

Established, in the main, to take account of accounting arrangements. Increase primarily due to government grant received as recompense for the impact of Covid-19 business rates relief measures accounted for in year and the associated loss of business rates income in the following year.

Established to manage risk and or assist in meeting future savings and transformation contributions.

Established to meet costs in respect of planning services related work including the Local Plan.

Established to fund initiatives in support of the Climate Change Strategy.

Established to meet costs associated with the Homelessness Reduction Act.

Established to smooth the cost of discretionary housing assistance grant funding between years.

Established to fund initiatives that deliver operational efficiencies.

Established to enhance or progress specific projects or activities within the Council.

Established to meet costs associated with service reviews with the aim of identifying savings opportunities.

Established to meet obligations on the Council as part of the agreement with the Tonbridge and Malling Leisure Trust.

Established to meet the costs of administering borough council elections which are held once every four years.

Other earmarked reserves established to enhance or progress specific projects or activities within the Council.

## 18. DEBTORS

### Short Term Debtors

	At 31 March 2021			At 31 March 2022		
	Gross Value	Impairment Allowance	Net Value	Gross Value	Impairment Allowance	Net Value
	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund</b>						
Local Authorities	959		959	971		971
Central Government	3,047		3,047	613		613
Payments in Advance	468		468	538		538
Housing Benefit Claimants (current & former)	3,002	(2,475)	527	2,804	(2,350)	454
Other Debtors	700	(174)	526	662	(255)	407
	<b>8,176</b>	<b>(2,649)</b>	<b>5,527</b>	<b>5,588</b>	<b>(2,605)</b>	<b>2,983</b>
<b>Collection Fund</b>						
Council Tax Payers (Borough Council's share)	1,245	(352)	893	1,463	(406)	1,057
NNDR Payers (Borough Council's share)	1,221	(288)	933	770	(224)	546
Local Authorities	2,406		2,406	358		358
Central Government	6,524		6,524	0		0
	<b>11,396</b>	<b>(640)</b>	<b>10,756</b>	<b>2,591</b>	<b>(630)</b>	<b>1,961</b>
<b>TOTAL</b>	<b>19,572</b>	<b>(3,289)</b>	<b>16,283</b>	<b>8,179</b>	<b>(3,235)</b>	<b>4,944</b>

The downward movement in the gross value of debtors is largely due to a reduction in the amounts owed by Central Government under the Business Rates Retention Scheme and in respect of Covid-19 related financial support, and by local authorities in respect of business rates and council tax.

### Impairment Allowance

		Housing Benefit Claimants	Homeless Debtors	Garden Waste Debtors	General Debtors	Council Tax Payers	NNDR Payers	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
2020/21	Balance at 1 April	2,604	27	0	101	232	120	3,084
	Write-Offs	(47)	(20)		(2)	(16)	(6)	(91)
	Contribution to Allowance	(85)	48		20	136	174	293
	Receipts/Adjustments	3						3
<b>BALANCE AT 31 MARCH</b>		<b>2,475</b>	<b>55</b>	<b>0</b>	<b>119</b>	<b>352</b>	<b>288</b>	<b>3,289</b>
2021/22	Balance at 1 April	2,475	55	0	119	352	288	3,289
	Write-Offs	(106)	(4)		(1)	(7)	(26)	(144)
	Contribution to Allowance	(22)	66	18		61	(38)	85
	Receipts/Adjustments	3	1		1			5
<b>BALANCE AT 31 MARCH</b>		<b>2,350</b>	<b>118</b>	<b>18</b>	<b>119</b>	<b>406</b>	<b>224</b>	<b>3,235</b>

The impairment allowance in respect of council tax and national non-domestic rates represent the Borough Council's share only. The total impairment allowance in respect of council tax and national non-domestic rates can be found in [Note 3](#) to the Collection Fund Accounts.

The levels held within the impairment allowance will be reviewed by the Director of Finance and Transformation on an annual basis and will take into account the effect of the prevailing economic climate when calculating the required provision.

### Financial Instruments Disclosures

Some debtors meet the definition of financial instruments. The council considers these to be debtors of a contractual nature rather than statutory debt or debts with other public sector bodies. These debtors are all classified as amortised cost financial instruments. The carrying amount is deemed to be the fair value (being the amount that the market is willing to exchange assets). For these debtors additional disclosures are required on the age profile and collectability of the debt.

### Age of Debt

An analysis of the age profile of debtors which fall under financial assets is given in the table below.

Age of Debt	At 31 March 2021			At 31 March 2022			
	General Debtors £'000	Homeless -ness £'000	Total £'000	General Debtors £'000	Garden Waste £'000	Homeless -ness £'000	Total £'000
< 1 month	171	27	198	187		8	195
1 - 3 months	100	29	129	62		14	76
3 - 6 months	85	19	104	16		19	35
6 - 12 months	92	36	128	6	34	48	88
1 year +	110	31	141	161	14	93	268
<b>TOTAL</b>	<b>558</b>	<b>142</b>	<b>700</b>	<b>432</b>	<b>48</b>	<b>182</b>	<b>662</b>

### Collectability of Debt

The Council does not generally allow credit for customers, however it is prudent to establish a provision for non-payment of debt. This calculation is based upon the type of debtor and the size and age of the debt adjusting for individual cases where appropriate. The Council's potential maximum exposure to default and uncollectability of the debt based on experience over the last five financial years is shown in the table below.

	Amounts as at 31 March 2022 £'000	Historical Experience of Default %	Historical Experience Adjusted for Market Conditions as at 31 March 2022 %	Estimated Maximum Exposure to Default and Uncollectability £'000
Debtors				
General Debtors	432	0.3	27.5	119
Garden Waste	48	0.0	37.5	18
Homelessness	182	30.4	64.8	118
<b>TOTAL</b>	<b>662</b>			<b>255</b>

The variation between the historical experience and the adjustment for market conditions is due to the nature and age of the debt outstanding which can take several years to recover prior to any write-off action being taken.

## 19. CASH & CASH EQUIVALENTS

Investments which are considered to be of a 'liquid' nature are to be included under the category of cash and cash equivalents. Under the Council's accounting policies any internally managed investments of three months or less from the date of acquisition will be recognised as cash equivalents (short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value).

	At 31 March 2021 £'000	At 31 March 2022 £'000
<b>Short Term Deposits</b>		
Barclays Bank	4,000	3,000
Blackrock	50	2,500
BNP Paribas	4,110	7,961
CCLA	6,000	8,000
Deutsche Bank	50	50
Federated	813	50
HSBC	3,000	3,000
Morgan Stanley	1,044	50
National Westminster Bank	727	520
	<u>19,794</u>	<u>25,131</u>
<b>Cash in Hand</b>	<u>276</u>	<u>294</u>
<b>TOTAL</b>	<b>20,070</b>	<b>25,425</b>

## 20. CREDITORS

### Long Term Creditors

	At 31 March 2021 £'000	At 31 March 2022 £'000
Local Authorities	(29)	(19)
<b>TOTAL</b>	<b>(29)</b>	<b>(19)</b>



## Short Term Creditors

	At 31 March 2021 £'000	At 31 March 2022 £'000
<b>General Fund</b>		
Central Government	(15,896)	(11,314)
Receipts in Advance	(1,484)	(5,859)
Local Authorities	(489)	(614)
Employees	(299)	(262)
Other Creditors	(802)	(1,178)
	<b>(18,970)</b>	<b>(19,227)</b>
<b>Collection Fund</b>		
NNDR Payers (Borough Council's share)	(864)	(2,166)
Central Government	(756)	(890)
Council Tax Payers (Borough Council's share)	(348)	(331)
Local Authorities	0	(160)
	<b>(1,968)</b>	<b>(3,547)</b>
<b>TOTAL</b>	<b>(20,938)</b>	<b>(22,774)</b>

The upward movement in creditors is largely due to early payment by Central Government of grant in respect of Energy Support Measures and an increase in prepayments by NNDR Payers, offset by a reduction in amounts owed to Central Government under the Business Rates Retention Scheme and in respect of Covid-19 related financial support.

### Financial Instruments Disclosures

Creditors meeting the definition of financial instruments are disclosed below. The council considers these creditors to be of a contractual nature rather than statutory creditors or creditors with other public sector bodies. For these creditors the carrying amount is also deemed to be the fair value (being the amount that the market is willing to settle liabilities).

	At 31 March 2021 £'000	At 31 March 2022 £'000
<b>General Fund</b>		
Other Creditors	(802)	(1,178)
<b>TOTAL</b>	<b>(802)</b>	<b>(1,178)</b>

All liabilities are paid as soon as possible after the end of the financial year.

## 21. PROVISIONS

Provisions are required for liabilities or losses that are likely to be incurred, or certain to be incurred, but uncertain as to the amount or the date on which they will arise. They are charges to the appropriate revenue account and when the expenditure occurs it is charged to the provision. They should only be used for the purpose for which they were established.

		Balance at 1 April £'000	Additions in Year £'000	Expenditure in Year £'000	Reversal £'000	Balance at 31 March £'000
2020/21	NNDR Appeals	(3,995)	(658)			(4,653)
	Adoption of Amenity Areas	(93)				(93)
<b>TOTAL</b>		<b>(4,088)</b>	<b>(658)</b>	<b>0</b>	<b>0</b>	<b>(4,746)</b>
2021/22	NNDR Appeals	(4,653)	(799)	461		(4,991)
	Adoption of Amenity Areas	(93)				(93)
<b>TOTAL</b>		<b>(4,746)</b>	<b>(799)</b>	<b>461</b>	<b>0</b>	<b>(5,084)</b>

- **NNDR Appeals** – business ratepayers can appeal against the rateable value applied to the property by the Valuation Office. This provision represents our share of the cost arising from successful appeals. Due to the appeals being heard by an external party the Council is unable to determine the likely settlement date of any appeal, therefore the provision is recognised as long term rather than short term. See [Note 4](#) to the Collection Fund Accounts for further details.
- **Adoption of Amenity Areas** – repairs to a banked area of the M20 slip road at Junction 4.

## 22. GRANTS AND CONTRIBUTIONS IN ADVANCE AND GRANTS AND CONTRIBUTIONS UNAPPLIED

These are grants and contributions received but which as yet have not been applied to revenue and capital projects. Those with conditions are treated as receipts in advance under long term liabilities and those without conditions are treated as a reserve.

### Transactions in the Year in respect of Grants and Contributions in Advance

		Balance at 1 April £'000	Receipts £'000	Interest £'000	Transfer to Third Parties £'000	Applied to Capital £'000	Applied to Revenue £'000	Balance at 31 March £'000
2020/21	Aylesford Newsprint	0						0
	Better Care Fund	(137)	(510)				137	(510)
	Oakhill House	0						0
	Peter's Pit	(267)						(267)
	Other	(265)	(161)	(1)	3	30	20	(374)
	<b>TOTAL</b>	<b>(669)</b>	<b>(671)</b>	<b>(1)</b>	<b>3</b>	<b>30</b>	<b>157</b>	<b>(1,151)</b>
2021/22	Aylesford Newsprint	0	(849)					(849)
	Better Care Fund	(510)	(906)				510	(906)
	Oakhill House	0	(428)					(428)
	Peter's Pit	(267)	0					(267)
	Other	(374)	(106)	(1)				(481)
	<b>TOTAL</b>	<b>(1,151)</b>	<b>(2,289)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>510</b>	<b>(2,931)</b>

### Transactions in the Year in respect of Grants and Contributions Unapplied

		Balance at 1 April £'000	Receipts £'000	Applied to Capital £'000	Applied to Revenue £'000	Balance at 31 March £'000
2020/21	Leybourne Lakes	741		(34)		707
	Other	191	5	(3)	(3)	190
	<b>TOTAL</b>	<b>932</b>	<b>5</b>	<b>(37)</b>	<b>(3)</b>	<b>897</b>
2021/22	Leybourne Lakes	707		(438)		269
	Other	190			(3)	187
	<b>TOTAL</b>	<b>897</b>	<b>0</b>	<b>(438)</b>	<b>(3)</b>	<b>456</b>

### 23. CAPITAL ADJUSTMENT ACCOUNT

The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system. The account is credited with the amounts set aside to finance the cost of acquiring/enhancing non-current assets. It is debited with the cost of acquisition/enhancement as the assets are depreciated/impaired to the Comprehensive Income and Expenditure Statement. The account also contains accumulated gains/losses on investment properties and operational land and buildings pre-dating 1 April 2007.

	2020/21		2021/22	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		<b>47,360</b>		<b>45,030</b>
<b>Capital Financing applied in year</b>				
Revenue	1,194		0	
Capital Grants & Contributions	83		637	
Capital Receipts	<u>0</u>	1,277	<u>830</u>	1,467
<b>Reversal of items charged to the Comprehensive Income and Expenditure Statement</b>				
Depreciation & Amortisation of Non-Current Assets	(2,778)		(2,729)	
Impairment of Non-Current Assets	(64)		(1,533)	
Net Book Value of Assets Disposed	<u>0</u>	(2,842)	<u>(612)</u>	(4,874)
<b>Amounts Written-out of the Revaluation Reserve</b>				
Difference between fair value & historical cost depreciation	1,022		1,001	
Accumulated Gains / (Loss) on Assets Disposed	<u>0</u>	1,022	<u>483</u>	1,484
<b>Movement in the Fair Value of Investment Properties</b>		(1,787)		400
<b>BALANCE AT 31 MARCH</b>		<b>45,030</b>		<b>43,507</b>

### 24. REVALUATION RESERVE

The revaluation reserve records unrealised revaluation gains arising since 1 April 2007 from holding operational land and buildings. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired and the gains lost; used in the provision of services and the gains consumed through depreciation; disposed and the gains realised. Accumulated gains pre-dating 1 April 2007 were transferred to the Capital Adjustment Account.

	2020/21		2021/22	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		<b>48,351</b>		<b>47,505</b>
<b>Surplus / (Deficit) on Revaluation not posted to the (Surplus) / Deficit on the Provision of Services</b>				
Upward revaluations	1,425		4,769	
Downward revaluations / impairments	<u>(1,249)</u>	176	<u>(4,827)</u>	(58)
<b>Amounts Written-Off to the Capital Adjustment Account</b>				
Difference between fair value & historical cost depreciation	(1,022)		(1,001)	
Accumulated gains / (loss) on assets sold or scrapped	<u>0</u>	(1,022)	<u>(483)</u>	(1,484)
<b>BALANCE AT 31 MARCH</b>		<b>47,505</b>		<b>45,963</b>

## 25. RELATED PARTY TRANSACTIONS

The Authority 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.

### United Kingdom Central Government

United Kingdom Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Authority 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, housing benefits). Grants received from government departments are included in the subjective analysis in [Note 7](#) on segmental reporting and in the analysis of grant income in [Note 14](#).

### Members and Chief Officers

All Members and Chief Officers of the Council are required to disclose where they or any member of their family or household has an interest in a company, partnership or trust that has had transactions with the Council. Disclosures of these transactions allow readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

When completing the disclosure both Members and Chief Officers are asked to confirm that their register of interests held by the Council's Monitoring Officer

(<https://democracy.tmbc.gov.uk/mgMemberIndex.aspx?bcr>) is up to date.

The Council make a number of appointments of Councillors to local outside bodies to act as the Council's representatives. During 2021/22 the Council funded some of these organisations the total sum of £859,000 (2020/21: £1,421,000). The decrease can be attributed to a reduction in the level of support to Tonbridge and Malling Leisure Trust.

In addition, under the Council's Code of Conduct for Members

(<https://www.tmbc.gov.uk/services/council-and-democracy/councillors,-democracy-and-elections/council-constitution/articles/standards-committee>) they are required to declare at Council meetings any interest they may have in an item on the agenda. If it is considered that the interest is prejudicial the Member is required to leave the meeting and not take part in the discussion or decision.

Returns were received from all but 6 non-executive members of 54 Councillors elected as at the end of the 2021/22 financial year and all Chief Officers and there were no transactions considered of material significance to warrant separate disclosure in the Accounts.

## 26. MEMBERS' ALLOWANCES

The total paid in Members' allowances, including travel and subsistence expenses, is shown in the table below.

	2020/21	2021/22
	£'000	£'000
Basic Allowance	277	277
Special Responsibility Allowance	102	116
Travel & Subsistence Expenses	0	0
Carers Allowance	0	0
Mayor's & Deputy Mayor's Allowance	2	7
Members' National Insurance Contributions	7	8
<b>TOTAL</b>	<b>388</b>	<b>408</b>

The Council also produce a statement, in accordance with provision 1021 15(3) of the *Local Authorities (Members Allowance) (England) Regulations 2003*, giving details of allowances paid to individual Members for the year. The statement may be seen on the Council's [website](#) and on notice boards at the Council's Kings Hill and Tonbridge Castle offices.

## 27. EXTERNAL AUDIT FEES

The Council's auditors are Grant Thornton UK LLP. The Council incurred the following fees relating to external audit carried out during 2021/22.

	2020/21	2021/22
	£'000	£'000
External audit services	49	58
Prior year audit fees		9
Certification of grant claims and returns	18	15
<b>TOTAL</b>	<b>67</b>	<b>82</b>

All work undertaken by the external auditors was carried out under the Code requirements. No non-audit work was undertaken by the external auditors.

## 28. CONTINGENT LIABILITIES

### Private Finance Initiative

In 2007/08 the Council entered into a partnership arrangement with Kent County Council and nine other district councils within Kent to provide new homes for vulnerable people. The scheme's assets are shown on Kent County Council's Balance Sheet and are being funded by Private Finance Initiative credits paid to the County Council over a thirty-year period. In the event of the scheme ceasing due to force majeure the Council will be liable for an estimated £0.78 million, as at year 20 of the scheme. However, the risk of this occurring as at 31 March 2022 was considered remote.

## COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to council tax and non-domestic rates, and illustrates the way in which these have been distributed to central government, precepting authorities and the General Fund as appropriate. The Collection Fund is consolidated with the other accounts of the billing authority.

### INCOME AND EXPENDITURE ACCOUNT

Council Tax £'000	2020/21 NNDR £'000	Total £'000		Council Tax £'000	2021/22 NNDR £'000	Total £'000
			<b>Income</b>			
98,613	35,787	134,400	Billed to Tax Payers	104,618	45,303	149,921
		0	Contribution towards Previous Years' Collection Fund Deficit		21,112	21,112
<b>98,613</b>	<b>35,787</b>	<b>134,400</b>	<b>Total Income</b>	<b>104,618</b>	<b>66,415</b>	<b>171,033</b>
			<b>Expenditure</b>			
69,416	5,157	74,573	Precepts and Demands Kent County Council	72,889	5,040	77,929
10,436		10,436	Police & Crime Commissioner for Kent	11,207		11,207
4,073	573	4,646	Kent & Medway Fire & Rescue Authority	4,152	560	4,712
11,019	22,918	33,937	Tonbridge & Malling Borough Council	11,277	22,398	33,675
3,131		3,131	Parish Councils	3,327		3,327
	28,648	28,648	Central Government		27,998	27,998
	525	525	Transitional Protection		7	7
459	2,058	2,517	Contribution towards Previous Years' Collection Fund Surplus	135		135
115	15	130	Amounts Written-Off	56	65	121
845	420	1,265	Provision for Non-Payment	405	(159)	246
	1,646	1,646	Provision for Appeals not Paid		1,998	1,998
		0	Appeals Paid in Year		(1,154)	(1,154)
	158	158	Cost of Collection Allowance		156	156
<b>99,494</b>	<b>62,118</b>	<b>161,612</b>	<b>Total Expenditure</b>	<b>103,448</b>	<b>56,909</b>	<b>160,357</b>
<b>(881)</b>	<b>(26,331)</b>	<b>(27,212)</b>	<b>Surplus / (Deficit) for the Year</b>	<b>1,170</b>	<b>9,506</b>	<b>10,676</b>
652	1,805	2,457	Balance B/fwd at 1 April	(229)	(24,526)	(24,755)
(229)	(24,526)	(24,755)	<b>BALANCE C/FWD AT 31 MARCH</b>	941	(15,020)	(14,079)

## NOTES TO THE COLLECTION FUND

### 1. COUNCIL TAX

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

#### Precepts

Authorities who made a precept on the Collection Fund are:

	2020/21 £	2021/22 £
Kent County Council	69,415,604	72,888,596
Police & Crime Commissioner for Kent	10,436,023	11,207,426
Kent & Medway Fire & Rescue Authority	4,073,208	4,152,116
Tonbridge & Malling Borough Council	11,019,064	11,276,762
	94,943,899	99,524,900
Parish Councils	3,130,729	3,326,832
<b>TOTAL</b>	<b>98,074,628</b>	<b>102,851,732</b>

#### Council Tax Base

The Council Tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted where discounts apply) converted into an equivalent number of Band D dwellings was calculated as follows:

Band	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	3.75	5/9ths	2.08	3.75	5/9ths	2.08
A	921.89	6/9ths	614.59	897.31	6/9ths	598.20
B	2,698.24	7/9ths	2,098.63	2,672.74	7/9ths	2,078.80
C	12,668.66	8/9ths	11,261.03	12,669.77	8/9ths	11,262.02
D	12,078.83	9/9ths	12,078.83	12,113.25	9/9ths	12,113.25
E	8,518.58	11/9ths	10,411.60	8,528.41	11/9ths	10,423.61
F	4,984.85	13/9ths	7,200.34	5,025.70	13/9ths	7,259.34
G	4,600.61	15/9ths	7,667.68	4,613.64	15/9ths	7,689.40
H	409.27	18/9ths	818.54	418.32	18/9ths	836.64
			52,153.32			52,263.34
Estimated Collection Rate			98.50%			98.30%
<b>COUNCIL TAX BASE</b>			<b>51,371.02</b>			<b>51,374.86</b>



## Band D Council Tax

	£	£
Kent County Council	1,351.26	1,418.76
Police & Crime Commissioner for Kent	203.15	218.15
Kent & Medway Fire & Rescue Authority	79.29	80.82
Tonbridge & Malling Borough Council	197.68	202.29
	<u>1,831.38</u>	<u>1,920.02</u>
Special Expenses (average)	16.82	17.21
Parish Councils (average)	60.94	64.76
<b>TOTAL</b>	<b>1,909.14</b>	<b>2,001.99</b>

This basic amount of council tax for a Band D property of £1,920.02 for 2021/22 (2020/21: £1,831.38) is multiplied by the proportion specified within the *Local Government Finance Act 1992* for the particular band to give an individual amount due. In addition to this, charges are made specifically in relation to special expenses and the precepts of Parish Councils as appropriate.

### 2. NATIONAL NON-DOMESTIC RATES (NNDR)

Non-domestic rates are organised on a national basis. The Government specified a “rate poundage” of 51.2p (2020/21: 51.2p) for large businesses or 49.9p (2020/21: 49.9p) for small businesses in 2021/22 and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

Business rates income after taking into account tariffs and top-ups collected above or below a pre-determined baseline funding level will be shared between central government, the billing authority and other major precepting authorities covered by the Business Rates Retention scheme subject to safety net and levy arrangements.

The NNDR income after relief and provisions of £45,296,000 for 2021/22 (2020/21: £35,262,000) is based on the total rateable value for the Council’s area which at the year-end was £138,319,992 (2020/21: £139,977,378). The increase in income is largely due to the phased reduction in Covid-19 related business rates relief measures.

### 3. IMPAIRMENT ALLOWANCE

	2020/21			2021/22		
	Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
Balance at 1 April	1,600	300	1,900	2,445	720	3,165
Write-Offs	(115)	(15)	(130)	(55)	(66)	(121)
Contribution to Allowance	960	435	1,395	466	(94)	372
<b>BALANCE AT 31 MARCH</b>	<b>2,445</b>	<b>720</b>	<b>3,165</b>	<b>2,856</b>	<b>560</b>	<b>3,416</b>

#### 4. NATIONAL NON-DOMESTIC RATES PROVISION FOR VALUATION APPEALS

An assessment has been made of the potential liability of valuation appeals arising from business rate premises in respect of monies received by the Council up to 31 March 2022. This provision has been based upon information received from the Valuation Office Agency for appeals lodged up to 31 March 2022 and an element for appeals in respect of monies received in 2021/22 but no appeal has yet been lodged. The total amounts are shown in the table under [Note 6](#) below.

#### 5. COLLECTION FUND SURPLUSES AND DEFICITS

The Borough Council is required to estimate the amount of the surplus or deficit on the Collection Fund for the financial year in respect of council tax and national non-domestic rates. The estimated surplus or deficit is then shared between the Kent County Council, Police and Crime Commissioner for Kent, Kent and Medway Fire and Rescue Authority, Central Government and the Borough Council as appropriate. The estimated surplus for 2020/21 in respect of council tax was £135,704 and the estimated deficit for 2020/21 in respect of NNDR was £21,112,403. The actual surplus of £940,537 in respect of council tax and the actual deficit of £15,020,131 in respect of NNDR at 31 March 2022 will be taken into account when estimating the surplus/deficit for 2022/23.

#### 6. ALLOCATION OF ARREARS, PREPAYMENTS AND OTHER BALANCES

Each of the bodies' share of the arrears, pre-payments / refunds and other balances for both council tax and NNDR is shown in the table below.

	KCC £'000	PCC £'000	KMFRA £'000	Gov't £'000	TMBC £'000	Total £'000	
At 31 March 2021	Council Tax Arrears	4,192	628	249		1,244	6,313
	Council Tax Provision for Bad Debts	(1,731)	(259)	(103)		(352)	(2,445)
	Council Tax Prepayments & Refunds	(1,713)	(256)	(102)		(348)	(2,419)
	Council Tax Cash	(910)	(138)	(53)		(577)	(1,678)
	Council Tax (Surplus) / Deficit	162	25	9		33	229
	NNDR Arrears	273		30	1,518	1,221	3,042
	NNDR Provision for Bad Debts	(65)		(7)	(360)	(288)	(720)
	NNDR Provision for Appeals	(1,047)		(116)	(5,817)	(4,654)	(11,634)
	NNDR Prepayments & Refunds	(194)		(22)	(1,080)	(864)	(2,160)
	NNDR Cash	(1,174)		(130)	(6,524)	(5,226)	(13,054)
	NNDR (Surplus) / Deficit	2,207		245	12,263	9,811	24,526
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
At 31 March 2022	Council Tax Arrears	4,641	713	261		1,463	7,078
	Council Tax Provision for Bad Debts	(2,025)	(311)	(114)		(406)	(2,856)
	Council Tax Prepayments & Refunds	(1,653)	(254)	(93)		(331)	(2,331)
	Council Tax Cash	(298)	(44)	(16)		(592)	(950)
	Council Tax (Surplus) / Deficit	(665)	(104)	(38)		(134)	(941)
	NNDR Arrears	165		18	918	770	1,871
	NNDR Provision for Bad Debts	(51)		(5)	(280)	(224)	(560)
	NNDR Provision for Appeals	(1,123)		(125)	(6,239)	(4,991)	(12,478)
	NNDR Prepayments & Refunds	(487)		(54)	(2,707)	(2,167)	(5,415)
	NNDR Cash	144		16	798	604	1,562
	NNDR (Surplus) / Deficit	1,352		150	7,510	6,008	15,020
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## **ANNUAL GOVERNANCE STATEMENT**

### **Purpose of this Statement**

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

### **Scope of responsibility**

Tonbridge & Malling Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards covering local authority activities, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are carried out, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance which has been developed in consideration of the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's Code can be obtained from the Legal team. This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations which requires all relevant bodies to prepare an Annual Governance Statement.

### **The purpose of the governance framework**

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Tonbridge & Malling Borough Council for the year ended 31 March 2022 and up to the date of approval of this statement.

### **The governance framework**

The Council's Local Code of Corporate Governance sets out the arrangements in place to govern the Council's activities under seven main headings.

#### **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Standards of conduct among Members and Officers are governed through the Council's Members' Code of Conduct and Officer Code of Conduct. Effective communication between Members and Officers is ensured through the Protocol on Member/Officer Relations documented within the Constitution. Arrangements are in place ensuring both Members and Officers declare any interests that may impact on the Council's decision making process. Such interests are recorded on a register which is maintained and monitored by the Monitoring Officer and the register of Members' Interests published on the Council's website.

The Members' Code of Conduct is based around ethical behaviour and requires objective and impartial decision making. The Code is communicated to all new Members on induction. Upholding standards of Member conduct is the responsibility of the Joint Standards Committee. The Committee are also responsible for ensuring Members receive suitable induction and ongoing training and support in respect of ethical standards.

All staff are required to read and understand the Officer Code of Conduct available through the Council's intranet and are bound by it as detailed in employee contracts. The Council has an appraisal scheme in place for all staff that seeks to ensure staff achieve agreed levels of performance and the monitoring and management of performance is the responsibility of line managers. In addition the Council's statutory Officers are subject to Continuing Professional Development through their respective Professional Organisations.

The Council's duty to ensure that all activities undertaken are in accordance with the law is discharged in part by the Council's Constitution including its Financial Procedure Rules and Contracts Procedure Rules and supported by strategies/policies relevant to Council activities that are made available to staff and the public via the Council's intranet and internet sites respectively. Where it is appropriate strategies/policies are allocated to a lead Officer who is responsible for their periodic review and updating.

#### Ensuring openness and comprehensive stakeholder engagement

The decision-making framework of the Council is set out in the Constitution including statutory functions and the scheme of delegation of responsibilities. The Constitution is kept under review by the Monitoring Officer and Management Team with any proposed changes presented to the Council for adoption where not delegated to the Monitoring Officer. Notices of Key Decisions are published in advance via the Council's website. All Member meetings held by the Council are open to the public and live streamed on You Tube, unless the items being discussed are considered to be confidential (Executive meetings) or otherwise exempt under the Local Government Act 1972 (all meetings); these will include staffing and legal matters and those of a contractual nature.

The Council's Constitution details the roles and responsibilities that are delegated to Members and Officers and specifies which decisions may be made by individuals and which are reserved for Committee, Cabinet or Council. The Constitution includes the Council's Financial and Contracts Procedure Rules setting out the Council's standing orders and financial regulations. The specific roles and responsibilities of Officers are set out through the scheme of delegation including the specific responsibilities of the Chief Executive (as Head of Paid Service), the Section 151 Officer and the Monitoring Officer ensuring effective arrangements are in place for the discharge of these functions.

The Overview and Scrutiny Committee is responsible for reviewing and scrutinising the decisions made by and performance of the Cabinet and/or Committees and Council Officers. Decisions made by Cabinet or a Cabinet Member on the recommendation of an Advisory Board can be subjected to scrutiny via a call-in procedure allowing challenge within five working days of the decision being taken.

The Council has established arrangements to communicate and consult with stakeholders on the Council's work and key policy changes and this consultation allows the development of strategic priorities and the Corporate Strategy. In addition, the Council uses its complaints procedure to understand where services can be improved.

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

The Council has published a Corporate Strategy. The Strategy sets out Our Vision: To continue to be a financially sustainable Council with strong leadership that delivers valued services, a commitment to delivering innovation and change to meet the needs of our Borough guided by our values and priorities: Achieving efficiency; Embracing effective partnership working and funding; Valuing our environment and encouraging sustainable growth; and Innovation. A one-year addendum was added to the Corporate Strategy to provide a framework within which to consider a wide range of issues in response to the Covid-19 pandemic and development of a future recovery plan and the production of a second-year addendum planned.

Delivering excellent quality services while providing good value for money is fundamental to the Council's vision and this is demonstrated in the focus within the Corporate Strategy on redesigning services and further improving efficiency across all services.

The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets, and it is this strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. Alongside the MTFS sits a Savings and Transformation Strategy. Its purpose, to provide structure, focus and direction in addressing the significant financial challenge that lies ahead.

Value for money considerations are set out in all Member reports where relevant. The social impact of decisions is considered throughout the decision making process, including the carrying out of an Equalities Impact Assessment. Where relevant, policies are subject to a Strategic Environmental Impact Assessment prior to adoption.

#### Determining the interventions necessary to optimise the achievement of the intended outcomes

Decision making mechanisms are set out in detail in the Council's Constitution. Whether a decision is at Council, Cabinet or Committee level it is informed by a report encompassing advice from relevant services across the Council. Where relevant, alternative options are provided within Member reports, with an assessment of the advantages and disadvantages of those options.

The Corporate Strategy and addendum to provide a reference point for the actions we take to maintain and improve the services which are most important to the local community whilst taking into account a much

reduced level of funding. The delivery of the Corporate Strategy and addendum is supported by operational plans prepared by individual services, which in turn are fed down to team and individual objectives through performance management arrangements.

Performance of the Council and its partners in achieving its objectives is monitored and measured by services and their respective Service Management Teams and subsequently Members. Individual services are accountable to the Corporate Management Team for operational performance monitoring and measurement and are responsible for taking action to correct any adverse performance, in the first instance, as appropriate.

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

The Council works towards improving value for money through exploration of innovative ways of working including IT related solutions; potential for joint working and shared services; robust budgeting and financial monitoring arrangements including detailed reviews of budgets and potential savings opportunities and the work of internal and external audit.

The Council has a training programme for Members and holds regular training sessions (both on a programmed and ad hoc basis) on a variety of topics including induction training for all new Members and Committee specific training, e.g. Audit Committee, Overview and Scrutiny Committee.

The Council has an extensive training programme for officers including mandatory and voluntary training. Staff have access to appropriate induction training, and ongoing training (both on a programmed and ad-hoc basis) relevant to their roles. The annual appraisal process reviews staff performance and also identifies training needs.

#### Managing risks and performance through robust internal control and strong public financial management

The core functions of an audit committee as defined by CIPFA's *Audit Committees: Practical Guidance for Local Authorities* is fulfilled by the Council's Audit Committee. The Council's Constitution sets out the responsibility of the Audit Committee to provide independent assurance of the adequacy of the risk management framework and associated control environment. To do so, the Audit Committee has adopted a Risk Management Strategy that sets out the roles of Members and Officers in the identification and minimisation of risk.

Risk management practices are embedded within the organisation through the annual service and strategic planning processes, which is used to develop the Council's vision and objectives. This ensures that risks to the achievement of the Council's objectives are identified and managed appropriately. Risks identified are scored on the basis of their likelihood and impact and existing controls and required actions to further mitigate risks are captured in risk registers and a risk management escalation process in place. The framework sets out the responsibility of Officers leading on areas with partnership arrangements to ensure that the partner has an adequate risk management strategy and sufficient insurance cover to protect the interests of the Council.

Specific issues that required continuing corporate ownership, action and monitoring in 2021/22 and identified as high risk areas on the Strategic Risk Register included the waste services contract, the Local Plan and council finances (exacerbated by the recent events in Ukraine and its impact on energy prices, inflation and income as cost of living pressures deepen); and also the homelessness function.

The Covid-19 pandemic had a profound impact across service areas, businesses and the wider community and continues to do so. We will not know the full extent of the impact for some time. In looking forward it is assumed that the reductions in income and increased costs seen as a result of the pandemic in large part will return to pre Covid-19 levels in the short to medium term. The extent and speed of the recovery will need to be closely monitored and to take corrective action if this is proved not to be the case.

The Council's standard report template requires Members and Officers to carry out a risk assessment of the action recommended in the report ensuring risk is considered in all decision-making of the authority. This assessment also covers legal, financial and value for money considerations and equality issues where relevant.

The Council has an effective Internal Audit function. The Internal Audit function is provided by Kent County Council under delegation and operates in line with proper practices which is governed by the Public Sector Internal Audit Standards and the CIPFA application note to the Standards. The Chief Audit Executive role meets the requirements as set out in the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Audit Committee are responsible for the Council's anti-fraud, bribery and corruption arrangements including whistleblowing recommending its adoption to the General Purposes Committee. The Chief Audit Executive is responsible for the maintenance of the Council's Anti-Fraud, Bribery & Corruption Policy and Whistleblowing Policy and has arrangements and resources in place to investigate any allegations made under either document.



The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and the Financial Management Code. The Council's financial information and reporting arrangements are sound and the external auditor following the 2020/21 audit concluded the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. No significant weaknesses in arrangements identified, but improvement recommendations made.

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

The Council has implemented the mandatory and (where cost effective) recommended principles set out in the Local Government Transparency Code.

All reports (save those which are exempt) for both historic and prospective meetings of the Council and its Committees and Boards are made available to the public through the Council's website. Where possible, reports are written in a public-facing and non-technical manner.

The annual Statement of Accounts reports the Council's financial performance and is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK and is subject to external audit. Included within the Accounts is an opinion given by the Council's external auditors on value for money through economic, efficient and effective use of resources.

The Review of Effectiveness of the System of Internal Audit for the year 2021/22 concluded that a good system of internal audit is in place within the Council.

**Review of effectiveness**

Tonbridge & Malling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Audit Executive's Annual Report, and also by comments made by the external auditor and other review agencies and inspectorates.

The effectiveness of the Council's governance arrangements has been evaluated through a self-assessment against the principles of the CIPFA/SOLACE document, *Delivering Good Governance in Local Government Framework 2016*.

It should be noted that no significant governance issues were identified in the Annual Governance Review and no other areas were identified for further enhancement. A change was made in year to the legal implications section of Member reports to make it clear where the commentary had been vetted by the Legal team. For completeness there was a no assurance opinion given following an internal audit review of GDPR regulations and more specifically in respect of document retention and privacy notices. The Management Team taking ownership and responsibility for ensuring the related recommendations were acted on as a matter of priority.

In addition, the findings, conclusions and recommendations from the recent Peer Challenge Review in relation to the Corporate Strategy, monitoring achievement of strategic objectives and priorities, KPIs and governance arrangements more widely given due consideration and an action plan prepared accordingly.

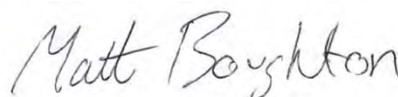
Signed



Julie Beilby  
Chief Executive

Dated 31 May 2022

Signed



Matt Boughton  
Leader of the Council

Dated 31 May 2022

**Independent auditor's report to the members of Tonbridge and Malling Borough Council**

*Subject to audit*

**2021/22**