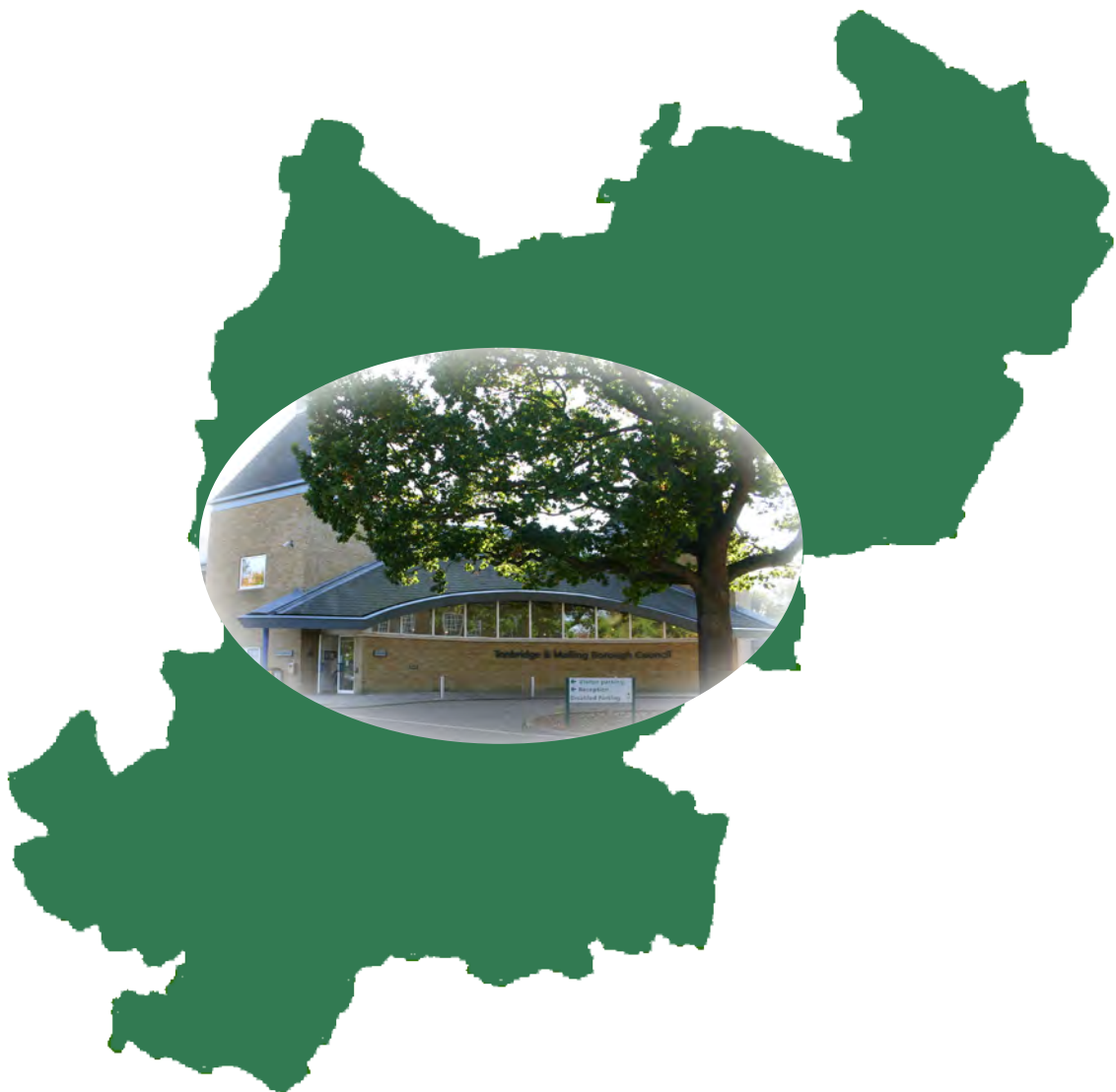


2022/23

# Statement of Accounts



The accounts are only draft and the date of issue is on page 15.

## CONTENTS

	<b>Page</b>
<a href="#">Narrative Report</a>	1
<a href="#">Statement of Responsibilities for the Statement of Accounts</a>	15
<b>CORE FINANCIAL STATEMENTS</b>	
<a href="#">Comprehensive Income and Expenditure Statement</a>	16
<a href="#">Movement in Reserves Statement</a>	17
<a href="#">Balance Sheet</a>	18
<a href="#">Cash Flow Statement</a>	19
<a href="#">Notes to the Core Financial Statements</a>	20
<b>SUPPLEMENTARY STATEMENTS</b>	
<a href="#">Collection Fund</a>	64
<a href="#">Notes to the Collection Fund</a>	65
<a href="#">Annual Governance Statement</a>	68
<a href="#">Independent Auditor's Report</a>	72

# NARRATIVE REPORT

## 1. INTRODUCTION

The Council 's current [Corporate 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 draft of a new Corporate Strategy was considered by Members during the latter part of 2022 and a community consultation was undertaken during January/February 2023. A new Corporate Strategy and Action Plan has subsequently (April 2023) been commended to Cabinet for approval by the Overview and Scrutiny Committee.

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 2022/23; 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 132,600, covers an area of 92.7 sq miles and is located in west Kent. Immediately to the east lies the county town of Maidstone. Sevenoaks lies some 6 miles 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**

During 2022/23 the Borough of Tonbridge and Malling was 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. The make-up of the Council was Conservatives 36, Liberal Democrats 9, Green Party 4, Independent Alliance (Kent) 3, Labour 1 and Independent 1.

A Local Government Boundary Commission Review in 2022 recommended a reduction in the number of wards and the number of Councillors with effect from May 2023. The number of councillors, therefore, reduces from 54 to 44 after the local elections in May 2023..

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.

As at 31 March 2023 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. From April 2022 a number of governance changes became effective, introducing three Scrutiny Select Committees in addition to the Overview and Scrutiny Committee which give all Councillors the chance to discuss matters and assist the Cabinet in its decision-making. Members of Committees are appointed annually by full Council.

The full Council 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, local council tax support and information technology.
- 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 2022/23. The Code is based on a hierarchy of approved accounting standards.

There have been no material changes to the presentation of the Accounts for 2022/23.

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 2022/23 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 its 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 2022 the Council set a net revenue budget of £16,260,000. This was to be met from council tax income of £11,729,000, business rates of £2,206,000, other grants and contributions of £1,400,000, New Homes Bonus of £1,194,000 and a council tax surplus of £158,000; offset by a net contribution to specific earmarked reserves of £323,000 and a contribution of £104,000 to the general revenue reserve.

The revised net revenue budget of £17,536,000 prepared in the year was £1,276,000 more than the original budget set by the Council in February 2022. This, together with a decrease in business rates of £328,000; offset by the movement in the net contribution to or from specific earmarked reserves of £1,807,000 and an increase of £209,000 in other grants and contributions, led to a contribution to the general revenue reserve of £516,000 compared to the estimated contribution to the reserve of £104,000 when the budget was set in February 2022, a difference of £412,000.

The actual spend (net) for the year of £15,295,000 was £965,000 less than the original budget set by the Council in February 2022. This, together with a decrease of £78,000 in the planned net contribution to specific revenue reserves and an increase of £287,000 in other grants and contributions; offset by an increase of £484,000 in respect of business rates, led to a contribution to the general revenue reserve of £950,000 compared to the estimated contribution to the reserve of £104,000 when the budget was set in February 2022, a difference of £846,000.

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

2021/22 Actual		Original Budget	2022/23 Revised Budget	Actual
£'000		£'000	£'000	£'000
3,507	Corporate Services	3,523	3,631	3,484
938	Chief Executive	1,143	1,079	984
286	Director of Central Services	346	790	464
1,245	Director of Finance & Transformation	1,449	602	(383)
3,571	Director of Planning, Housing & Environmental Health	5,153	5,419	4928
9,705	Director of Street Scene, Leisure & Technical Services	8,036	8,876	8.680
<b>19,252</b>	<b>Cost of Services</b>	<b>19,650</b>	<b>20,397</b>	<b>18,157</b>
(4,262)	Depreciation, Amortisation & Impairment	(2,860)	(2,706)	(2,746)
(27)	Revenue Expenditure Funded from Capital	(530)	(155)	(116)
<b>14,963</b>	<b>Sub-total</b>	<b>16,260</b>	<b>17,536</b>	<b>15,295</b>
(2,210)	New Homes Bonus	(1,194)	(1,194)	(1,194)
(2,041)	Other Grants & Contributions	(1,400)	(1,609)	(1,687)
2,179	Contributions to or (from) Specific Revenue Reserves	323	(1,484)	245
<b>12,891</b>	<b>Sub-total</b>	<b>13,989</b>	<b>13,249</b>	<b>12,659</b>
576	Contribution to or (from) General Revenue Reserve	104	516	950
<b>13,467</b>	<b>Budget Requirement</b>	<b>14,093</b>	<b>13,765</b>	<b>13,609</b>
(2,171)	Business Rates Retention Scheme	(2,206)	(1,878)	(1,722)
(19)	Council Tax (Surplus) / Deficit	(158)	(158)	(158)
<b>11,277</b>	<b>BALANCE TO BE MET FROM COUNCIL TAXPAYERS</b>	<b>11,729</b>	<b>11,729</b>	<b>11,729</b>
<b>£219.50</b>	<b>Council Tax at Band D (Borough Council only)</b>	<b>£224.50</b>	<b>£224.50</b>	<b>£224.50</b>

Factors that contributed towards the favourable variance include high interest returns from investments, higher income from our major income sources and additional new burdens grants associated with Government Grant schemes over recent years. Offset by increased contributions to earmarked reserves, and lower income on recycling performance payments from the County Council.

The table on the below provides in more detail the reasons for the variation of £846,000 in the contribution to / (from) the General Revenue Reserve.

	Original Budget £'000	Actual £'000	Variance £'000
Business Rates Retention Scheme	(2,396)	(2,024)	372
Building Repairs Reserve	750	1,050	300
Tonbridge & Malling Leisure Trust Reserve	0	249	249
Parking Fees & Charges	(3,260)	(3,040)	220
Counter Fraud & Internal Audit	0	185	185
Information Technology	866	1,036	170
Energy	146	264	118
Bad Debt Provision	35	137	102
Trees	40	130	90
Salaries (see adjacent page)	12,273	12,354	81
Transfers in Lieu of Interest	1	71	70
Recycling Performance Payment	(570)	(508)	62
Recycling Bring Sites Emptying	47	101	54
Payment to Principals / Ticket Refunds	451	373	(78)
Summons Costs Recovered	(250)	(352)	(102)
Refugee Assistance	0	(114)	(114)
Planning Application Fees	(940)	(1,096)	(156)
Contributions from KCC	0	(209)	(209)
Temporary Accommodation	937	708	(229)
Garden Waste Collection Fees	(700)	(974)	(274)
New Burdens Grants	(10)	(303)	(293)
Investment Income	(397)	(1,765)	(1,368)
Other	4,602	4,506	(96)
<b>TOTAL</b>	<b>11,625</b>	<b>10,779</b>	<b>(846)</b>



An analysis of salaries is given in the table below. At 31 March 2023 the Council employed 250 permanent staff (31 March 2022: 243) or 220 full-time equivalents (31 March 2022: 213).

2021/22 Actual £'000	Original Budget £'000	2022/23	
		Actual £'000	Variance £'000
859 Administration & Property	896	842	(54)
1,662 Environmental Health & Housing	1,496	1,648	152
538 Executive	591	567	(24)
1,883 Finance	1,841	1,742	(99)
961 Information Technology	1,076	1,020	(56)
562 Legal	593	608	15
479 Personnel	523	527	4
1,930 Planning	2,254	2,576	322
1,323 Street Scene & Leisure	1,295	1,334	39
672 Technical	715	697	(18)
<b>10,869 Sub-total</b>	<b>11,280</b>	<b>11,561</b>	<b>281</b>
1,330 Superannuation Back funding	1,380	1,380	0
0 Staff Turnover Saving	(120)	0	120
28 Apprenticeship Scheme / Levy	47	29	(18)
0 Ring Fenced Sums	40	0	(40)
<b>12,227 Sub-total</b>	<b>12,627</b>	<b>12,970</b>	<b>343</b>
(258) Contributions from Earmarked Reserves	(354)	(616)	(262)
<b>11,969 TOTAL</b>	<b>12,273</b>	<b>12,354</b>	<b>81</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 2022 the Council set a capital budget of £2,550,000 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 2021/22 and progress made on our capital projects. The revised budget total was £1,567,000 of which £781,000 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 £784,000 of which £241,000 was to be met from the revenue reserve for capital schemes and the balance from capital receipts. The underspend of £783,000 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.

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

2021/22 Actual £'000	Service	Scheme	Original Budget £'000	2022/23 Revised Budget £'000	Actual £'000
54	Planning, Hsg & Env Health	Other Schemes	40	56	(75)
<b>54</b>		<b>Total</b>	<b>40</b>	<b>56</b>	<b>(75)</b>
217	Street Scene, Leisure & Technical	Waste Collection Containers	113	275	322
0		Larkfield Leisure Centre	0	140	126
0		Land Drainage & Flood Defence	500	125	125
29		Sports Grounds	183	177	60
124		Open Spaces	0	0	0
26		Other Schemes	30	67	32
<b>396</b>		<b>Total</b>	<b>826</b>	<b>784</b>	<b>665</b>
147	Corporate	Other Schemes	0	12	0
<b>147</b>		<b>Total</b>	<b>0</b>	<b>12</b>	<b>0</b>
0	Capital Renewals	Planning, Housing & Env Health	0	0	0
225		Street Scene, Leisure & Technical	1,380	590	159
35		Corporate	304	125	35
<b>260</b>		<b>Total</b>	<b>1,684</b>	<b>715</b>	<b>194</b>
<b>857</b>	<b>TOTAL CAPITAL EXPENDITURE</b>		<b>2,550</b>	<b>1,567</b>	<b>784</b>
27	Funding	Revenue Reserve for Capital Sch	2,550	781	241
830		Capital Receipts	0	786	543
<b>857</b>	<b>TOTAL FUNDING</b>		<b>2,550</b>	<b>1,567</b>	<b>784</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 and commercial premises of 47 High Street, Tonbridge for homelessness purposes.

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 £113.5m as at 31 March 2023 (31 March 2022: £61.4m). 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 2022 £'000		At 31 March 2023 £'000
89,475	Council Assets	92,853
12	Inventories	13
55,994	Cash and Investments held	54,506
4,944	Money owed to the Council	4,807
(22,774)	Money owed by the Council	(18,930)
(8,034)	Long Term Liabilities	(10,463)
(58,261)	Pension Liability	(9,275)
<b>61,356</b>	<b>TOTAL</b>	<b>113,511</b>

This is represented by revenue balances and reserves of £29.9m available to fund services and £83.6m of other balances. A breakdown of the revenue balances and reserves is shown below.

At 31 March 2022 £'000		At 31 March 2023 £'000
6,825	Revenue Reserve for Capital Schemes	7,882
7,661	General Revenue Reserve	8,611
1,031	Building Repairs Reserve	1,299
3,250	Property Investment Fund Reserve	3,250
14,889	Earmarked Reserves	7,047
1,250	Revenue Balances - General Fund	1,250
456	Grants & Contributions Unapplied	352
685	Usable Capital Receipts Reserve	247
<b>36,047</b>	<b>TOTAL</b>	<b>29,937</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 leisure premises, council offices and car parks where material 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 gain of £4,369,000, of which £4,360,000 is recognised in the revaluation reserve and losses of £9,000 recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure.

The External Valuers used during the valuation process, Hartnell Taylor Cook LLP determined that no other property asset class required revaluation because of a notable 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 2023 the total value of the Council's Assets was £92.9m (31 March 2022: £89.5m).

### Borrowing

The Council had no recourse for short term or long term borrowing during the financial year and remained debt-free at 31 March 2023 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 2022/23 was approved by full Council in February 2022 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 a report on treasury management activity including performance is reported to each meeting of 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 3.44% on its property investment funds for the year. This equates to investment income of £172,220. At the end of March 2023 the value of our property investment funds stood at £4.367m including the entry fee paid at the time the investment was made.

At the start of the year a balance of £4.25m was invested in multi-asset diversified income funds and no further sums were invested during the year. The Council achieved an investment return of 4.10% on its multi-asset diversified income funds for the year. This equates to investment income of £174,310. At the end of March 2023 the value of our multi-asset diversified income funds stood at £3.7m.

The decrease in the capital value of the long term investments are a result of the current economic conditions which include the inflationary pressures on the UK economy. The fund valuations will fluctuate from year to year and any losses or gains will only be recognised on the sale of the investments.

The Council achieved an investment return of 2.59% on its core funds for the year. This equates to investment income of £676,830. At the end of March 2023 the value of our core fund investments stood at £26.0m.

The Council achieved an investment return of 2.29% on its cash flow investments (including cash equivalents) for the year. This equates to investment income of £741,300. At the end of March 2023 the value of our cash flow investments stood at £19.62m.

Further information on Treasury Management performance for the year ended 31 March 2023 can be found in the Treasury Management Outturn report annexed to the Revenue and Capital Outturn report to Cabinet in June 2023.

## Cash Flow Statement

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

2021/22		2022/23
£'000		£'000
1,249	Net (Surplus) / Deficit on the Provision of Services	3,290
(10,193)	Adjusting for Non-Cash Movements	(864)
1,714	Adjusting for Investing & Financing Activities	934
(7,230)	<b>Net Cash Flows from Operating Activities</b>	3,360
12,943	Investing Activities	3,294
(11,068)	Financing Activities	(4,267)
<b>(5,355)</b>	<b>NET (INCREASE) / DECREASE IN CASH RESOURCES</b>	<b>2,387</b>

The net cash outflow of £7.7m can be attributed to several factors, mainly as a result of the repayment of NNDR grants back to Central Government and the payment of the Energy Support Measures funded by Central Government of grant monies received at the end on the 2021/22 financial year.

### **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 2023 was £9.8m (31 March 2022: £58.3m). The change in the pension fund deficit over the year is mainly dependent on asset returns, discount rates linked to corporate bond yields and market expectations of inflation, this year has seen significant increases in bond yields and inflationary effects 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 LLP, an independent firm of actuaries, on behalf of Kent County Council. The valuation in March 2022 gave a pension fund deficit of £3.5m and set the employers' contribution rate at 20.7% for the period 1 April 2023 to 31 March 2026. 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:

- **May:** Thirty-one EV chargers went live at locations in Tonbridge, Aylesford and Kings Hill.
- **June:** The council was awarded a government grant of nearly £37,000 to run an anti-idling campaign and fund anti-idling road signs at more schools across the borough and hot spots such as taxi ranks, to help reduce air pollution.
- **July:** The Commonwealth 2022 Baton relay came to Tonbridge. A new café and water sports centre was opened at Leybourne Lakes Country Park.
- **September:** The council launched a six-week consultation as the first stage of developing their Local Plan. The plan's purpose is to set goals for the housing, economic and environmental development of the borough, including how to meet the then government-set target of delivering 16,000 new homes.
- **October:** A joint project to make rented homes in Tonbridge and Malling more energy efficient and cut carbon emissions won top honours at the Kent Housing Group Excellence Awards. The Social Housing Decarbonisation Fund, run by Tonbridge and Malling Borough Council, Clarion Housing

Group and Fenland District Council in Cambridgeshire, saw 60 properties in the borough fitted with a range of improvements, including updated insulation, energy efficient windows and solar panels.

- **November:** Businesses were asked to apply for grants for rural businesses looking to develop new products and services and grants to improve shop fronts within the borough.
- **December:** The Council's bid for a £1 million slice of the government's UK Shared Prosperity Fund was successful.
- **January:** Consultation of the Council's draft Corporate Strategy opened inviting residents and businesses to comment on its key values and priorities. A package of measures to improve the efficiency of bin collections was considered by councillors, including proposals for a new fleet of trucks with the potential to switch to less polluting biofuel with lower carbon emissions
- **February:** Solar panels were installed at Larkfield Leisure Centre, as part of Tonbridge and Malling Borough council's ongoing drive to become carbon neutral saving 19 tonnes of Carbon Emissions per year. Budget for the year 2023-24 approved, increasing the bill for a band D home from £224.50 a year to £231.23 from April 2023
- **March:** Latest figures showed that council partnerships with homelessness charities have seen rough sleeping virtually eradicated in Tonbridge and Malling with the nationwide annual rough sleeper count finding just one person in the borough sleeping on the streets.

### **Financial and Performance Statistics**

- We collected 98.4% of the £109.1m of council tax due for the 2022/23 year (2021/22: 98.1% of the £104.2m due).
- We collected 99.4% of the £56.1m of business rates due for the 2022/23 year (2021/22: 98.9% of the £50.8m due).
- We paid 99.7% of the 5,539 invoices processed within 30 days of receipt in 2022/23 (2021/22: 99.6% of the 5,298 invoices processed).
- On average it took us 17.9 days to process a new housing benefit claim in 2022/23 (2021/22: 13.6 days).
- On average 47% (2021/22: 45%) of household waste was recycled, 52% (2021/22: 54%) energy recovery and 1% (2021/22: 1%) to landfill in 2022/23.
- Of the 1,284 (2021/22: 1,258) planning applications decided 87% (2021/22: 66%) were determined within the recommended timeframe in 2022/23.
- Working with its registered social landlord partners, in 2022/23, the Council secured 30 homes (2021/22: 120 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 2023 was £8.6m (31 March 2022: £7.7m).

Since 2010/11 the Council has seen its local government finance settlement (core funding) decrease by some 62% or £4.1m (from £6.6m in 2010/11 to £2.5m in 2023/24). The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme and other 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). The future of other grant income more generally is also uncertain.

For medium term financial planning purposes it is assumed government grant funding will steadily reduce from circa £5.96m in 2023/24 to £3.11m in 2027/28 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 £1,700,000. Plus the initiative already built into the MTFS, scaling back of office accommodation in the sum of £200,000 by April 2024.

At the start of the year the projected funding gap was put at £2,150,000 with an in year savings target to be delivered of £350,000. The adverse global economic conditions, amongst other things, has inevitably added to the uncertainty in the scale of the funding gap over the past twelve months.

Dependent on the outcome of the yet to be concluded Fair Funding Review, and what is to happen to NHB and other grant income, business rates reforms, the extent and speed of the recovery following the pandemic and the impact of prevailing economic conditions on the Council’s finances, there is a risk the funding gap could be more (and could potentially be less) 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 – £500,000 by April 2024; Tranche 2 – £600,000 by April 2026; and Tranche 3 – £600,000 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 2023/24, 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;
- business rates reforms;
- 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 2022/23* ('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.

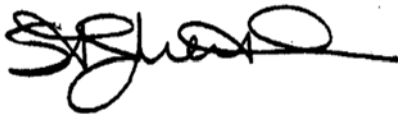
The Director of Finance and Transformation has also:

- ❖ 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 2023.

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 2023

Signed

Councillor Robert Cannon  
Chair of the Audit Committee

Dated

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22				2022/23			
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp	
£'000	£'000	£'000	Notes	£'000	£'000	£'000	
<b>Continuing Operations</b>							
4,806	349	4,457		4,413	369	4,044	
3,522	2,584	938		1,757	773	984	
1,298	705	593		1,384	689	695	
29,046	28,110	936		26,851	26,140	711	
9,123	5,552	3,571		9,549	4,621	4,928	
14,320	4,821	9,499		13,795	5,113	8,682	
<b>62,115</b>	<b>42,121</b>	<b>19,994</b>		<b>57,749</b>	<b>37,705</b>	<b>20,044</b>	
<b>Cost of Services</b>							
<b>Other Operating Expenditure</b>							
612	1,515	(903)	8		105	(105)	
3,327		3,327		3,555		3,555	
450		450		461		461	
<b>Financing &amp; Investing Income &amp; Expenditure</b>							
38	349	(311)	10	133	364	(231)	
	964	(964)	11		346	(346)	
1,194		1,194	12	1,476		1,476	
19	419	(400)	8	42	205	(163)	
<b>Taxation &amp; Non-Specific Grant Income &amp; Expenditure</b>							
	14,791	(14,791)	13	72	15,442	(15,370)	
29,771	26,200	3,571	13	27,359	27,506	(147)	
	9,719	(9,719)	14		5,055	(5,055)	
	199	(199)	14		829	(829)	
<b>97,526</b>	<b>96,277</b>	<b>1,249</b>		<b>90,847</b>	<b>87,557</b>	<b>3,290</b>	
<b>Other Comprehensive Income &amp; Expenditure</b>							
		58	8			(4,361)	
		(5,092)	12			(51,084)	
<b>(3,785) TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>						<b>(52,155)</b>	





## CASH FLOW STATEMENT

2021/22		2022/23	
£'000	£'000	£'000	£'000
1,249			3,290
	<b>NET (SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>		
	<b>Adjust Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements</b>		
(2,729)	Depreciation & Amortisation	(2,754)	
(1,533)	Impairment & Downward Valuations	9	
2	Increase / (Decrease) in Inventories	1	
(2,957)	Increase / (Decrease) in Debtors	(23)	
54	(Increase) / Decrease in Impairment for Bad Debts	(192)	
859	(Increase) / Decrease in Creditors	8,226	
(2,180)	Movement in Pension Liability	(2,098)	
(612)	Carrying Amount of Non-Current Assets Sold or Derecognised	0	
(1,097)	Other Non-Cash Items Charged to the Net Surplus / Deficit on the Provision of Services	(4,033)	
(10,193)			(864)
	<b>Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing &amp; Financing Activities</b>		
1,515	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	105	
199	Any Other Items for Which the Cash Effects are Investing or Financing Cash Flows	829	
1,714			934
<b>(7,230)</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>3,360</b>
	<b>INVESTING ACTIVITIES</b>		
1,414	Purchase of Property, Plant & Equipment, Investment Property and Intangible Assets	1,580	
32,250	Purchase of Short-Term & Long-Term Investments	49,000	
(1,515)	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	(105)	
(19,007)	Proceeds from Short-Term & Long-Term Investments	(47,000)	
(199)	Other Receipts from Investing Activities	(181)	
<b>12,943</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>3,294</b>
	<b>FINANCING ACTIVITIES</b>		
(11,068)	Other Payments for Financing Activities	(4,267)	
<b>(11,068)</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(4,267)</b>
<b>(5,355)</b>	<b>NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,387</b>
20,070	<b>Cash &amp; cash equivalents at the beginning of the reporting period</b>		<b>25,425</b>
25,425	<b>Cash &amp; cash equivalents at the end of the reporting period</b>		<b>23,038</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.

2021/22				2022/23		
Net Expenditure Chargeable to General Fund & Reserve Balances £'000	Adjustments Between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000		Net Expenditure Chargeable to General Fund & Reserve Balances £'000	Adjustments Between the Funding & Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
2,779	1,678	4,457	Corporate Services	3,232	812	4,044
938	0	938	Chief Executive	984	0	984
581	12	593	Director of Central Services	682	13	695
936	0	936	Director of Finance & Transformation	711	0	711
3,516	55	3,571	Director of Planning, Housing & Environmental Health	4,867	61	4,928
6,030	3,469	9,499	Director of Street Scene, Leisure & Technical Services	6,258	2,424	8,682
<b>14,780</b>	<b>5,214</b>	<b>19,994</b>	<b>Net Cost of Services</b>	<b>16,734</b>	<b>3,310</b>	<b>20,044</b>
3,777	(903)	2,874	Other Operating Expenditure	4,016	(105)	3,911
(668)	187	(481)	Financing & Investing Income & Expenditure	(1,870)	2,606	736
(16,969)	(4,169)	(21,138)	Taxation & Non-Specific Grant Income & Expenditure	(13,312)	(8,089)	(21,401)
<b>920</b>	<b>329</b>	<b>1,249</b>	<b>(SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>	<b>5,568</b>	<b>(2,278)</b>	<b>3,290</b>
<b>35,826</b>			<b>OPENING GENERAL FUND &amp; RESERVE BALANCES</b>	<b>34,906</b>		
920			(Surplus) / Deficit on Provision of Services	5,568		
<b>34,906</b>			<b>CLOSING GENERAL FUND &amp; RESERVE BALANCES</b>	<b>29,338</b>		

22

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 2022/23*. 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. • Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.
- 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.
- 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>	
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
Leisure Premises	2022/23	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 Energy Support Measures and other 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 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 2021/22 and used in 2022/23.

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
Support for Energy Bills – Mandatory	Support for energy bills in line with Government Guidelines	(5,213)	(4,993)	(220)	Receipt in Advance
Alternative Fuel Payments	Support for energy costs for other house	(678)	(44)	(634)	Receipt in Advance
		<b>(5,891)</b>	<b>(5,037)</b>	<b>(854)</b>	



## Principal

Grant	Purpose of Grant	Grant Amount	Comprehensive Income & Expenditure Analysis	Amount Shown in CIES	Balance Sheet	Balance Sheet analysis
		£000s		£000s	£000s	
Support for Energy Bills - Discretionary	Discretionary grants to support energy costs	(289)	Cost of Services	(259)	(30)	Receipt in Advance
Household Support	Grants to community groups to provide local support to vulnerable households	(685)	Cost of Services	(522)	(163)	Debtor
		<b>(974)</b>		<b>(781)</b>	<b>(193)</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.

- IRFS 16 leases, this will be applicable to those authorities who have decided to voluntarily implement the standard, which the Council has decided not to implement at this stage.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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 2022/23 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 2023 these liabilities, calculated under FRS 102, amounted to £0.6m (31 March 2022: £6.9m) 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 2022 and gave a pension fund deficit of £756,000.

## 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:

- The valuation for the Gibson Buildings is reported as subject to Material Valuation Uncertainty under RICS Global Standards. In concluding this opinion it was deemed necessary to take into consideration the potential for redevelopment should the Council no longer wish to occupy all or part of the premises. As such, there would be wider range of purchaser perceptions which would likely attract bidders in the market at above current valuation levels.
- The valuations for Angel East and West Car Parks include a government subsidy for the loss of income in 2020/21 due to the Covid-19 pandemic. Consumer behaviour has evolved in recent years and the post-pandemic requirement for car parking needs is yet to settle down. This will provide a level of uncertainty surrounding the appetite for car parks until the standard use is known.
- 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 2023. No events have occurred that require changes to the accounting statements.

## 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

33

2021/22							2022/23							
Corporate Services	Chief Executive	Director of Central Services	Director of Finance & Transformation	Director of Planning, Housing & Env Health	Director of Street Scene, Leisure & Technical Services	Total	Corporate Services	Chief Executive	Director of Central Services	Director of Finance & Transformation	Director of Planning, Housing & Env Health	Director of Street Scene, Leisure & Technical Services	Total	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
							<b>Income</b>							
266	229	1,008	1,427	3,720	4,310	10,960	Fees, Charges & Other Service Income	283	681	1,009	1,129	2,844	5,114	11,060
			356			356	Interest & Investment Income				1,765			1,765
18	2,355	41	32,215	1,832	304	36,765	Grants & Contributions	19	92	44	29,839	1,777		31,771
<b>284</b>	<b>2,584</b>	<b>1,049</b>	<b>33,998</b>	<b>5,552</b>	<b>4,614</b>	<b>48,081</b>	<b>Total Income</b>	<b>302</b>	<b>773</b>	<b>1,053</b>	<b>32,733</b>	<b>4,621</b>	<b>5,114</b>	<b>44,596</b>
							<b>Expenditure</b>							
5,498	327	701	1,005	3,301	1,863	12,695	Employee Expenses	5,606	383	756	940	3,944	1,766	13,395
561	2	57		24	1,365	2,009	Premises	649		145		13	1,432	2,239
155					47	202	Transport	143				1	39	183
1,846	2,923	98	6,697	3,766	1,079	16,409	Supplies & Services	2,125	1,060	138	5,653	3,472	1,104	13,552
2				53	5,246	5,301	Third Party Payments	2				75	5,787	5,864
			450			450	Precepts & Levies				461			461
			(22)	66	18	62	Provisions for Bad Debts				126	65	71	262
			25,943			25,943	Housing Benefits				24,053			24,053
(5,000)	270	466	1,170	1,858	1,236	0	Support Service Recharges	(4,989)	315	465	1,116	1,918	1,174	(1)
729		13		55	3,466	4,263	Depreciation, Amortisation & Impairment	250		13		61	2,421	2,745
<b>3,791</b>	<b>3,522</b>	<b>1,335</b>	<b>35,243</b>	<b>9,123</b>	<b>14,320</b>	<b>67,334</b>	<b>Total Expenditure</b>	<b>3,786</b>	<b>1,758</b>	<b>1,517</b>	<b>32,349</b>	<b>9,549</b>	<b>13,794</b>	<b>62,753</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>	<b>COST OF SERVICES</b>	<b>3,484</b>	<b>985</b>	<b>464</b>	<b>(384)</b>	<b>4,928</b>	<b>8,680</b>	<b>18,157</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.

	2021/22	2022/23
	£'000	£'000
<b>Cost of Services in Service Analysis</b>	<b>19,253</b>	<b>18,157</b>
add Amounts not Reported to Management		
Pension Adjustments	986	622
Accrued Annual Leave	(37)	(60)
Sales, Fees and Charges Compensation	(224)	0
Miscellaneous Income and Expenditure	(201)	(210)
less Items Included in Other Operating Expenditure		
Drainage Board Levies	(450)	(461)
less Items Included in Financing & Investment		
Trading Undertakings	311	231
Interest & Investment Income	356	1,765
<b>NET COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>	<b>19,994</b>	<b>20,044</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.

Service Analysis	2021/22				Surplus / Deficit on Provision of Services	Service Analysis	2022/23			
	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services			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	£'000
					<b>Income</b>					
10,960	271			11,231	Fees, Charges & Other Service Income	11,060	278			11,338
356	608			964	Interest & Investment Income	1,765	(1,419)			346
			14,791	14,791	Council Tax				15,442	15,442
			26,200	26,200	National Non-Domestic Rates				27,506	27,506
36,765	221	(5,747)	9,918	41,157	Grants & Contributions	31,771	(2)	(5,038)	5,884	32,615
			1,515	1,515	Disposal of Non-Current Assets				105	105
			419	419	Fair Value of Investment Properties				205	205
<b>48,081</b>	<b>1,100</b>	<b>(5,747)</b>	<b>52,843</b>	<b>96,277</b>	<b>Total Income</b>	<b>44,596</b>	<b>(1,143)</b>	<b>(5,038)</b>	<b>49,142</b>	<b>87,557</b>
					<b>Expenditure</b>					
12,695	1,014		1,194	14,903	Employee Expenses	13,395	622		1,476	15,493
2,009				2,009	Premises	2,239				2,239
202				202	Transport	183				183
16,409	2	(5,747)		10,664	Supplies & Services	13,552	6	(5,038)		8,520
5,301				5,301	Third Party Payments	5,864				5,864
450			3,327	3,777	Precepts & Levies	461			3,555	4,016
62				62	Provisions for Bad Debts	262				262
25,943				25,943	Housing Benefits	24,053				24,053
0				0	Support Service Recharges	(1)				(1)
4,263				4,263	Depreciation, Amortisation & Impairment	2,745				2,745
				0	Council Tax				72	72
			29,771	29,771	National Non-Domestic Rates				27,359	27,359
			612	612	Disposal of Non-Current Assets					0
			19	19	Fair Value of Investment Properties				42	42
<b>67,334</b>	<b>1,016</b>	<b>(5,747)</b>	<b>34,923</b>	<b>97,526</b>	<b>Total Expenditure</b>	<b>62,753</b>	<b>628</b>	<b>(5,038)</b>	<b>32,504</b>	<b>90,847</b>
<b>19,253</b>	<b>524</b>	<b>0</b>	<b>(18,528)</b>	<b>1,249</b>	<b>TOTAL</b>	<b>18,157</b>	<b>1,77126</b>	<b>0</b>	<b>(16,638)</b>	<b>3,290</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	Comm-unity Assets	Assets under Const'ion	TOTAL PPE	HERITAGE ASSETS	INVESTM'T PROP	INTAN-GIBLE ASSETS	TOTAL
<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		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	(2,686)					(2,686)				(2,686)
At 31 March 2022	68,347	9,040	3,460	2,047	515	83,409	15,659	4,533	458	104,059
<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	(1,842)	(658)	(115)			(2,615)			(114)	(2,729)
Impairment Recognised in Surplus/Deficit on the Provision of Services	(1,496)	(8)				(1,504)			(29)	(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	2,686					2,686				2,686
At 31 March 2022	(5,684)	(6,201)	(2,401)	0	0	(14,286)	0	0	(298)	(14,584)
<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>										
<b>Owned</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>

	PROPERTY, PLANT & EQUIPMENT					TOTAL PPE	HERITAGE ASSETS	INVESTM'T PROP	INTAN-GIBLE ASSETS	TOTAL
	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Comm-unity Assets	Assets under Const'ion					
<b>NET BOOK VALUE AT 1 APRIL 2022</b>	62,663	2,839	1,059	2,047	515	69,123	15,659	4,533	160	89,475
<b>Cost or Valuation</b>										
At 1 April 2022	69,222	9,031	3,458	2,047	515	84,273	15,659	4,533	453	104,918
Additions	687	697	5			1,389		210		1,599
Derecognition - Disposals		(92)				(92)				(92)
Reclassification	515				(515)	0				0
Revaluation Recognised in the Revaluation Reserve	6,036					6,036	1,243			7,279
Net Gains / (Losses) from Fair Value Adjustments						0		163		163
Other Movements in Cost or Valuation	(8,911)					(8,911)				(8,911)
At 31 March 2023	67,549	9,636	3,463	2,047	0	82,695	16,902	4,906	453	104,956
<b>Depreciation, Amortisation &amp; Impairment</b>										
At 1 April 2022	(6,558)	(6,193)	(2,399)			(15,150)			(292)	(15,442)
Depreciation & Amortisation Written out to Surplus/Deficit on the Provision of Services	(1,933)	(637)	(108)			(2,678)			(76)	(2,754)
Impairment Recognised in Surplus/Deficit on the Provision of Services	9					9				9
Impairment Recognised in Revaluation Reserve	(2,919)					(2,919)				(2,919)
Derecognition - Disposals		92				92				92
Reclassification						0				0
Other Movements in Depreciation, Amortisation and Impairment	8,911					8,911				8,911
At 31 March 2023	(2,490)	(6,738)	(2,507)	0	0	(11,735)	0	0	(368)	(12,103)
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	65,059	2,898	956	2,047	0	70,960	16,902	4,906	85	92,853
<b>NATURE OF ASSET HOLDINGS</b>										
Owned	65,059	2,898	956	2,047	0	70,960	16,902	4,906	85	92,853

## **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 and impairment of intangible assets shown above is included within cost of services under the Corporate Services heading £76,000 (£143,000 2021/22)

## **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 on page 27.

In accordance with the rolling programme leisure premises were the subject of revaluation.

Hartnell Taylor Cook LLP were appointed to carry out the valuations and in doing so 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 leisure premises, council offices and car parks where material 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 gain of £4,369,000, of which £4,360,000 is recognised in the revaluation reserve and losses of £9,000 recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure.

In assessing fair value of Investment Properties Hartnell Taylor Cook LLP has determined a market value given the sites location and likelihood of achieving such values. The resulting increase in asset values of £163,000 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.

Hartnell Taylor Cook LLP 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 Hartnell Taylor Cook LLP, an independent property consultancy, in accordance with the *Global Standards 2020 incorporating the International Valuation Standards, and the UK National Supplement of the Royal Institute of Chartered Surveyors*.

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

## **Material Uncertainty**

The valuation for the Gibson Buildings is reported as subject to Material Valuation Uncertainty under RICS Global Standards. This takes into consideration the potential for redevelopment of the premises which would likely attract bidders in the market at above current valuation levels.

The valuations for Angel East and West Car Parks include a government subsidy for the loss of income in 2020/21 due to the Covid-19 pandemic. The post-pandemic requirement for car parking needs is yet to settle down providing a level of uncertainty until the standard use is known.



## 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	
2022/23	53,182	2,898	16,872	4,906	77,858
2021/22	6,539				6,539
2020/21	1,160				1,160
2019/20	2,963				2,963
2018/19	1,215				1,215
Prior Years	0		30		30
<b>TOTAL</b>	<b>65,059</b>	<b>2,898</b>	<b>16,902</b>	<b>4,906</b>	<b>89,765</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 2022/23 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 2022 £'000	At 31 March 2023 £'000
Tonbridge Castle Gatehouse	15,450	16,686
Civic Regalia	81	87
Paintings	73	72
Sculptures	55	57
<b>TOTAL</b>	<b>15,659</b>	<b>16,902</b>

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

	2021/22 £'000	2022/23 £'000
Open Spaces	585	385
Waste Collection Containers	217	322
Temporary Accommodation	64	277
Capital Renewals	321	206
Larkfield Leisure Centre	0	126
Car Parks	139	125
Sports Grounds	29	102

The Capital Expenditure was financed as follows: -

	2021/22	2022/23
	£'000	£'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	1,402	1,389
Investment Property	0	210
Intangible Assets	65	0
<b>Total</b>	<b>1,467</b>	<b>1,599</b>
<b>Sources of Finance</b>		
Revenue	0	(126)
Capital Grants & Contributions	(637)	(930)
Capital Receipts	(830)	(543)
<b>Total</b>	<b>(1,467)</b>	<b>(1,599)</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 2023 no major capital commitments were outstanding.

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

	2021/22			2022/23		
	Net Book Value	Sale Proceeds	Net (Gain) / Loss	Net Book Value	Sale Proceeds	Net (Gain) / Loss
	£'000	£'000	£'000	£'000	£'000	£'000
River Walk Offices	290	(1,515)	(1,225)			0
Borough Green Public Conveniences	114	0	114			0
East Peckham Public Conveniences	117	0	117			0
Larkfield Public Conveniences	91	0	91			0
Hadlow Public Conveniences			0	0	(77)	(77)
Land at Rear of Hythe Lane			0	0	(28)	(28)
<b>TOTAL</b>	<b>612</b>	<b>(1,515)</b>	<b>(903)</b>	<b>0</b>	<b>(105)</b>	<b>(105)</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.

	2021/22		2022/23	
	£'000	£'000	£'000	£'000
<b>Gross Expenditure</b>				
House Renovation Grants	746		889	
Land Drainage & Flood Defence	0		125	
Other	38	784	10	1,024
<b>Grants &amp; Contributions Received</b>				
Better Care Fund	(682)		(831)	
Housing Assistance Grant Repaid	(39)		(44)	
Disabled Facilities Grant Repaid	(36)		(23)	
UK Shared Prosperity Fund	0	(757)	(10)	(908)
<b>TOTAL</b>		<b>27</b>		<b>116</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.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income Due	488	371	284	237	231	224	224

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 2022	31 March 2023
	£'000	£'000
Not later than one year	53	0
Later than one year and not later than five years	537	726
Later than five years and not later than fifty years	1,347	1,818
Later than fifty years	6,936	7,136
<b>TOTAL</b>	<b>8,873</b>	<b>9,680</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	2021/22	2022/23
	£'000	£'000
Income	(349)	(364)
Expenditure	38	133
<b>TOTAL</b>	<b>(311)</b>	<b>(231)</b>

The Balance Sheet value of these properties at the 31 March 2023 was £4,949,000 (£4,906,000 Investment Properties and £43,000 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 use to purchase leased cars under the terms of an operating lease. This arrangement came to an end in 2022/23. The amount paid under this arrangement in 2022/23 was £1,000.

#### 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

	2021/22			2022/23		
	Income	Unrealised (Gains) / Losses	Total	Income	Unrealised (Gains) / Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Property Investment Funds	(159)	(751)	(910)	(172)	1,012	840
Multi-Asset Diversified Income Funds	(96)	143	47	(174)	407	233
Certificates of Deposit	(17)		(17)	(518)		(518)
Fixed Interest Deposits	(43)		(43)	(91)		(91)
Call Accounts	(40)		(40)	(810)		(810)
Miscellaneous Interest	(1)		(1)	0		0
<b>TOTAL</b>	<b>(356)</b>	<b>(608)</b>	<b>(964)</b>	<b>(1,765)</b>	<b>1,419</b>	<b>(346)</b>

#### Interest and Investment Income Received

	2021/22	2022/23
	£'000	£'000
Interest and Investment Income Earned	(964)	(346)
Increase / (Decrease) in Debtors	(30)	53
Increase / (Decrease) in Accrued Interest	12	319
Unrealised Gains / (Losses) on Property Investment Funds / Multi-Asset Funds	608	(1,419)
<b>TOTAL</b>	<b>(374)</b>	<b>(1,393)</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 2022				At 31 March 2023			
	Capital £'000	Gain / (Loss) £'000	Accrued Interest £'000	Total £'000	Capital £'000	Gain / (Loss) £'000	Accrued Interest £'000	Total £'000
<b>Property Investment Funds</b>								
Hermes Property Unit Trust	1,000	131	9	1,140	1,000	(49)	9	960
Local Authorities' Property Fund	2,000	146	18	2,164	2,000	(208)	20	1,812
Lothbury Property Trust	2,000	102	13	2,115	2,000	(376)	13	1,637
<b>Total</b>	<b>5,000</b>	<b>379</b>	<b>40</b>	<b>5,419</b>	<b>5,000</b>	<b>(633)</b>	<b>42</b>	<b>4,409</b>
<b>Multi-Asset Diversified Income Funds</b>								
Aegon Diversified Income Fund	1,750	(19)	6	1,737	1,750	(232)	0	1,518
Fidelity Multi-Asset Income Fund	1,000	(76)	3	927	1,000	(197)	2	805
Ninety-One Diversified Income Fund	1,500	(48)	3	1,455	1,500	(121)	0	1,379
<b>Total</b>	<b>4,250</b>	<b>(143)</b>	<b>12</b>	<b>4,119</b>	<b>4,250</b>	<b>(550)</b>	<b>2</b>	<b>3,702</b>
<b>TOTAL</b>	<b>9,250</b>	<b>236</b>	<b>52</b>	<b>9,538</b>	<b>9,250</b>	<b>(1,183)</b>	<b>44</b>	<b>8,111</b>

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

In respect of the long term investments held by the Council, the capital value has dropped in recent months as result of high levels of inflation in the UK. Fund values will fluctuate from year to year depending upon economic conditions and any losses or gains associated with the fund values will only be recognised on the sale of the investments.

## Short Term Investments

	At 31 March 2022			At 31 March 2023		
	Capital £'000	Accrued Interest £'000	Total £'000	Capital £'000	Accrued Interest £'000	Total £'000
<b>Certificates of Deposit</b>						
Bank of Montreal	0		0	2,000	36	2,036
Goldman Sachs	0		0	2,000	52	2,052
Lloyds Bank	0		0	6,000	56	6,056
National Westminster Bank	4,000	3	4,003	0		0
Royal Bank of Canada	0		0	3,000	78	3,078
Toronto Dominion	0		0	4,000	70	4,070
<b>Total</b>	<b>4,000</b>	<b>3</b>	<b>4,003</b>	<b>17,000</b>	<b>292</b>	<b>17,292</b>
<b>Fixed Interest Deposits</b>						
Close Brothers	4,000	10	4,010	0		0
Goldman Sachs	3,000	9	3,009	0		0
Handelbanken	0		0	3,000	25	3,025
Nordea	4,000	3	4,003	0		0
Rabobank	0		0	3,000	40	3,040
Santander	2,000	3	2,003	0		0
Toronto Dominion	4,000	3	4,003	0		0
<b>Total</b>	<b>17,000</b>	<b>28</b>	<b>17,028</b>	<b>6,000</b>	<b>65</b>	<b>6,065</b>
<b>TOTAL</b>	<b>21,000</b>	<b>31</b>	<b>21,031</b>	<b>23,000</b>	<b>357</b>	<b>23,357</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 2023.
- 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 2022			At 31 March 2023		
	Amortised Cost	Fair Value Through Profit & Loss	Total	Amortised Cost	Fair Value Through Profit & Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Long Term		9,538	9,538		8,111	8,111
Short Term	21,031		21,031	23,357		23,357
<b>TOTAL</b>	<b>21,031</b>	<b>9,538</b>	<b>30,569</b>	<b>23,357</b>	<b>8,111</b>	<b>31,468</b>

## Interest Earned

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

	2021/22			2022/23		
	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	(60)	(255)	(315)	(608)	(347)	(955)
Unrealised (Gains) / Losses		(608)	(608)		1,419	1,419
<b>TOTAL</b>	<b>(60)</b>	<b>(863)</b>	<b>(923)</b>	<b>(608)</b>	<b>666</b>	<b>464</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, which is described as a level 1 type investment, and have been valued in accordance with the closing value at year end. Other deposits, which are described as level 2 type investments, are held on effective interest method, being the value of deposit plus any interest due to the end of the financial year, no significant active market exists for these types of bank deposits,.

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

	At 31 March 2022		At 31 March 2023	
	Carrying Amount	Carrying Amount	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Property Investment Funds	5,419	5,419	4,409	4,409
Multi-Asset Diversified Income Funds	4,119	4,119	3,702	3,702
Deposits with Banks & Building Societies	21,031	21,031	23,357	23,357
<b>TOTAL</b>	<b>30,569</b>	<b>30,569</b>	<b>31,468</b>	<b>31,468</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, longevity and liquidity of its investments and as at 31 March 2023 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 the investments held on March 2023 were invested at rates between 2.84% and 5.30% for Deposits and 4% for Fund investments. An increase in interest rates of 1% would currently generate investment income of about £320,000 (2021/22: £306,000).

### Liquidity Risk

The Council manages its investments on a daily basis using a combination of current market information and predicted income and expenditure based upon an annual cashflow for the authority. It is therefore considered that liquidity risk would be low due to the daily monitoring of the cashflow arrangements.

## 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 LLP, 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

	2021/22 £'000	2022/23 £'000
<b>Amounts Charged to Income and Expenditure Statement</b>		
Net Cost of Services		
Current Service Costs	3,886	3,596
Past Service Costs (Change in Benefit)	0	0
Administration Expenses	61	63
Net Operating Expenditure		
Net Interest on the Defined Liability (Asset)	1,194	1,476
<b>Net Charge to the Income and Expenditure Statement</b>	<b>5,141</b>	<b>5,135</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(5,141)	(5,135)
Actual Amount Charged to the General Fund for Pensions in the Year		
Employers' contributions payable to scheme	2,961	3,037
<b>CONTRIBUTION (FROM) / TO PENSIONS RESERVE</b>	<b>(2,180)</b>	<b>(2,098)</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 £51,084,000 in 2022/23 (2021/22: gain of £5,092,000) is included in the Comprehensive Income and Expenditure Statement. The change in the pension fund deficit over the year is mainly dependent on asset returns, discount rates linked to corporate bond yields and market expectations of inflation, this year has seen significant increases in bond yields and inflationary effects which when taken together has resulted in a decrease in the pension fund liabilities and therefore also the deficit compared to the previous year. 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.

	2021/22 £'000	2022/23 £'000
<b>Reconciliation of the Present Value of Scheme Liabilities</b>		
<b>Opening Balance at 1 April - Defined Benefit Obligation</b>	<b>163,240</b>	<b>161,181</b>
Current Service Costs	3,886	3,596
Past Service Costs	0	0
Contributions from Scheme Participants	556	564
Interest Cost	3,223	4,137
Change in Financial Assumptions	(5,315)	(59,119)
Change in Demographic Assumptions	0	(4,493)
Experience Loss / (Gain) on Defined Benefit Obligation	322	10,232
Benefits Paid	(4,517)	(4,558)
Unfunded Pension Payments	(214)	(202)
<b>CLOSING BALANCE AT 31 MARCH - DEFINED BENEFIT OBLIGATION</b>	<b>161,181</b>	<b>111,338</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.

	2021/22	2022/23
	£'000	£'000
<b>Reconciliation of the Fair Value of Scheme Assets</b>		
<b>Opening Balance at 1 April - Fair Value of Scheme Assets</b>	<b>102,067</b>	<b>102,920</b>
Interest on Assets	2,029	2,661
Return on Assets Less Interest	99	(1,329)
Other Actuarial Gains / (Losses)	0	(967)
Employers' Contributions	2,961	3,307
Contributions from Scheme Participants	556	564
Benefits Paid	(4,731)	(4,760)
Administration Expenses	(61)	(63)
<b>CLOSING BALANCE AT 31 MARCH - FAIR VALUE OF SCHEME ASSETS</b>	<b>102,920</b>	<b>102,063</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 £1,332,000 (2021/22: gain of £2,128,000).

#### Net Liabilities in Relation to Retirement Benefits

	2021/22	2022/23
	£'000	£'000
Present value of funded obligation	159,170	109,649
Fair value of scheme assets (bid price)	102,920	102,063
<b>Sub-total</b>	<b>56,250</b>	<b>7,586</b>
Present value of unfunded obligation	2,011	1,689
<b>NET PENSION LIABILITY</b>	<b>58,261</b>	<b>9,275</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.

	2021/22	2022/23
Surplus / (Deficit)	£'000	£'000
<b>Balance at 1 April</b>	<b>(61,173)</b>	<b>(58,261)</b>
Current Service Costs	(3,886)	(3,596)
Past Service Costs	0	0
Actuarial Gains / (Losses)	5,092	51,084
Employer's Contributions	2,747	2,835
Unfunded Pension Payments	214	202
Administration Expenses	(61)	(63)
Other Finance Income	(1,194)	(1,476)
<b>BALANCE AT 31 MARCH</b>	<b>(58,261)</b>	<b>(9,275)</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 2022		At 31 March 2023	
	Fund Value £'000	Percentage of Fund %	Fund Value £'000	Percentage of Fund %
Bonds	14,210	14	13,405	13
Cash	2,126	2	1,831	2
Equities	66,252	64	65,128	64
Gilts	628	1	559	1
Property	12,089	12	10,187	10
Target Return Portfolio	7,615	7	7,476	7
Infrastructure			3,477	3
<b>TOTAL</b>	<b>102,920</b>	<b>100</b>	<b>102,063</b>	<b>100</b>

## Scheme History

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	(144,209)	(135,092)	(163,240)	(161,181)	(111,338)
Fair Value of Assets	87,513	79,865	102,067	102,920	102,063
<b>SURPLUS / (DEFICIT) IN THE SCHEME</b>	<b>(56,696)</b>	<b>(55,227)</b>	<b>(61,173)</b>	<b>(58,261)</b>	<b>(9,275)</b>
Experience Gains / (Losses) on Assets	0	289	0	0	0
Percentage of Assets	0.0%	0.4%	0.0%	0.0%	0.0%
Experience Gains / (Losses) on Liabilities	0	(1,009)	1,963	(322)	10,232
Percentage of Liabilities	0.0%	(0.7%)	1.2%	(0.2%)	9.2%

## Actuarial Gains and Losses

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Actuarial Gains / (Losses) recognised in the Comprehensive Income and Expenditure Statement	6,462	3,484	(4,906)	5,092	51,084
<b>CUMULATIVE ACTUARIAL GAINS / (LOSSES)</b>	<b>(35,120)</b>	<b>(31,636)</b>	<b>(36,542)</b>	<b>(31,450)</b>	<b>19,634</b>

## Basis for Estimating Assets and Liabilities

The scheme has been assessed by Barnett Waddingham LLP, an independent firm of actuaries, on behalf of Kent County Council based upon the full valuation of the scheme as at 31 March 2022.

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

	2021/22	2022/23
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
Men	21.6 Years	21.1 Years
Women	23.7 Years	23.5 Years
Longevity at 65 for future pensioners:		
Men	23.0 Years	22.3 Years
Women	25.1 Years	25.0 Years
CPI Increases	3.30%	2.90%
Salary Increases	4.30%	3.90%
Pension Increases	3.30%	2.90%
Discount Rate	2.60%	4.80%

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 +0.5%	£'000 +1.0%	£'000 0.0%	£'000 -1.0%	£'000 -0.5%
<b>Adjustment to discount rate</b>					
Present Value of Total Obligation	103,963	97,384	111,338	129,026	103,963
Projected Service Cost	1,248	1,053	1,474	2,053	1,740
<b>Adjustment to Long Term Salary Increase</b>					
Present Value of Total Obligation	112,089	112,870	111,338	109,920	110,616
Projected Service Cost	1,479	1,484	1,474	1,464	1,469
<b>Adjustment to Pensions Increase and Deferred Revaluation</b>					
Present Value of Total Obligation	119,009	127,668	111,338	98,449	104,523
Projected Service Cost	1,738	2,059	1,474	1,048	1,250
<b>Adjustment to mortality age rating assumption</b>					
Present Value of Total Obligation		+1 Year 116,129	None 111,338	-1 Year 106,768	
Projected Service Cost		1,527	1,474	1,422	

### Projected Pension Expense for the Year to 31 March 2024

These projections are based on the Actuary's assumptions as at 31 March 2023.

	2023/24 Projection £'000
Service Cost	1,474
Net Interest on the defined liability (asset)	368
Administration Expenses	61
Total	1,903
Employers' Contributions	3,059

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	2021/22	2022/23
	£'000	£'000
Borough Council's Council Tax	(11,277)	(11,729)
Parish Councils' Council Tax	(3,327)	(3,555)
Prior Year's Estimated Accumulated Council Tax (Surplus) / Deficit	(20)	(158)
Council Tax (Surplus) / Deficit	(167)	72
<b>TOTAL</b>	<b>(14,791)</b>	<b>(15,370)</b>

National Non-Domestic Rates	2021/22	2022/23
	£'000	£'000
Share of National Non-Domestic Rates	(22,398)	(20,174)
Tariff / (Top-Up)	21,310	21,310
Levy / Safety Net	20	234
Business Rates Pool	(4)	0
Prior Year's Estimated Accumulated Non-Domestic Rates (Surplus) / Deficit	8,445	5,815
National Non-Domestic Rates (Surplus) / Deficit	(3,802)	(7,332)
<b>TOTAL</b>	<b>3,571</b>	<b>(147)</b>

Collection Fund Adjustment Account	Balance at 31 March 2021	2021/22 Surplus / (Deficit)	Balance at 31 March 2022	2022/23 Surplus / (Deficit)	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Council Tax	(33)	167	134	(72)	62
National Non-Domestic Rates	(9,810)	3,802	(6,008)	7,332	1,324
<b>TOTAL</b>	<b>(9,843)</b>	<b>3,969</b>	<b>(5,874)</b>	<b>(7,260)</b>	<b>1,386</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

	2021/22		2022/23	
	£'000	£'000	£'000	£'000
General Government Grants				
Covid-19 Business Rate Relief	(3,291)		(1,233)	
New Homes Bonus	(2,210)		(1,194)	
Small Business & Empty Property Rate Relief Grant	(1,091)		(1,118)	
Lower Tier Services Grant	(666)		(1,006)	
Under Indexing Multiplier Grant	(114)		(283)	
Services Grant	0		(159)	
Covid-19 Additional Relief	(1,507)		0	
Covid-19 Support Grant	(605)		0	
Council Tax Support Scheme	(225)		0	
Other	(10)	(9,719)	(62)	(5,055)
Capital Grants & Contributions				
Oakhill House Developer Contribution	0		(354)	
Yates Yard Developer Contribution	0		(179)	
Sainsbury's Contribution	(116)		(97)	
Other	(83)	(199)	(199)	(829)
<b>TOTAL</b>		<b>(9,918)</b>		<b>(5,884)</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

	2021/22	2022/23
	£'000	£'000
Rent Allowance Subsidy	(24,243)	(22,697)
Better Care Fund	(767)	(917)
Non-HRA Rent Rebate Subsidy	(894)	(669)
Homelessness Prevention Grant	(383)	(392)
Rough Sleeping Initiative Grant	(390)	(307)
Discretionary Energy Rebates	0	(259)
Benefits Administration Grant	(261)	(256)
Energy Rebates New Burdens Grant	0	(166)
NNDR Cost of Collection Allowance	(156)	(155)
Discretionary Housing Payment Contribution	(239)	(152)
Test and Trace/Self Isolation Payments Grant New Burdens Grant	(43)	(122)
Local Council Tax Support Administration Grant	(121)	(117)
Administering Business Grants New Burdens Grant	(131)	(12)
Test and Trace/Self Isolation Payments Grant	(189)	(4)
Additional Restrictions Grant	(2,156)	0
Income Compensation Scheme	(224)	0
National Leisure Recovery Fund	(192)	0
Other	(853)	(509)
<b>TOTAL</b>	<b>(31,242)</b>	<b>(26,734)</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	No. Of Employees	
	2021/22	2022/23
£50,000 - £54,999	7	13
£55,000 - £59,999	5	8
£60,000 - £64,999	5	3
£65,000 - £69,999	2	2
£70,000 - £74,999	4	1
£75,000 - £79,999	1	4
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	4	3
£105,000 - £109,999	-	1
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	1
<b>TOTAL</b>	<b>29</b>	<b>36</b>

The numbers above include no employees within the exit packages table for 2022/23 (2021/22: one employee).

### 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.

	Salary, Fees & All'ces	Exp's	Comp for Loss of Office	Benefits in Kind	Total Excl Pension	Pension Contrib's	Total Inc Pension	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2021/22	Post Title							
	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>	<b>638</b>
2022/23	Chief Executive	126	2		128	24	152	
	Director of Central Services & Deputy Chief Executive	101	7		108	19	127	
	Director of Finance & Transformation	98	6		104	18	122	
	Director of Planning, Housing & Environmental Health	98	6		104	18	122	
	Director of Street Scene, Leisure & Technical Services	98	6		104	18	122	
	<b>TOTAL</b>	<b>521</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>548</b>	<b>97</b>	<b>645</b>

At 31 March 2023 the Council employed 250 permanent staff (31 March 2022: 243) or 220 full-time equivalents (31 March 2022: 213).

### 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 2022/23 this was estimated to be £203,000 (2021/22: £262,000).

## 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.

	2021/22		2022/23	
	Number of Employees	Total Cost £'000	Number of Employees	Total Cost £'000
<b>Compulsory Redundancies</b>				
£0 - £19,999	-	-	-	-
£20,000 - £39,999	-	-	1	29
£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>2</b>	<b>57</b>	<b>1</b>	<b>29</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*.

	2021/22 £'000	2022/23 £'000
Balance at 1 April	0	685
Usable Capital Receipts Received	1,515	105
Disposal Costs	0	0
	1,515	790
<b>less Usable Capital Receipts Applied</b>		
Purchase of Non-Current Assets	830	543
<b>BALANCE AT 31 MARCH</b>	<b>685</b>	<b>247</b>

## 17. RESERVES

	Balance at 1 April £'000	Contribution to Reserve £'000	Contribution from Reserve £'000	Balance at 31 March £'000	
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				
	Budget Stabilisation	2,700	300		3,000
	Planning Services	493	1,162	(222)	1,433
	Homelessness Reduction	706	846	(825)	727
	Climate Change	250	600	(70)	780
	Business Rates Retention Scheme	11,087	4,798	(8,616)	7,269
	Tonbridge & Malling Leisure Trust	708		(508)	200
	Transformation	193	65	(7)	251
	Housing Assistance	320	40		360
	Election	170	25	(21)	174
	Invest to Save	174	50	(3)	221
	Special Projects	273	168	(204)	237
	Other Earmarked Reserves	174	100	(37)	237
	<b>34,576</b>	<b>11,764</b>	<b>(12,684)</b>	<b>33,656</b>	
2022/23	Revenue Reserve for Capital Schemes	6,825	1,298	(241)	7,882
	General Revenue Reserve	7,661	950		8,611
	Building Repairs Reserve	1,031	1,050	(781)	1,300
	Property Investment Fund Reserve	3,250			3,250
	Earmarked Reserves				
	Budget Stabilisation	3,000		(869)	2,131
	Planning Services	1,433	107	(424)	1,116
	Homelessness Reduction	727	681	(723)	685
	Climate Change	780		(179)	601
	Business Rates Retention Scheme	7,269		(6,736)	533
	Tonbridge & Malling Leisure Trust	200	249		449
	Transformation	251	222	(39)	434
	Housing Assistance	360			360
	Election	174	25	(38)	161
	Invest to Save	221		(79)	142
	Special Projects	237	68	(69)	236
	Other Earmarked Reserves	237	35	(75)	197
	<b>33,656</b>	<b>4,685</b>	<b>(10,253)</b>	<b>28,088</b>	



## **Reserve**

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

#### **General Revenue Reserve**

#### **Building Repairs Reserve**

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

#### **Budget Stabilisation**

#### **Planning Services**

#### **Homelessness Reduction**

#### **Climate Change**

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

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

#### **Transformation**

#### **Housing Assistance**

#### **Election**

#### **Invest to Save**

#### **Special Projects**

#### **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 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 meet costs associated with the Homelessness Reduction Act.

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

Established, in the main, to take account of accounting arrangements

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

Established to fund initiatives that deliver operational efficiencies.

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

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

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

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

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

## 18. DEBTORS

### Short Term Debtors

	At 31 March 2022			At 31 March 2023		
	Gross Value	Impairm't Allow'ce	Net Value	Gross Value	Impairm't Allow'ce	Net Value
	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund</b>						
Central Government	613		613	736		736
Local Authorities	971		971	620		620
Housing Benefit Claimants (current & former)	2,804	(2,350)	454	2,742	(2,377)	365
Payments in Advance	538		538	255		255
Other Debtors	662	(255)	407	792	(345)	447
	<b>5,588</b>	<b>(2,605)</b>	<b>2,983</b>	<b>5,145</b>	<b>(2,722)</b>	<b>2,423</b>
<b>Collection Fund</b>						
Council Tax Payers (Borough Council's share)	1,463	(406)	1,057	1,629	(453)	1,176
Local Authorities	358		358	785		785
NNDR Payers (Borough Council's share)	770	(224)	546	677	(252)	425
Central Government	0		0	10		10
	<b>2,591</b>	<b>(630)</b>	<b>1,961</b>	<b>3,101</b>	<b>(705)</b>	<b>2,396</b>
<b>TOTAL</b>	<b>8,179</b>	<b>(3,235)</b>	<b>4,944</b>	<b>8,246</b>	<b>(3,427)</b>	<b>4,819</b>

### Impairment Allowance

		Housing Benefit Claimants	Homelessness Debtors	Garden Waste Debtors	General Debtors	Council Taxpayers	NNDR Payers	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
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>
2022/23	Balance at 1 April	2,350	118	18	119	406	224	3,235
	Write-Offs	(102)	(29)	(15)	(4)	(17)	(27)	(194)
	Contribution to Allowance	126	65	57	15	64	55	382
	Receipts/Adjustments	3	1					4
	<b>BALANCE AT 31 MARCH</b>	<b>2,377</b>	<b>155</b>	<b>60</b>	<b>130</b>	<b>453</b>	<b>252</b>	<b>3,427</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 2022				At 31 March 2023			
	General Debtors £'000	Garden Waste £'000	Homeless ness £'000	Total £'000	General Debtors £'000	Garden Waste £'000	Homeless ness £'000	Total £'000
< 1 month	187		8	195	239	67	19	325
1 - 3 months	62		14	76	16	42	14	72
3 - 6 months	16		19	35	10		8	18
6 - 12 months	6	34	48	88	6	65	16	87
1 year +	161	14	93	268	162		128	290
<b>TOTAL</b>	<b>432</b>	<b>48</b>	<b>182</b>	<b>662</b>	<b>433</b>	<b>174</b>	<b>185</b>	<b>792</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 2023	Historical Experience of Default	Historical Experience Adjusted for Market Conditions as at 31 March 2023	Estimated Maximum Exposure to Default and Uncollectability
	£'000	%	%	£'000
Debtors				
General Debtors	433	0.5	30.0	130
Garden Waste	174	4.1	34.5	60
Homelessness	185	29.9	83.8	155
<b>TOTAL</b>	<b>792</b>			<b>345</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 2022 £'000	At 31 March 2023 £'000
<b>Short Term Deposits</b>		
Barclays Bank	3,000	3,000
Blackrock	2,500	7,999
BNP Paribas	7,961	1,264
CCLA	8,000	4,307
Deutsche Bank	50	0
Federated	50	0
HSBC	3,000	6,000
Morgan Stanley	50	0
National Westminster Bank	520	50
	<b>25,131</b>	<b>22,620</b>
<b>Cash in Hand</b>	<b>294</b>	<b>418</b>
<b>TOTAL</b>	<b>25,425</b>	<b>23,038</b>

## 20. CREDITORS

### Long Term Creditors

	At 31 March 2022 £'000	At 31 March 2023 £'000
Local Authorities	(19)	0
<b>TOTAL</b>	<b>(19)</b>	<b>0</b>

### Short Term Creditors

	At 31 March 2022 £'000	At 31 March 2023 £'000
<b>General Fund</b>		
Central Government	(11,314)	(3,990)
Receipts in Advance	(5,859)	(1,541)
Local Authorities	(614)	(461)
Employees	(262)	(202)
Other Creditors	(1,178)	(1,354)
	<b>(19,227)</b>	<b>(7,548)</b>
<b>Collection Fund</b>		
Central Government	(890)	(8,505)
Local Authorities	(160)	(1701)
NNDR Payers (Borough Council's share)	(2,166)	(831)
Council Tax Payers (Borough Council's share)	(331)	(357)
	<b>(3,547)</b>	<b>(11,394)</b>
<b>TOTAL</b>	<b>(22,774)</b>	<b>(18,942)</b>

The downward movement in creditors is largely due to early payment by Central Government of grant in respect of Energy Support Measures being released during 2022/23 and the changes to the Collection Fund surplus for NNDR.

### 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 2022 £'000	At 31 March 2023 £'000
<b>General Fund</b>		
Other Creditors	(1,178)	(1,354)
<b>TOTAL</b>	<b>(1,178)</b>	<b>(1,354)</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
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>
2022/23	NNDR Appeals	(4,991)	(891)	830		(5,052)
	Adoption of Amenity Areas	(93)	(2)			(95)
	<b>TOTAL</b>	<b>(5,084)</b>	<b>(893)</b>	<b>830</b>	<b>0</b>	<b>(5,147)</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	Receipts	Interest	Transfer to Third Parties	Applied to Capital	Applied to Revenue	Balance at 31 March
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
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>
2022/23	Aylesford Newsprint	(849)	(395)	(25)	100			(1,169)
	Better Care Fund	(906)	(1,078)				831	(1,153)
	Carpenters Lane	0	(130)	(3)				(133)
	Clare Park Estate	0	(283)	(1)				(284)
	Kings Hill Avenue	0	(1,247)	(18)				(1,265)
	Oakhill House	(428)		(2)		354		(76)
	Peter's Pit	(267)		(6)				(273)
	Sportsmans' Bungalow	0	(647)	(8)		28		(627)
	Other	(481)	(44)	(7)	103	87	6	(336)
<b>TOTAL</b>	<b>(2,931)</b>	<b>(3,825)</b>	<b>(69)</b>	<b>203</b>	<b>469</b>	<b>837</b>	<b>(5,316)</b>	

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

		Balance at 1 April	Receipts	Applied to Capital	Applied to Revenue	Balance at 31 March
		£'000	£'000	£'000	£'000	£'000
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>
2022/23	Leybourne Lakes	269		(269)		0
	Yates Yard	0	179			179
	Other	187	28	(39)	(3)	173
	<b>TOTAL</b>	<b>456</b>	<b>207</b>	<b>(308)</b>	<b>(3)</b>	<b>352</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.

	2021/22		2022/23	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		<b>45,030</b>		<b>43,507</b>
<b>Capital Financing applied in year</b>				
Revenue	0		126	
Capital Grants & Contributions	637		930	
Capital Receipts	<u>830</u>	1,467	<u>543</u>	1,599
<b>Reversal of items charged to the Comprehensive Income and Expenditure Statement</b>				
Depreciation & Amortisation of Non-Current Assets	(2,729)		(2,754)	
Impairment of Non-Current Assets	(1,533)		9	
Net Book Value of Assets Disposed	<u>(612)</u>	(4,874)	<u>0</u>	(2,745)
<b>Amounts Written-out of the Revaluation Reserve</b>				
Difference between fair value & historical cost depreciation	1,001		1,077	
Accumulated Gains / (Loss) on Assets Disposed	<u>483</u>	1,484	<u>0</u>	1,077
<b>Movement in the Fair Value of Investment Properties</b>		400		163
<b>BALANCE AT 31 MARCH</b>		<b>43,507</b>		<b>43,601</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.

	2021/22		2022/23	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		<b>47,505</b>		<b>45,963</b>
<b>Surplus / (Deficit) on Revaluation not posted to the (Surplus) / Deficit on the Provision of Services</b>				
Upward revaluations	4,769		7,285	
Downward revaluations / impairments	<u>(4,827)</u>	(58)	<u>(2,924)</u>	4,361
<b>Amounts Written-Off to the Capital Adjustment Account</b>				
Difference between fair value & historical cost depreciation	(1,001)		(1,077)	
Accumulated gains / (loss) on assets sold or scrapped	<u>(483)</u>	(1,484)	<u>0</u>	(1,077)
<b>BALANCE AT 31 MARCH</b>		<b>45,963</b>		<b>49,247</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 2022/23 the Council funded some of these organisations the total sum of £866,000 (2021/22: £847,000). The increase can be attributed to an increase 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 52 Councillors elected as at the end of the 2022/23 financial year, two members had resigned from the Council prior to March 31<sup>st</sup>, 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.

	2021/22	2022/23
	£'000	£'000
Basic Allowance	277	277
Special Responsibility Allowance	116	116
Travel & Subsistence Expenses	0	1
Carers Allowance	0	0
Mayor's & Deputy Mayor's Allowance	7	7
Members' National Insurance Contributions	8	9
<b>TOTAL</b>	<b>408</b>	<b>410</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 2022/23.

	2021/22	2022/23
	£'000	£'000
External audit services	58	61
Prior year audit fees	9	11
Certification of grant claims and returns	15	12
<b>TOTAL</b>	<b>82</b>	<b>84</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 2023 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

2021/22			2022/23			
Council Tax £'000	NNDR £'000	Total £'000		Council Tax £'000	NNDR £'000	Total £'000
<b>Income</b>						
104,618	45,303	149,921	Billed to Tax Payers	108,880	54,662	163,542
	21,112	21,112	Contribution towards Previous Years' Collection Fund Deficit		14,537	14,537
<b>104,618</b>	<b>66,415</b>	<b>171,033</b>	<b>Total Income</b>	<b>108,880</b>	<b>69,199</b>	<b>178,079</b>
<b>Expenditure</b>						
			Precepts and Demands			
72,889	5,040	77,929	Kent County Council	77,136	4,539	81,675
11,207		11,207	Police & Crime Commissioner for Kent	12,043		12,043
4,152	560	4,712	Kent & Medway Fire & Rescue Authority	4,347	504	4,851
11,277	22,398	33,675	Tonbridge & Malling Borough Council	11,729	20,174	31,903
3,327		3,327	Parish Councils	3,555		3,555
	27,998	27,998	Central Government		25,218	25,218
	7	7	Transitional Protection		(10)	(10)
135		135	Contribution towards Previous Years' Collection Fund Surplus	158		158
56	65	121	Amounts Written-Off	119	67	186
405	(159)	246	Provision for Non-Payment	297	70	367
	1,998	1,998	Provision for Appeals not Paid		2,227	2,227
	(1,154)	(1,154)	Appeals Paid in Year		(2,074)	(2,074)
	156	156	Cost of Collection Allowance		155	155
<b>103,448</b>	<b>56,909</b>	<b>160,357</b>	<b>Total Expenditure</b>	<b>109,384</b>	<b>50,870</b>	<b>160,254</b>
1,170	9,506	10,676	<b>Surplus / (Deficit) for the Year</b>	(504)	18,329	17,825
(229)	(24,526)	(24,755)	Balance B/fwd at 1 April	941	(15,020)	(14,079)
<b>941</b>	<b>(15,020)</b>	<b>(14,079)</b>	<b>Balance C/fwd at 31 March</b>	<b>437</b>	<b>3,309</b>	<b>3,746</b>

## 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:

	2021/22	2022/23
	£	£
Kent County Council	72,888,596	76,345,362
Police & Crime Commissioner for Kent	11,207,426	11,920,146
Kent & Medway Fire & Rescue Authority	4,152,116	4,302,538
Tonbridge & Malling Borough Council	11,276,762	11,729,399
	99,524,900	104,297,445
Parish Councils	3,326,832	3,554,738
<b>TOTAL</b>	<b>102,851,732</b>	<b>107,852,183</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	2021/22			2022/23		
	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	4.50	5/9ths	2.50
A	897.31	6/9ths	598.20	974.00	6/9ths	649.33
B	2,672.74	7/9ths	2,078.80	2,764.17	7/9ths	2,149.91
C	12,669.77	8/9ths	11,262.02	12,895.94	8/9ths	11,463.06
D	12,113.25	9/9ths	12,113.25	12,315.45	9/9ths	12,315.45
E	8,528.41	11/9ths	10,423.61	8,704.46	11/9ths	10,638.79
F	5,025.70	13/9ths	7,259.34	5,072.36	13/9ths	7,326.74
G	4,613.64	15/9ths	7,689.40	4,652.85	15/9ths	7,754.75
H	418.32	18/9ths	836.64	425.00	18/9ths	850.00
			52,263.34			53,150.53
Estimated Collection Rate			98.30%			98.30%
<b>COUNCIL TAX BASE</b>			<b>51,374.86</b>			<b>52,246.97</b>

## Band D Council Tax

	2021/22	2022/23
	£	£
Kent County Council	1,418.76	1,461.24
Police & Crime Commissioner for Kent	218.15	228.15
Kent & Medway Fire & Rescue Authority	80.82	82.35
Tonbridge & Malling Borough Council	202.29	205.72
	1,920.02	1,977.46
Special Expenses (average)	17.21	18.78
Parish Councils (average)	64.76	68.04
<b>TOTAL</b>	<b>2,001.99</b>	<b>2,064.28</b>

This basic amount of council tax for a Band D property of £1,977.46 for 2022/23 (2020/21: £1,920.02) 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 (2021/22: 51.2p) for large businesses or 49.9p (2021/22: 49.9p) for small businesses in 2022/23 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 £54,672,000 for 2022/23 (2021/22: £45,296,000) is based on the total rateable value for the Council’s area which at the year-end was £139,734,842 (2021/22: £138,319,992).

## 3. IMPAIRMENT ALLOWANCE

	2021/22			2022/23		
	Council		Total	Council		Total
	Tax	NNDR		Tax	NNDR	
£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 April	2,445	720	3,165	2,856	560	3,416
Write-Offs	(55)	(66)	(121)	(119)	(67)	(186)
Receipts				36	1	37
Contribution to Allowance	466	(94)	372	417	136	553
<b>BALANCE AT 31 MARCH</b>	<b>2,856</b>	<b>560</b>	<b>3,416</b>	<b>3,190</b>	<b>630</b>	<b>3,820</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 2023. This provision has been based upon information received from the Valuation Office Agency for appeals lodged up to 31 March 2023 and an element for appeals in respect of monies received in 2022/23 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 2021/22 in respect of council tax was £1,115,772 and the estimated deficit for 2021/22 in respect of NNDR was £14,537,198. The actual surplus of £436,427 in respect of council tax and the actual surplus of £3,309,522 in respect of NNDR at 31 March 2023 will be taken into account when estimating the surplus/deficit for 2023/24.

## 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 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>
At 31 March 2023	Council Tax Arrears	5,003	769	283		1,629	7,684
	Council Tax Provision for Bad Debts	(2,261)	(348)	(128)		(453)	(3,190)
	Council Tax Prepayments & Refunds	(1,784)	(274)	(101)		(357)	(2,516)
	Council Tax Cash	(649)	(99)	(37)		(756)	(1,541)
	Council Tax (Surplus) / Deficit	(309)	(48)	(17)		(63)	(437)
	NNDR Arrears	147		16	819	679	1,661
	NNDR Provision for Bad Debts	(57)		(6)	(315)	(252)	(630)
	NNDR Provision for Appeals	(1,137)		(126)	(6,316)	(5,052)	(12,631)
	NNDR Prepayments & Refunds	(187)		(21)	(1,039)	(831)	(2,078)
	NNDR Cash	1,532		170	8,505	6,780	16,987
	NNDR (Surplus) / Deficit	(298)		(33)	(1,654)	(1,324)	(3,309)
	<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 2023 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 can be subjected to scrutiny via a call-in procedure allowing challenge within five working days of the decision being taken. In addition to the Overview and Scrutiny Committee, the Council has also set up three Scrutiny Select Committees which have the power to investigate any matters they consider relevant to their work area, and to make recommendations to the Council, the executive or any committee of the Council as they see fit.

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's current Corporate 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 further addendum was added to the Corporate Strategy to provide a framework until the end of the 2022/23 financial and municipal year.

The Council undertook a consultation on a new Corporate Strategy for 2023 to 2025 in February 2023 with the intention of a final version being approved by Full Council by Summer 2023.

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) 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 2022/23 and identified as high risk areas on the Strategic Risk Register included the waste services contract, the Local Plan, council finances (as a result of the continued impact of the inflationary and cost of living crisis), organisation development through recruitment and retention skill mix; and new legislation being implemented for the May 2023 elections.

The Covid-19 pandemic and subsequent inflationary pressures have had a profound impact across service areas, businesses and the wider community and continue 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 2021/22 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 2022/23 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 no audit reports received a 'no assurance' opinion.

In addition, the findings, conclusions and recommendations from the recent Peer Challenge Review undertaken in 2021/22 in relation to the Corporate Strategy, monitoring achievement of strategic objectives and priorities, KPIs and governance arrangements have either been implemented, or were in the process of being implemented, during the financial year.


Signed



Julie Beilby  
Chief Executive

Dated 31 May 2023

Signed



Matt Boughton  
Leader of the Council

Dated 31 May 2023

**Independent auditor's report to the members of Tonbridge and Malling Borough Council**  
**Report on the Audit of the Financial Statements**  
**Opinion on financial statements**  
**TO BE ADDED AT CONCLUSION OF AUDIT**



**2022/23**