

# Statement of Accounts

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2024/25

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# NARRATIVE REPORT

## 1. INTRODUCTION

The Council's current [Corporate Strategy](#) sets out our vision: To be an innovative and forward-thinking council, that leads the people and businesses of the borough towards a vibrant, prosperous and sustainable future.

It also states the values that we believe are key to achieving it: innovation, transformation, and delivery.

These values will enable us to deliver modern and successful public services that help to meet our four key priorities for the borough:

- Efficient services for all our residents, maintaining an effective council;
- Sustaining a borough which cares for the environment;
- Improving housing options for local people whilst protecting our outdoor areas of importance;
- Investing in our local economy.

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 2024/25; 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 twelve 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 132,200, 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 of the parishes of Leybourne, East Malling and Larkfield, Ditton and Aylesford, and looks predominantly eastwards to Maidstone.

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

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 reduced from 54 to 44 representing 19 wards after the local elections in May 2023.

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 they have been elected to serve a term of office. Elections of the whole Council are held every four years. The make-up of the Council at 31/3/25 is: Conservatives 20, Liberal Democrats 11, Green Party 8, Independent Alliance (Kent) 2 and Labour 2, with 1 vacant seat.

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 2025 the Cabinet comprised the following Councillors:

Councillor M Boughton	Executive Leader
Councillor R Betts	Climate Change, Regeneration and Property
Councillor M Coffin	Deputy Executive Leader; and Transformation and Infrastructure
Councillor D Keers	Community Services
Councillor K Tanner	Finance and Housing
Councillor M Taylor	Planning

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. 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. Service responsibilities include customer services, local land charges, democratic services, licensing, personnel and property.
- Director of Finance and Transformation and Section 151 Officer. Service responsibilities include accountancy, business rates, council tax, housing benefits, local council tax support and information technology.

- Director of Planning, Housing and Environmental Health. Service responsibilities include building control, development control, environmental protection, homelessness, housing advice and local plan.
- Director of Street Scene, Leisure and Technical Services. 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 2024/25. The Code is based on a hierarchy of approved accounting standards.

The only change in the presentation of the Accounts for 2024/25 is in relation to IFRS16, which introduced a Right of Use Asset category. There have been no other material changes to the Statement this year.

The accounting convention adopted for the preparation of the Accounts is a 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 2024/25, 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 for the different reserves held by the Council. These are 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 to 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 Statement and Associated Notes**

The Collection Fund Statement 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 spending 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 2024 the Council set a net revenue budget of £17,172,000. This was to be met from council tax income of £12,736,000, business rates of £6,185,000, grants and contributions of £3,480,000 and a collection fund surplus of £1,919,000; offset by a net contribution to specific earmarked reserves of £6,083,000 and a contribution of £1,065,000 to the general revenue reserve.

The revised net revenue budget of £18,849,000 prepared in the year was £1,677,000 more than the original budget set by the Council in February 2024. This was offset by a decreased movement in the net contribution to or from specific earmarked reserves of £1,534,000 and an increase of £200,000 in other grants and contributions, which led to a contribution to the general revenue reserve of £1,130,000 compared to the estimated contribution to the reserve of £1,065,000 when the budget was set in February 2024, an increase of £65,000.

The actual spend (net) for the year of £17,053,000 was £119,000 less than the original budget set by the Council in February 2024. This, together with an increase of £1,408,000 in the planned net contribution to specific revenue reserves and an increase of £1,187,000 in other grants and contributions; offset by an increase of £145,000 in respect of business rates, led to a contribution to the general revenue reserve of £1,108,000, a difference of £43,000 to the budget set in February 2024.

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

2023/24 Actual		Original Budget	2024/25 Revised Budget	Actual
£'000		£'000	£'000	£'000
3,796	Corporate Services	4,093	4,076	3,982
1,068	Chief Executive	1,107	1,127	950
507	Director of Central Services	1,006	1,937	1,385
(1,486)	Director of Finance & Transformation	(266)	(684)	(1,060)
6,857	Director of Planning, Housing & Environmental Health	5,064	6,771	6,835
9,151	Director of Street Scene, Leisure & Technical Services	9,043	8,496	9,007
<b>19,893</b>	<b>Cost of Services</b>	<b>20,047</b>	<b>21,723</b>	<b>21,099</b>
(3,510)	Depreciation, Amortisation & Impairment	(2,875)	(2,875)	(4,046)
(161)	Revenue Expenditure Funded from Capital	(158)	(158)	(237)
<b>16,222</b>	<b>Sub-total</b>	<b>17,014</b>	<b>18,690</b>	<b>16,816</b>
(611)	New Homes Bonus	(343)	(343)	(343)
(2,820)	Other Grants & Contributions	(3,137)	(3,337)	(4,324)
(2,043)	VAT Windfall	0	0	0
3,606	Contributions to or (from) Specific Revenue Reserves	6,241	4,707	7,728
<b>14,354</b>	<b>Sub-total</b>	<b>19,775</b>	<b>19,717</b>	<b>19,877</b>
1,304	Contribution to or (from) General Revenue Reserve	1,065	1,130	1,108
<b>15,658</b>	<b>Budget Requirement</b>	<b>20,840</b>	<b>20,847</b>	<b>20,985</b>
(3,386)	Business Rates Retention Scheme	(8,023)	(8,030)	(8,168)
(85)	Council Tax (Surplus) / Deficit	(81)	(81)	(81)
<b>12,187</b>	<b>BALANCE TO BE MET FROM COUNCIL TAXPAYERS</b>	<b>12,736</b>	<b>12,736</b>	<b>12,736</b>
<b>£224.50</b>	<b>Council Tax at Band D (Borough Council only)</b>	<b>£238.16</b>	<b>£238.16</b>	<b>£238.16</b>

Factors that contributed towards the favourable variance include high interest returns from investments, higher income from our major income sources and additional Business Rate Grants. Offset by increased contributions to earmarked reserves.

The table below provides in more detail the reasons for the variation of £43,000 in the contribution to / (from) the General Revenue Reserve.

	<b>Original Budget £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
Business Rates	(6,184)	(6,328)	(144)
Salaries (see adjacent page)	13,668	13,664	(4)
Homelessness	622	1,237	616
Building Regulation Fees	(421)	(325)	96
Garden Waste Income	(1,390)	(1,463)	(73)
Recycling Performance Payments	(628)	(798)	(170)
Parking Income	(2,970)	(3,519)	(549)
Multiplier Grant (for Business Rates)	(464)	(1,272)	(808)
Health & Safety - Trees	80	149	69
Parking Fees & Charges	(1,290)	(1,059)	231
Planning Appeal Costs	50	418	368
Information Technology Software & Maintenance	1,021	1,101	80
Council Offices – Utility Costs	185	145	(40)
Investment Income	(2,478)	(3,326)	(848)
Building Repairs Reserve	(604)	(10)	594
Regen of Tonbridge Town Centre Reserve	1,850	3,666	1,816
Climate Change Reserve	418	(237)	(655)
Transformation Reserve	643	737	93
Homelessness Reserve	1,445	1,036	(410)
Other Reserve Movements	2,490	2,539	49
Other Grants	0	(378)	(378)
Other Variations	(4,978)	(4,869)	110
	<b>1,065</b>	<b>1,108</b>	<b>43</b>



An analysis of salaries is given in the table below. At 31 March 2025 the Council employed 262 permanent staff (31 March 2024: 261) or 233 full-time equivalents (31 March 2024: 230).

2023/24		2024/25	
Actual	Original Budget	Actual	Variance
£'000	£'000	£'000	£'000
869 Administration & Property	1,061	1,052	(9)
1,762 Environmental Health & Housing	1,688	2,162	474
688 Executive	646	703	57
1,783 Finance	1,884	1,910	26
1,130 Information Technology	1,249	1,173	(76)
720 Legal	716	745	29
567 Personnel	711	697	(14)
2,790 Planning	2,852	2,912	60
1,350 Street Scene & Leisure	1,340	1,333	(7)
769 Technical	819	805	(14)
<b>12,428 Sub-total</b>	<b>12,966</b>	<b>13,492</b>	<b>526</b>
1,430 Superannuation Back funding	1,481	1,480	(1)
0 Staff Turnover Saving	(144)	0	144
31 Apprenticeship Scheme / Levy	56	36	(19)
0 Ring-Fenced Sums	14	0	(14)
<b>13,889 Sub-total</b>	<b>14,373</b>	<b>15,008</b>	<b>636</b>
(780) Contributions from Earmarked Reserves	(705)	(1,344)	(640)
<b>13,109 TOTAL</b>	<b>13,668</b>	<b>13,664</b>	<b>(4)</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 2024 the Council set a capital budget of £6,853,000 net of specific government grants and other contributions all of which were 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 2023/24 and progress made on the Council's capital projects. The revised budget total was £4,947,000 which was to be met from the revenue reserve for capital schemes.

The Council's capital spend net of specific government grants and other contributions in the year, including work completed, but not yet billed was £2,886,000 which was met from the revenue reserve for capital schemes. The underspend of £3,967,000 can largely be attributed to a lower than anticipated spend on capital renewals, and the commencement of major projects being delayed until next year. A summary of capital expenditure by service is shown in the following table.

2023/24 Actual £'000	Service/Scheme	Original Budget £'000	2024/25 Revised Budget £'000	Actual £'000
0	Temporary Accommodation & Resettlement Scheme	0	400	0
10	Other Schemes	30	29	16
<b>10</b>	<b>Planning, Housing &amp; Environmental Health</b>	<b>30</b>	<b>429</b>	<b>16</b>
116	Waste Collection Containers	120	167	242
4	Larkfield Leisure Centre	0	10	0
0	Angel Centre	0	150	13
131	Land Drainage & Flood Defense	1,228	1,228	128
38	Sports Grounds	0	83	107
81	Other Schemes	63	598	159
<b>370</b>	<b>Street Scene, Leisure &amp; Technical</b>	<b>1,411</b>	<b>2,236</b>	<b>649</b>
118	Land and Property Development	3,205	600	878
49	Information Technology Initiatives	0	90	47
36	Other Schemes	0	0	94
<b>203</b>	<b>Corporate</b>	<b>3,205</b>	<b>690</b>	<b>1,019</b>
0	Planning, Housing & Environmental Health	0	0	0
340	Street Scene, Leisure & Technical	1,926	997	1,102
147	Corporate	281	595	100
<b>487</b>	<b>Capital Renewals</b>	<b>2,207</b>	<b>1,592</b>	<b>1,202</b>
<b>1,070</b>		<b>6,853</b>	<b>4,947</b>	<b>2,886</b>
823	Revenue Reserve for Capital Schemes	6,853	4,947	2,886
247	Capital Receipts	0	0	0
<b>1,070</b>	<b>TOTAL FUNDING</b>	<b>6,853</b>	<b>4,947</b>	<b>2,886</b>

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 £137.63m as at 31 March 2025 (31 March 2024: £122.4m). 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 2024 £'000		At 31 March 2025 £'000
94,763	Council Assets	102,014
16	Inventories	19
54,858	Cash and Investments held	53,933
5,990	Money owed to the Council	7,350
(15,917)	Money owed by the Council	(12,981)
(11,132)	Long Term Liabilities	(9,815)
(6,127)	Pension Liability	(2,882)
<b>122,451</b>	<b>TOTAL</b>	<b>137,638</b>

This is represented by revenue balances and reserves of £39.9m available to fund services and £97.7m of other balances. A breakdown of the revenue balances and reserves is shown below.

At 31 March 2024 £'000		At 31 March 2025 £'000
9,436	Revenue Reserve for Capital Schemes	8,118
9,915	General Revenue Reserve	11,024
1,122	Building Repairs Reserve	1,112
3,250	Property Investment Fund Reserve	3,250
8,448	Earmarked Reserves	15,729
1,250	Revenue Balances - General Fund	1,250
357	Grants & Contributions Unapplied	504
0	Usable Capital Receipts Reserve	65
<b>33,778</b>	<b>TOTAL</b>	<b>39,943</b>

## Council Assets

The Council's assets comprise Property, Plant and Equipment, Heritage Assets, Investment Properties 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 are 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 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 the 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. Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £3,994,000, which is recognised in the revaluation reserve.

The External Valuers used during the valuation process, Wilks Head & Eve 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 depreciation and disposals. As at 31 March 2025 the total value of the Council's Assets was £102m (31 March 2024: £94.8m).

### **Borrowing**

The Council had no recourse for short term or long term borrowing during the financial year and remained debt-free at 31 March 2025 and does not expect to borrow to support its capital programme within the next financial year.

### **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 2024/25 was approved by full Council in February 2024 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.

The Council held a balance of £5m at the start of the year in Property Investment Funds, and no further sums were invested during the year. During the year, due to the scheme closure, the council received £1.3m of the investment held with Lothbury Investment Fund. The Council achieved a weighted average investment return of 3.94% on its property investment funds for the year. This equates to investment income of £146,526. At the end of March 2025, the value of the Council's property investment funds stood at £3.16m including the entry fee paid at the time the investment was made.

The Council held a balance of £4.25m in Multi-Asset Diversified Income Funds, and no further sums were invested during the year. The Council achieved a weighted average investment return of 4.92% on its multi-asset diversified income funds for the year. This equates to investment income of £209,630. At the end of March 2025, the value of the Council's multi-asset diversified income funds stood at £3.732m.

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 5.39% on its core funds for the year. This equates to investment income of £1,422,168. At the end of March 2025, the value of the Council's core fund investments stood at £27.0m.

The Council achieved an investment return of 5.51% on its cash flow investments (including cash equivalents) for the year. This equates to investment income of £1,546,030. At the end of March 2025, the value of cash flow investments stood at £18.851m.

Further information on Treasury Management performance for the year ended 31 March 2025 can be found in the Treasury Management Outturn report annexed to the Revenue and Capital Outturn report to Cabinet in July 2025.

### Cash Flow Statement

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

2023/24 £'000	2024/25 £'000
(3,262) Net (Surplus) / Deficit on the Provision of Services	(5,839)
4,287 Adjusting for Non-Cash Movements	(645)
285 Adjusting for Investing & Financing Activities	930
1,310 <b>Net Cash Flows from Operating Activities</b>	(5,554)
9,748 Investing Activities	(3,629)
(2,225) Financing Activities	4,159
<b>8,833 NET (INCREASE) / DECREASE IN CASH RESOURCES</b>	<b>(5,024)</b>

### 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 2025 was £2.8m (31 March 2024: £6.1m). 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.

During the financial year an asset ceiling was introduced in accordance with the requirements of IFRIC 14. The asset ceiling limits the recognition of a surplus in the pension scheme to the extent that it is recoverable through refunds or reductions in future contributions.

As a result of this change, the initial impact of applying the asset ceiling has been recognised in the financial statements, amounting to £8,722,000. This adjustment reflects the portion of the pension scheme surplus that is not considered to be an economic benefit available to the employer.

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 the 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

It was a year of major political change as Labour returned to power after 14 years. Cost-of-living pressures continued to bear down, causing concern for families, public services, councils and the NHS. While other local authorities struggled to balance the books, Tonbridge and Malling Borough Council showed financial resilience, seeking out innovative ways to continue to invest in services and support the local economy. Government plans for devolution and local government restructuring rapidly advanced, with TMBC leading the deep strategic work with neighbouring authorities.

- **April 2024:** Grants totalling more than £1.5 million boosted the council's ambitions for carbon neutral leisure centres by 2027.
- **May 2024:** Plans from the Community Safety Partnership were introduced to make Tonbridge and Malling a safer place to live and work, including the introduction of a new Anti-Social Behaviour Enforcement Team. Cllr Steve Hammond was appointed as the new Mayor of Tonbridge and Malling, taking over from Cllr James Lark.
- **June 2024:** Tonbridge Castle and other council owned venues hosted a packed schedule of entertainment including free Sunday afternoon concerts and Artisan Markets, helping to boost the local economy.
- **July 2024:** The new Labour Government took power, and with it came significant changes to the National Planning Policy Framework, prompting the council to halt progression to the next stage of developing its Local Plan.
- **August 2024:** In round two of the council's community development grant scheme, financed by the UK Shared Prosperity Fund, just over £131,000 was allocated to 45 groups in Tonbridge and Malling to improve the economic, social or environmental wellbeing of the borough.
- **September 2024:** More investment in our local communities occurred with a review of the first year of the pilot scheme to help improve the employment prospects of young people with learning disabilities, was hailed a success. The council provided a grant of £30,000 to kick-start the project, run with the Oaks Specialist College in Tonbridge. Meanwhile, residents and community groups were offered free use of a thermal imaging camera to identify areas of heat loss in their homes as part of ongoing efforts to support energy efficiency and sustainability in the borough.
- **October 2024:** Tonbridge and Malling Borough Council became one of the first authorities in the country to adopt new signage on taxi and private hire vehicles to make it easier for people to report concerns, provide reassurance that standards are being monitored and help customers feel safe.
- **November 2024:** Reports of Anti-social behaviour in Tonbridge and Malling dropped from 1,712 in summer 2023 to 1,290 in summer 2024. The reduction followed a number of council-led initiatives, including the new dedicated ASB patrols.
- **December 2024:** New state of the art gym facilities arrived at Larkfield Leisure Centre and the Angel Centre plus the extensive refurbishment of Tonbridge Swimming Pool's spa. Investment totalling £784k.
- **January 2025:** The Council announced a new leisure facility for Tonbridge to replace the existing Angel Centre. The announcement coincided with the launch of a survey to give residents and businesses a chance to share their priorities for the major redevelopment of the area east of the High Street around Sainsbury's. TMBC launched a £50,000, 50th Anniversary Community Grant Scheme for local groups and charities.
- **February 2025:** Landowners, developers and planning agents were asked to put forward potential sites for future development as the Local Plan got underway once more. New council tax rates were agreed, with an increase of just £7.14 a year to £245.30 on a typical band D home.

- **March 2025:** Proposals for the creation of a new town council for Tonbridge was agreed, as the site for the new Angel Centre at Sovereign Way Mid Car Park was announced. The council also secured a further £327,146 from the Government's UK Shared Prosperity Fund to fund more initiatives and continue to drive economic growth and social development across the borough.

### **Financial and Performance Statistics**

- The Council collected 97.93% of the £121.8m of council tax due for the 2024/25 year (2023/24: 98.02% of the £115.3m due).
- The Council collected 99.29% of the £72m of business rates due for the 2024/25 year (2023/24: 99.4% of the £66.7m due).
- The Council paid 99.7% of the 6,024 invoices processed within 30 days of receipt in 2024/25 (2023/24: 99.7% of the 5,906 invoices processed).
- On average 48% (2023/24: 49%) of household waste was recycled, 51% (2023/24: 50%) energy recovery and 1% (2023/24: 1%) to landfill in 2024/25.
- 95.8% of major planning applications and 81.02% of minor planning applications were determined within the recommended timeframe in 2024/25.

### **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.
- The cost of operating the Council's On and Off Street Car Parking.

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, these include achieving a balanced revenue budget that delivers the Council's priorities and retaining a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period and not falling below £2.0m at any time during the 10-year period. The general revenue reserve balance on 31 March 2025 is £11.02m (31 March 2024: £9.9m).

Since 2015/16 the Settlement Funding Assessment has decreased by some 28% or £1.0 million, from £3.7m to £2.7m, with Government Support for Core Spending decreasing by a similar amount from £6.9m to £6.0m. The fall in this core spending has been mainly due to changes to the New Homes Bonus, being partially offset by funding guarantees. In real terms, allowing for CPI inflation, the difference between the adjusted and actual grant levels is a reduction of £2.3m.

In the spring of 2025 the Government announced there would be a review of both Government Funding and the Business Rates Retention Scheme. This will cover all grant awards included in the Core Spending Power and several additional grants received through the Business Rates Retention Scheme. It is expected that the results of this consultation will be announced affecting the Local Government Finance Settlement for the 2026/27 financial year. The settlement announcement is expected to give details of funding until the end of this current Parliament in 2029.



For medium term financial planning purposes, it is assumed that government grant funding and business rates above the Council's baseline will steadily reduce from circa £9.67m in 2024/25 to £3.48m in 2028/29 because of accounting adjustments and assumptions made under the Business Rates Retention review; before seeing a modest increase year on year thereafter. Following the review of the MTFS in February 2025, in which savings of £305,000 were identified and included in the 2025/26 budget, a revised savings target of £2,800,000 was identified. In addition to this savings target, some £825,000 in saving initiatives, covering office accommodation and homelessness reduction, have already been reflected within the MTFS.

Depending on the outcome of the review on funding and business rates by government there continues to be a risk that the funding gap could be materially different, either better or worse, to the one assessed within the MTFS for 2025/26.

The Council believes that our MTFS is resilient and the financial pressures likely to confront the authority 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 – £600,000 by April 2026; Tranche 2 – £750,000 by April 2028; Tranche 3 – £750,000 by April 2029 and Tranche 4 by April 2030).

It goes without saying that 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 challenges faced by the Council. In so doing, it recognises that there is no one simple solution and as a result the Council will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale. The identification of the first tranche is underway with at least £300,000 of the target being reported to Cabinet at the end of the Summer.

More detailed information on the Council's Budget for 2025/26, 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 outcome of the expected changes to Local Government Finance and Business Rates Retention;
- The Waste Services operation beyond the current contract period;
- The ongoing impact of the localisation of council tax support;
- The impact of any announcement of the Local Government Reorganisation within Kent;
- Climate Change agenda and associated costs; and
- Changes to planning regulations.

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 2024/25* ('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:

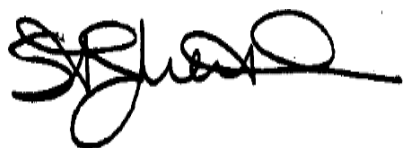
- ❖ Kept proper accounting records which were up to date; and
- ❖ Taken reasonable steps for the prevention and detection of fraud and other irregularities.

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 2025.

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

Signed

Signed



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

Councillor Robert Cannon  
Chair of the Audit Committee

Dated 31<sup>st</sup> May 2025

Dated

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24				2024/25			
Gross Exp £'000	Income £'000	Net Exp £'000		Notes	Gross Exp £'000	Income £'000	Net Exp £'000
Continuing Operations							
2,417	422	1,995	Corporate Services		2,459	362	2,097
1,970	902	1,068	Chief Executive		2,223	1,273	950
1,522	765	757	Director of Central Services		2,731	1,021	1,710
27,200	25,754	1,446	Director of Finance & Transformation		26,241	24,729	1,512
11,442	4,585	6,857	Director of Planning, Housing & Environmental Health		12,421	5,583	6,838
15,079	5,884	9,195	Director of Street Scene, Leisure & Technical Services		15,571	6,570	9,001
59,630	38,312	21,318	Cost of Services		61,646	39,538	22,108
Other Operating Expenditure							
121	0	121	Gain on Sale of Non-Current Assets	8	11	65	(54)
3,731		3,731	Parish Council Precepts		3,803		3,803
484		484	Drainage Board Levies		503		503
0	2,042	(2,042)	Exceptional Item	6			0
Financing & Investing Income & Expenditure							
133	383	(250)	Trading Undertakings	10	82	406	(324)
	3,362	(3,362)	Interest & Investment Income	11		3,685	(3,685)
365		365	Net Interest on Defined Benefit Liability	12	212		212
293	912	(619)	(Gain) / Loss Arising from Changes in the Fair Value of Investment Properties	8	112	42	70
			Fair Value of Leased Assets			131	(131)
Taxation & Non-Specific Grant Income & Expenditure							
52	16,004	(15,952)	Council Tax	13	112	16,620	(16,508)
26,262	26,938	(676)	National Non-Domestic Rates	13	29,536	32,879	(3,343)
	6,096	(6,096)	General Government Grants	14	0	7,495	(7,495)
	284	(284)	Capital Grants & Contributions	14	0	995	(995)
91,071	94,333	(3,262)	(Surplus) / Deficit on Provision of Services		96,017	101,856	(5,839)
Other Comprehensive Income & Expenditure							
		(3,896)	(Surplus) / Deficit Arising on Revaluation of Non-Current Assets	8			(7,756)
		(1,782)	Remeasurement of the Net Defined Benefit Liability (Pensions)	12			(1,592)
		(8,940)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				(15,187)

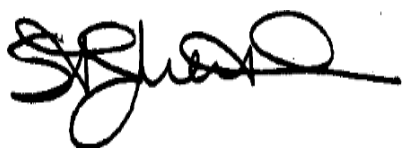
## MOVEMENT IN RESERVES STATEMENT

2023/24							2024/25						
General Fund & Reserve Balances	Contrib's Unapplied	Usable Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Reserves		General Fund & Reserve Balances	Contrib's Unapplied	Usable Capital Receipts	Total Usable Reserves	Unusable Reserves	Total Reserves	
£'000	£'000	£'000	£'000	£'000	£'000	Notes	£'000	£'000	£'000	£'000	£'000	£'000	
29,338	352	247	29,937	83,574	113,511	BALANCE AT 1 APRIL	33,421	357	0	33,778	88,673	122,451	
3,262	0	0	3,262	5,678	8,940	Total Comprehensive Income & Expenditure	5,839	0	0	5,839	9,348	15,187	
Adjustments Between Accounting Basis & Funding Basis Under Regulations													
Depreciation & Amortisation of N-C													
2,514			2,514	(2,514)	0	Assets	2,693			2,693	(2,693)	0	
996			996	(996)	0	Impairment of Non-Current Assets	1,437			1,437	(1,437)	0	
(619)			(619)	619	0	Fair Value of Investment Properties	70			70	(70)	0	
						Fair Value of Lease Properties	(131)			(131)	131	0	
						Minimum Revenue Provision	(84)			(84)	84	0	
(122)	5		(117)	117	0	Grants & Contributions	(991)	147		(844)	844	0	
(1,366)			(1,366)	1,366	0	Net Charges made for Retirement Benefits	(1,653)			(1,653)	1,653	0	
121			121	(121)	0	Gain on Disposal of Non-Current Assets	(55)			(55)	55	0	
(232)			(232)	232	0	Council Tax / NNDR - Actual Surplus / Deficit	1,854			1,854	(1,854)	0	
(69)			(69)	69	0	Employee Benefits - Accrued Annual Leave	(17)			(17)	17	0	
(666)			(666)	666	0	Capital Exp. Charged to the General Fund	(2,646)			(2,646)	2,646	0	
264			264	(264)	0	Unrealised Gains / Losses on Long Term Inv Funds	(362)			(362)	362	0	
0		(247)	(247)	247	0	Capital Receipts			65	65	(65)	0	
4,083	5	(247)	3,841	5,099	8,940	Net Increase / (Decrease) in Reserves	5,954	147	65	6,166	9,021	15,187	
33,421	357	0	33,778	88,673	122,451	BALANCE AT 31 MARCH	39,375	504	65	39,944	97,694	137,638	

## BALANCE SHEET

At 31 March 2024			At 31 March 2025		
£'000	£'000	Notes	£'000	£'000	
<b>Long Term Assets</b>					
	69,719	Property, Plant & Equipment	8	73,043	
	19,424	Heritage Assets	8	23,418	
	5,525	Investment Properties	8	5,455	
	95	Intangible Assets	8	98	
102,611	7,848	Long Term Investments	11	6,920	108,934
<b>Current Assets</b>					
	32,805	Short Term Investments	11	27,784	
	16	Inventories		19	
	6,520	Short Term Debtors	18	7,350	
53,546	14,205	Cash & Cash Equivalents	19	19,229	54,382
<b>Current Liabilities</b>					
(16,447)	(16,477)	Short Term Creditors	20	(12,981)	(12,981)
<b>Long Term Liabilities</b>					
	(5,210)	Provisions	21	(2,646)	
	(6,127)	Pensions Liability	12	(2,882)	
(17,259)	(5,922)	Grants & Contributions in Advance	22	(7,169)	(12,697)
<b>122,451</b>		<b>NET ASSETS</b>			<b>137,638</b>
<b>Reserves</b>					
		Usable Reserves			
	32,171	Reserves	17	38,124	
	1,250	General Fund		1,250	
	357	Grants & Contributions Unapplied	22	504	
33,778	0	Usable Capital Receipts Reserve	16	65	39,943
		Unusable Reserves			
	42,768	Capital Adjustment Account	23	43,398	
	51,994	Revaluation Reserve	24	58,615	
	(1,447)	Pooled Investment Funds Adjustment A/c	11	(1,085)	
	1,617	Collection Fund Adjustment Account	13	(236)	
	(132)	Employee Benefits - Accrued Leave	15	(115)	
88,673	(6,127)	Pensions Reserve	12	(2,882)	97,695
<b>122,451</b>		<b>TOTAL RESERVES</b>			<b>137,638</b>

I certify that this Draft Statement of Accounts provides a true and fair view of the financial position of the Council as at 31 March 2025 and its Comprehensive Income & Expenditure Statement for the year then ended.



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

## CASH FLOW STATEMENT

2023/24		2024/25	
£'000	£'000	£'000	£'000
(3,262)	<b>NET (SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>		(5,839)
	<b>Adjust Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements</b>		
(2,514)	Depreciation & Amortisation	(2,693)	
(996)	Impairment & Downward Valuations	(1,437)	
3	Increase / (Decrease) in Inventories	2	
3,755	Increase / (Decrease) in Debtors	24	
(225)	(Increase) / Decrease in Impairment for Bad Debts	99	
3,097	(Increase) / Decrease in Creditors	485	
1,366	Movement in Pension Liability	1,653	
(121)	Carrying Amount of Non-Current Assets Sold or Derecognised	(11)	
(78)	Other Non-Cash Items Charged to the Net Surplus / Deficit on the Provision of Services	1,233	
4,287			(645)
	<b>Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing &amp; Financing Activities</b>		
0	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	(65)	
285	Any Other Items for Which the Cash Effects are Investing or Financing Cash Flows	995	
285			930
<b>1,310</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(5,554)</b>
	<b>INVESTING ACTIVITIES</b>		
957	Purchase of Property, Plant & Equipment, Investment Property and Intangible Assets	3,021	
29,000	Purchase of Short-Term & Long-Term Investments	18,000	
0	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	65	
(20,000)	Proceeds from Short-Term & Long-Term Investments	(24,277)	
(209)	Other Receipts from Investing Activities	(439)	
<b>9,748</b>			<b>(3,629)</b>
	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<b>FINANCING ACTIVITIES</b>		
(2,225)	Other Payments for Financing Activities	4,159	
<b>(2,225)</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>4,159</b>
<b>8,833</b>	<b>NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,024)</b>
23,038	Cash & cash equivalents at the beginning of the reporting period		14,205
14,205	Cash & cash equivalents at the end of the reporting period		19,229

## 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.

2023/24				2024/25		
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
3,433	(1,438)	1,995	Corporate Services	3,746	(1,649)	2,097
1,068	0	1,068	Chief Executive	950	0	950
744	12	756	Director of Central Services	1,701	8	1,709
1,446	0	1,446	Director of Finance & Transformation	1,509	4	1,513
5,867	990	6,857	Director of Planning, Housing & Environmental Health	6,792	46	6,838
6,888	2,307	9,195	Director of Street Scene, Leisure & Technical Services	5,245	3,757	9,001
<b>19,446</b>	<b>1,871</b>	<b>21,317</b>	<b>Net Cost of Services</b>	<b>19,943</b>	<b>2,165</b>	<b>22,108</b>
2,173	122	2,294	Other Operating Expenditure	4,306	(54)	4,252
(3,208)	(657)	(3,865)	Financing & Investing Income & Expenditure	(1,002)	(2,856)	(3,858)
(22,493)	(516)	(23,008)	Taxation & Non-Specific Grant Income & Expenditure	(29,200)	859	(28,341)
<b>(4,082)</b>	<b>820</b>	<b>(3,262)</b>	<b>(SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>	<b>(5,953)</b>	<b>113</b>	<b>(5,839)</b>
<b>29,339</b>			<b>OPENING GENERAL FUND &amp; RESERVE BALANCES</b>	<b>33,421</b>		
(4,082)			(Surplus) / Deficit on Provision of Services	(5,953)		
<b>33,421</b>			<b>CLOSING GENERAL FUND &amp; RESERVE BALANCES</b>	<b>39,374</b>		

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

## **2. ACCOUNTING POLICIES**

### **a) General**

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25*. 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 a 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 against financing and investment income and expenditure, for the income that might not be collected.
- There is a de-minimis limit for revenue accruals of £1,000 and there is a de-minimis limit of £10,000 for capital scheme accruals (this can be made up of multiple invoices). Transactions below this limit are not generally accrued for as they are deemed immaterial to the understanding of the accounts. There will be exceptions where accruals are raised below these limits, depending on the nature of the transaction.
- 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 27 February 2026.

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**

##### **The Authority as lessee**

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

##### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

## **Subsequent measurement**

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In the financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and the useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

## **Low value and short lease exemption**

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

## **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

## **The authority as lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

## Finance Leases

The Council currently has no finance lease arrangements.

## Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## 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:

Asset Category	Year of Valuation	
Public Conveniences	2019/20	Completed
Council Offices	2020/21	Completed
Car Parks	2021/22	Completed
Leisure Premises	2022/23	Completed
Properties for Community Use	2023/24	Completed
Public Conveniences	2024/25	Completed
Car Parks	2024/25	Completed

In addition to the valuation of the asset category above the Code requires the Council to consider material changes in other asset classes not due for revaluation in year under the five year rolling programme. The Council's external valuers will also undertake interim valuations of the Council's three main Leisure facilities. 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 and 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 revenue or 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**

Over recent years the Council has received funds from Central Government to assist with the effects of Covid 19 and Energy price increases. During 2023/24 the Council received a grant for alternative energy support the amount paid to Taxpayers was £68,400, the total grant received from central Government amounted to £518,720 and the unspent balance of £450,320 was returned to Central Government in the accounting year.

### **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.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

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 2024/25 accounts are as follows:

- The Council is acting as guarantor for the pension liability of Tonbridge and Malling Leisure Trust. If 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 2025, the liabilities were estimated at nil value, calculated under FRS 102, (31 March 2024: £0.3m) however, as the Trust remains a going concern 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 being £756,000 as at March 2022 and if required would be

funded from reserves. In arriving at this conclusion, the Authority has used two Barnett Waddingham Actuarial reports for the Leisure Trust that had been supplied by the Pensions Team at Kent County Council, these reports provide the details of the FRS 102 liability and the liability assessed for Pension Contributions. Furthermore, Council Officers regularly meet with the Trust and are advised of their financial position.

- In respect of valuations for the Council's car parks, the Council's valuer has concluded that those car parks where no charges are made for the duration of the stay should be valued as de-minimus and recorded on the Council's balance sheet at a nil value. It is considered that in existing use and existing restrictions, placed via the Council's Parking Order, there is no active market for sale for these car parks. In the event that the Parking Order is changed or revoked, allowing the charging or sale of a car park, giving rise to a change in values, a revaluation would take place at that point.

In addition to this Service Directors are asked to complete Service Assurance Statements in order to support the Annual Governance Statement, asking for details of any issues that could cause impact on to the Council's Accounts or future financial stability. All reported no issues.

### **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:

- 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. That being said, the Council has an excellent collection rate for debt recovery on Council Tax and NNDR and the levels of provision held accounts for a significant proportion of the total debt outstanding as at 31st March 2025.

In arriving at these conclusions, the following has been considered:

The cost-of-living crisis continues to have an effect on the nation as a whole. As part of the Council's financial monitoring collection rates for the main income to the Council covering major income streams, Council Tax and NNDR are monitored monthly. At the present time, current rates of collection, on Council Tax and NNDR are in line with prior year expectations but will be kept under review. Outstanding debt and provisions are shown in note 18 and note 6 to the Collection fund shows that the Council holds significant provisions for Bad Debt and therefore any additional adjustments would be considered remote.

## **6. EXCEPTIONAL ITEMS AND 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 2025. In respect of the Councils Long Term Investments. Lothbury Property Trust took the decision to wind up the fund and are in the process of selling off the property assets. Funds are being distributed upon the completion of these sales. The final sales will take place in 2025/26, therefore, any losses or gains will be recognised upon the full surrender of invested funds.
- During the financial year, a payment of £400,000 was made to Kent County Council (KCC) for the removal of restrictive covenants associated with the Gibson Building, which serves as the Council's primary administrative offices. This strategic action is intended to facilitate the partial refurbishment of the site, with the longer-term objective of selling the remaining portion of the property. The expenditure has been accounted for as a revenue cost in the financial statements and is shown under Net Cost of Services in the CIES.

- The Council received a payment of £250,000 from Sainsbury's in consideration for the release of restrictive covenants over one of their properties. The income has been accounted for as revenue income in the financial statements and is shown under Net Cost of Services in the CIES.
- Bushy Woods Planning Appeal – as mentioned under contingent liabilities in the 2023/24 Statement, the Council paid legal fees associated with the planning appeal amounting to £311,000. This amount was funded from an earmarked reserve.
- Tonbridge and Malling Borough Council is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on Tonbridge and Malling Borough Council. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.
- Hermes Property Trust held an Extraordinary General Meeting (EGM) following a redemption request for approximately 22% of the fund. The meeting included a vote on proceeding with potential merger options, which required 75% approval to pass. A subsequent EGM took place in June 2025 and the resolution to proceed with the merger was successful. Federated Hermes announced that small-value investments will be excluded from the merger. Consequently, the Council, along with other minority stakeholders, had its shares realised and paid out upon the successful completion of the merger on 15 August 2025. The early withdrawal from the fund resulted in a capital loss of £92,000.

In 2023/24 the Council received a VAT repayment of £2,042,496. This relates to an historic VAT Claim for overpaid VAT in relation to Sports & Leisure Services.

## 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 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

2023/24							2024/25							
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
							Income							
351	562	1,057	873	2,543	5,849	11,235	Fees, Charges & Other Service Income	303	523	1,352	881	3,069	6,567	12,695
			3,626			3,626	Interest & Investment Income	0	0	0	3,326	0	0	3,326
	340	91	24,970	2,042	79	27,522	Grants & Contributions	39	750	75	23,598	2,513	3	26,978
351	902	1,148	29,469	4,585	5,928	42,383	Total Income	342	1,273	1,427	27,805	5,582	6,570	42,999
							Expenditure							
6,015	422	841	988	4,236	1,844	14,346	Employee Expenses	6,333	494	1,114	1,053	4,686	1,786	15,466
674	23	169	0	66	2,033	2,965	Premises	664	0	268	0	82	1,680	2,694
142				1	34	177	Transport	146	0	0	0	0	28	174
2,310	1,194	143	807	3,981	1,216	9,651	Supplies & Services	2,648	1,392	746	492	5,194	1,050	11,522
2				118	6,488	6,608	Third Party Payments	3	0	0	0	125	6,058	6,186
			484			484	Precepts & Levies	0	0	0	503	0	0	503
			47	30	(29)	48	Provisions for Bad Debts	0	0	9	(118)	39	3	(67)
			24,487			24,487	Housing Benefits	0	0	0	23,574	0	0	23,574
(5,240)	331	489	1,170	2,020	1,230	0	Support Service Recharges	(5,704)	337	666	1,241	2,245	1,215	0
244		13		990	2,263	3,510	Depreciation, Amortisation & Impairment	234	0	9	0	46	3,757	4,046
4,147	1,970	1,655	27,983	11,442	15,079	62,276	Total Expenditure	4,324	2,223	2,812	26,745	12,417	15,577	64,098
3,796	1,068	507	(1,486)	6,857	9,151	19,893	COST OF SERVICES	3,982	950	1,385	(1,060)	6,835	9,007	21,099

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.

	2023/24 £'000	2024/25 £'000
<b>Cost of Services in Service Analysis</b>	<b>19,893</b>	<b>21,099</b>
add Amounts not Reported to Management		
Pension Adjustments	(1,731)	(1,865)
Accrued Annual Leave	(70)	(18)
Miscellaneous Income and Expenditure	(166)	(252)
less Items Included in Other Operating Expenditure		
Drainage Board Levies	(484)	(503)
less Items Included in Financing & Investment		
Lease Interest	0	(3)
Trading Undertakings	250	324
Interest & Investment Income	3,625	3,326
<b>NET COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>	<b>21,317</b>	<b>22,108</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.

2023/24					2024/25				
Service Analysis	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services	Service Analysis	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>									
11,235	236			11,471	Fees, Charges & Other Service Income	12,695	270		12,965
3,626	(265)			3,361	Interest & Investment Income	3,326	394		3,720
			16,004	16,004	Council Tax			16,620	16,620
			26,938	26,938	National Non-Domestic Rates			32,879	32,879
27,522		(299)	6,380	33,603	Grants & Contributions	26,978		8,490	35,468
			2,043	2,043	Exceptional Item - VAT				0
					Disposal of Non-Current Assets			65	65
					Leased Assets Measured at Fair Value			131	131
			912	912	Fair Value of Investment Properties			42	42
<b>42,383</b>	<b>(29)</b>	<b>(299)</b>	<b>52,277</b>	<b>94,332</b>	<b>Total Income</b>	<b>42,999</b>	<b>664</b>	<b>0</b>	<b>58,227</b>
<b>Expenditure</b>									
14,346	(1,731)		365	12,980	Employee Expenses	15,468	(1,865)	212	13,813
2,965				2,965	Premises	2,694			2,694
177				177	Transport	174			174
9,651		(299)		9,352	Supplies & Services	11,522			11,522
6,608				6,608	Third Party Payments	6,186			6,186
484			3,731	4,215	Precepts & Levies	503		3,803	4,306
					Interest Payments		31		31
48				48	Provisions for Bad Debts	(67)			(67)
24,487				24,487	Housing Benefits	23,574			23,574
0				0	Support Service Recharges				0
3,510				3,510	Depreciation, Amortisation & Impairment	4,046			4,046
			52	52	Council Tax			112	112
			26,262	26,262	National Non-Domestic Rates			29,536	29,536
			122	122	Disposal of Non-Current Assets			11	11
			293	293	Fair Value of Investment Properties			112	112
<b>62,276</b>	<b>(1,731)</b>	<b>(299)</b>	<b>30,825</b>	<b>91,071</b>	<b>Total Expenditure</b>	<b>64,098</b>	<b>(1,834)</b>	<b>0</b>	<b>33,786</b>
<b>19,893</b>	<b>(1,702)</b>	<b>0</b>	<b>(21,452)</b>	<b>(3,261)</b>	<b>TOTAL</b>	<b>21,099</b>	<b>(2,498)</b>	<b>0</b>	<b>(5,840)</b>

## 8. NON-CURRENT ASSETS

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

	PROPERTY, PLANT & EQUIPMENT					TOTAL PPE	HERITAGE ASSETS	INVESTM'T PROP	INTANGIBLE ASSETS	TOTAL
	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Community Assets	Assets Under Const'n					
<b>NET BOOK VALUE AT 1 APRIL 2023</b>	<b>65,059</b>	<b>2,898</b>	<b>956</b>	<b>2,047</b>	<b>0</b>	<b>70,960</b>	<b>16,902</b>	<b>4,906</b>	<b>85</b>	<b>92,853</b>
<b>Cost or Valuation</b>										
At 1 April 2023	65,611	9,637	3,463	2,047	0	80,758	16,902	4,906	453	103,019
Additions	296	608	74	0	0	978	0	0	49	1,027
Derecognition - Disposals	(144)	(53)	0	0	0	(197)	0	0	0	(197)
Reclassification	0	0	0	0	0	0	0	0	0	0
Revaluation Recognised in the Revaluation Reserve	1,374	0	0	0	0	1,374	2,522	0	0	3,896
Impairment Recognised in Surplus/Deficit on the Provision of Services	(994)	(3)	0	0	0	(997)	0	0	0	(997)
Net Gains / (Losses) from Fair Value Adjustments	0	0	0	0	0	0	0	619	0	619
Other Movements in Cost or Valuation	(1,704)	0	0	0	0	(1,704)	0	0	0	(1,704)
At 31 March 2024	64,439	10,189	3,537	2,047	0	80,212	19,424	5,525	502	105,663
<b>Depreciation, Amortisation &amp; Impairment</b>										
At 1 April 2023	(552)	(6,738)	(2,507)	0	0	(9,797)	0	0	(368)	(10,165)
Depreciation & Amortisation Written out to Surplus/Deficit on Provision of Services	(1,893)	(496)	(87)	0	0	(2,476)	0	0	(39)	(2,515)
Derecognition - Disposals	23	53	0	0	0	76	0	0	0	76
Reclassification	0	0	0	0	0	0	0	0	0	0
Other Movements in Depreciation, Amortisation and Impairment	1,704	0	0	0	0	1,704	0	0	0	1,704
At 31 March 2024	(718)	(7,181)	(2,594)	0	0	(10,493)	0	0	(407)	(10,900)
<b>NET BOOK VALUE AT 31 MARCH 2024</b>	<b>63,721</b>	<b>3,008</b>	<b>943</b>	<b>2,047</b>	<b>0</b>	<b>69,719</b>	<b>19,424</b>	<b>5,525</b>	<b>95</b>	<b>94,763</b>



PROPERTY, PLANT & EQUIPMENT										
	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Comm-unity Assets	Right of Use Assets	TOTAL PPE	HERITAGE ASSETS	INVESTM'T PROP	INTANGIBLE ASSETS	TOTAL
<b>NET BOOK VALUE AT 1 APRIL 2024</b>	<b>63,721</b>	<b>3,008</b>	<b>943</b>	<b>2,047</b>	<b>0</b>	<b>69,719</b>	<b>19,424</b>	<b>5,525</b>	<b>95</b>	<b>94,763</b>
<b>Cost or Valuation</b>										
At 1 April 2024	64,439	10,189	3,536	2,047	0	80,211	19,424	5,525	502	105,662
Additions	1,595	1,742	108	0	84	3,529	0	0	46	3,575
Derecognition - Disposals	0	(1,389)	(507)	0	0	(1,389)	0	0	0	(1,389)
Reclassification	0	0	0	0	0	0	0	0	0	0
Revaluation Recognised in the Revaluation Reserve	3,762	0	0	0	0	3,762	3,995	0	0	7,757
Impairment Recognised in Surplus/Deficit on the Provision of Services	(1,422)	(15)	(1)	0	0	(1,438)	0	(112)	0	(1,550)
Net Gains / (Losses) from Fair Value Adjustments	0	0	0	0	131	131	0	41	0	172
Other Movements in Cost or Valuation	(1,928)	0	0	0	0	(1,539)	0	0	0	(1,539)
At 31 March 2025	66,446	10,527	3,136	2,047	215	83,267	23,419	5,454	548	112,688
<b>Depreciation, Amortisation &amp; Impairment</b>										
At 1 April 2024	(718)	(7,181)	(2,594)	0	0	(10,493)	0	0	(407)	(10,900)
Depreciation & Amortisation Written out to Surplus/Deficit on Provision of Services	(1,903)	(577)	(86)	0	(84)	(2,650)	0	0	(43)	(2,693)
Derecognition - Disposals	0	1,378	507	0	0	1,378	0	0	0	1,378
Reclassification	0	0	0	0	0	0	0	0	0	0
Other Movements in Depreciation, Amortisation and Impairment	1,928	0	0	0	0	1,539	0	0	0	1,539
At 31 March 2025	(693)	(6,380)	(2,173)	0	(84)	(10,226)	0	0	(450)	(10,676)
<b>NET BOOK VALUE AT 31 MARCH 2025</b>	<b>65,754</b>	<b>4,147</b>	<b>963</b>	<b>2,047</b>	<b>131</b>	<b>73,042</b>	<b>23,419</b>	<b>5,454</b>	<b>98</b>	<b>102,013</b>
<b>NATURE OF ASSET HOLDINGS</b>										
<b>Owned</b>	<b>65,754</b>	<b>4,147</b>	<b>963</b>	<b>2,047</b>	<b>131</b>	<b>73,042</b>	<b>23,419</b>	<b>5,454</b>	<b>98</b>	<b>102,013</b>
<b>Leased</b>										

## **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 £43,160 (£38,800 2023/24).

## **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 29.

In accordance with the rolling programme public conveniences were the subject of revaluation. In addition, the implementation of parking charges at formerly free car parks has necessitated a revaluation of this asset class in 2024/25.

Wilks Head & Eve 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.

Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £3,994,000, which is recognised in the revaluation reserve.

In assessing fair value of Investment Properties Wilks Head & Eve has determined a market value given the sites location and likelihood of achieving such values. The resulting decrease in asset values of £70,200 is primarily due to the downward valuation of Industrial sites. The loss has been recognised in the (surplus) / deficit on provision of services in the Comprehensive Income and Expenditure Statement.

Wilks Head & Eve undertook a Market Review and 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 Wilks Head & Eve, 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*.

Fixed plant and machinery is included in the valuation of the buildings.

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

	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Heritage Assets £'000	Right of Use Assets £'000	Investment Properties £'000	Total £'000
Valued at current/fair value in:	<----- at Current Value			-----	at Fair Value	
2024/25	51,293	4,145	23,417	130	5,455	84,440
2023/24	7,610					7,610
2022/23	6,167					6,166
2021/22	684					684
2020/21	0					0
Prior Years	0					0
<b>TOTAL</b>	<b>65,754</b>	<b>4,145</b>	<b>23,417</b>	<b>130</b>	<b>5,455</b>	<b>98,901</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 2024/25 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 2024 £'000	At 31 March 2025 £'000
Tonbridge Castle Gatehouse	19,189	23,177
Civic Regalia	96	101
Paintings	79	78
Sculptures	60	62
<b>TOTAL</b>	<b>19,424</b>	<b>23,418</b>

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

	2023/24 £'000	2024/25 £'000
Decarbonising the Council Assets	118	781
Car Parking	0	154
Capital Renewals	508	1,202
Flood Defence	131	128
Sports Grounds	116	107

**The Capital Expenditure was financed as follows:**

	2023/24 £'000	2024/25 £'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	978	3,529
Investment Property	0	0
Intangible Assets	49	46
<b>Total</b>	<b>1,027</b>	<b>3,575</b>
<b>Sources of Finance</b>		
Revenue	(668)	(2,648)
Capital Grants & Contributions	(112)	(844)
Capital Receipts	(247)	0
Minimum Revenue Provision	0	(83)
<b>Total</b>	<b>(1,027)</b>	<b>(3,575)</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 2025 no major capital commitments were outstanding.

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

In 2023/24 the Council disposed of West Malling Public Conveniences with a NBV of £121,000, no income was generated from this disposal. Assets were removed from the Asset Register with a net book value of £11,000. The removal of these assets was following a review of Vehicles, Plant & Equipment that the Council was holding. The Council received £65,000 as part of a buy-back arrangement for existing gym equipment when purchasing replacement equipment for the Leisure Centres, this income has been shown under Capital Receipts to be utilized in future years.

**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 the Council funds the expenditure entirely from reserves or revenue resources.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Gross Expenditure</b>				
House Renovation Grants	1,000		1,198	
Land Drainage & Flood Defence	131		128	
Other	294	1,425	671	1,997
<b>Grants &amp; Contributions Received</b>				
Better Care Fund	(943)		(1,120)	
Housing Assistance Grant Repaid	(48)		(43)	
Disabled Facilities Grant Repaid	(15)		(20)	
Other Funding	(294)	(1,300)	(671)	(1,854)
<b>TOTAL</b>		<b>125</b>		<b>143</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.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income Due	415	356	340	281	265	238	219

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:

	RESTATED	
	31 March 2024	31 March 2025
Leases Expiring :	£'000	£'000
Not later than one year	424	415
Later than one year and not later than five years	1,234	1,243
Later than five years and not later than fifty years	4,265	4,236
Later than fifty years	3,134	3,055
	<b>9,057</b>	<b>8,949</b>

Please note, the 23/24 figures in this table have been restated to account for leases expiring mid-year.

### 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	2023/24	2024/25
	£'000	£'000
Income	(383)	(406)
Expenditure	133	82
<b>TOTAL</b>	<b>(250)</b>	<b>(324)</b>

The Balance Sheet value of these properties at the 31 March 2025 was £6,369,000 (£5,455,000 Investment Properties and £914,000 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

As a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Authority decided to apply recognition exemptions to short-term leases and has elected not to

recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Authority used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.36%
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 the additional fair value and the lease liability have been credited as a gain in the surplus/deficit on the provision of services.

Application of the Code's adaptation of IFRS16 has resulted in the following changes to the balance sheet at 31st March 2025:

- £130,958.77 Revaluation of Property, plant and equipment – land and buildings (right-of-use assets)
- £190.16 Creditors (lease liabilities)

The newly recognised leases liabilities of £190.16 compare with the operating lease commitments of £0.00 at 31 March 2024. When these are discounted to their present value (using the incremental borrowing rate at 1 April 2024), there is a difference of £0 from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that will expire before 31 March 2025.

Leased Assets	Land and Buildings £'000
Balance as at 1 April 2024	84
Additions	0
Revaluations	131
Depreciation	(84)
<b>TOTAL</b>	<b>131</b>

## 11. INTEREST AND INVESTMENTS

### Interest and Investment Income Earned

	Income £'000	2023/24 Unrealised (Gains) / Losses £'000	Total £'000	Income £'000	2024/25 Unrealised (Gains) / Losses £'000	Total £'000
Property Investment Funds	(179)	325	146	(147)	(392)	(539)
Multi-Asset Diversified Income Funds	(210)	(62)	(272)	(210)	30	(180)
Certificates of Deposit	(857)		(857)	(1,054)		(1,054)
Fixed Interest Deposits	(632)		(632)	(368)		(368)
Call Accounts	(1,718)		(1,718)	(1,546)		(1,546)
Miscellaneous Interest	(29)		(29)	(1)		(1)
<b>TOTAL</b>	<b>(3,625)</b>	<b>263</b>	<b>(3,362)</b>	<b>(3,326)</b>	<b>(362)</b>	<b>(3,688)</b>

### Interest and Investment Income Received

	2023/24 £'000	2024/25 £'000
Interest and Investment Income Earned	(3,362)	(3,688)
Increase / (Decrease) in Debtors	58	54
Increase / (Decrease) in Accrued Interest	449	(35)
Unrealised Gains / (Losses) on Property Investment Funds / Multi-Asset Funds	(264)	362
<b>TOTAL</b>	<b>(3,119)</b>	<b>(3,307)</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 2024				At 31 March 2025			
	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	(108)	6	898	1,000	(88)	8	920
Local Authorities' Property Fund	2,000	(278)	23	1,745	2,000	(245)	21	1,776
Lothbury Property Trust	2,000	(573)	13	1,441	723	(234)	0	489
<b>Total</b>	<b>5,000</b>	<b>(959)</b>	<b>42</b>	<b>4,084</b>	<b>3,723</b>	<b>(567)</b>	<b>29</b>	<b>3,185</b>
<b>Multi-Asset Diversified Income Funds</b>								
Aegon Diversified Income Fund	1,750	(151)	0	1,599	1,750	(164)	0	1,586
Fidelity Multi-Asset Income Fund	1,000	(204)	3	798	1,000	(221)	3	782
Ninety-One Diversified Income Fund	1,500	(133)	0	1,367	1,500	(133)	0	1,367
<b>Total</b>	<b>4,250</b>	<b>(488)</b>	<b>3</b>	<b>3,764</b>	<b>4,250</b>	<b>(518)</b>	<b>3</b>	<b>3,735</b>
<b>TOTAL</b>	<b>9,250</b>	<b>(1,447)</b>	<b>45</b>	<b>7,848</b>	<b>7,973</b>	<b>(1,085)</b>	<b>31</b>	<b>6,920</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 2024			At 31 March 2025		
	Capital £'000	Accrued Interest £'000	Total £'000	Capital £'000	Accrued Interest £'000	Total £'000
<b>Certificates of Deposit</b>						
Goldman Sachs	5,000	230	5,230	6,000	147	6,147
Lloyds Bank	6,000	211	6,211	0	0	0
National Westminster Bank	3,000	24	3,024	6,000	211	6,211
Rabobank	6,000	166	6,166	6,000	163	6,163
Toronto Dominion	6,000	130	6,130	3,000	68	3,068
<b>Total</b>	<b>26,000</b>	<b>761</b>	<b>26,761</b>	<b>21,000</b>	<b>588</b>	<b>21,589</b>
<b>Fixed Interest Deposits</b>						
Close Brothers	3,000	15	3,015			
Handelsbanken	3,000	29	3,029	3,000	142	3,142
Sustainable Chartered				3,000	53	3,053
<b>Total</b>	<b>6,000</b>	<b>44</b>	<b>6,044</b>	<b>6,000</b>	<b>195</b>	<b>6,195</b>
<b>TOTAL</b>	<b>32,000</b>	<b>805</b>	<b>32,805</b>	<b>27,000</b>	<b>784</b>	<b>27,784</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 2025.
- 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 2024		Total £'000	At 31 March 2025		Total £'000
	Amortised Cost £'000	Fair Value Through Profit & Loss £'000		Amortised Cost £'000	Fair Value Through Profit & Loss £'000	
Long Term		7,848	7,848		6,920	6,920
Short Term	32,805		32,805	27,784		27,784
<b>TOTAL</b>	<b>32,805</b>	<b>7,848</b>	<b>40,653</b>	<b>27,784</b>	<b>6,920</b>	<b>34,704</b>



## Interest Earned

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

	Amortised Cost	2023/24 Fair Value Through Profit & Loss	Total	Amortised Cost	2024/25 Fair Value Through Profit & Loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Interest &amp; Investment Income</b>						
Income	(1,489)	(389)	(1,878)	(1,422)	(356)	(1,778)
Unrealised (Gains) / Losses		264	264		(362)	(362)
<b>TOTAL</b>	<b>(1,489)</b>	<b>(125)</b>	<b>(1,614)</b>	<b>(1,422)</b>	<b>(718)</b>	<b>(2,140)</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 2024		At 31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Property Investment Funds	4,083	4,083	3,185	3,185
Multi-Asset Diversified Income Funds	3,764	3,764	3,735	3,735
Deposits with Banks & Building Societies	32,805	32,805	27,784	27,784
<b>TOTAL</b>	<b>40,652</b>	<b>40,652</b>	<b>34,704</b>	<b>34,704</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 2025 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 2025 were invested at rates between 4.59% and 5.15% for Deposits and 4% for Fund investments. An increase in interest rates of 1% would currently generate investment income of about £347,000 (2023/24: £407,000).

## 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 therefore considers 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

	2023/24 £'000	2024/25 £'000
<b>Amounts Charged to Income and Expenditure Statement</b>		
Net Cost of Services		
Current Service Costs	1,568	1,670
Past Service Costs (Change n Benefit)	0	0
Administration Expenses	92	99
Net Operating Expenditure		
Net Interest on the Defined Liability (Asset)	365	212
<b>Net Charges to the Income and Expenditure Statement</b>	<b>2,025</b>	<b>1,981</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance With IAS19		
Actual Amount Charged to the General Fund for Pensions in the Year	(2,025)	(1,981)
Employers' contributions payable to scheme	3,391	3,634
<b>CONTRIBUTION (FROM) / TO PENSIONS RESERVE</b>	<b>1,366</b>	<b>1,653</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 £1,592,000 in 2024/25 (2023/24: gain of £1,782,000) is included in the Comprehensive Income and Expenditure Statement. The cumulative amounts of actuarial gains and losses are detailed later in this note.

### Assets and Liabilities in Relation to Retirement Benefits

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

<b>Reconciliation of the Present Value of Scheme Liabilities</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Opening Balance at 1 April - Defined Benefit Obligation</b>	<b>111,338</b>	<b>111,029</b>
Current Service Costs	1,568	1,670
Past Service Costs	0	0
Contributions from Scheme Participants	593	650
Interest Cost	5,243	5,309
Change in Financial Assumptions	(1,570)	(12,998)
Change in Demographic Assumptions	(1,604)	(297)
Experience Loss / (Gain) on Defined Benefit Obligation	332	(249)
Benefits Paid	(4,661)	(5,833)
Unfunded Pension Payments	(210)	(216)
<b>CLOSING BALANCE AT 31 MARCH - DEFINED BENEFIT OBLIGATION</b>	<b>111,029</b>	<b>99,065</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.

<b>Reconciliation of the Fair Value of Scheme Assets</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Opening Balance at 1 April - Fair Value of Scheme Assets</b>	<b>102,063</b>	<b>104,902</b>
Interest on Assets	4,878	5,097
Return on Assets Less Interest	(1,060)	(1,643)
Employers' Contributions	3,391	3,634
Contributions from Scheme Participants	593	650
Benefits Paid	(4,871)	(6,049)
Administration Expenses	(92)	(99)
<b>CLOSING BALANCE AT 31 MARCH - FAIR VALUE OF SCHEME ASSETS</b>	<b>104,902</b>	<b>106,492</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 £3,454,000 (2023/24: gain of £3,818,000).

### Net Liabilities in Relation to Retirement Benefits

	2023/24 £'000	2024/25 £'000
Present value of funded obligation	109,507	97,770
Fair value of scheme assets (bid price)	( 104,902)	(106,492)
<b>Sub-total</b>	<b>4,605</b>	<b>(8,722)</b>
Impact of asset Ceiling	0	10,309
Present value of unfunded obligation	1,522	1,295
<b>NET PENSION LIABILITY</b>	<b>6,127</b>	<b>2,882</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.

	2023/24 £'000	2024/25 £'000
<b>Surplus / (Deficit)</b>		
<b>Balance at 1 April</b>	<b>(9,275)</b>	<b>(6,127)</b>
Current Service Costs	(1,568)	(1,670)
Past Service Costs	0	0
Actuarial Gains / (Losses)	1,782	11,901
Impact of Asset Ceiling	0	(10,309)
Employer's Contributions	3,391	3,634
Administration Expenses	(92)	(99)
Other Finance Income	(365)	(212)
<b>BALANCE AT 31 MARCH</b>	<b>(6,127)</b>	<b>(2,882)</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 2024		At 31 March 2025	
	Fund Value £'000	Percentage of Fund %	Fund Value £'000	Percentage of Fund %
Bonds	15,104	14	15,831	15
Cash	1,670	2	4,212	4
Equities	61,027	58	60,641	57
Gilts	7,686	7	6,312	6
Property	9,412	9	8,720	8
Target Return Portfolio	5,300	5	5,439	5
Infrastructure	4,703	5	5,337	5
<b>TOTAL</b>	<b>104,902</b>	<b>100</b>	<b>106,492</b>	<b>100</b>

## Scheme History

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	(163,240)	(161,181)	(111,338)	(111,029)	(99,065)
Fair Value of Assets	102,067	102,920	102,063	104,902	106,492
Asset Ceiling	0	0	0	0	(10,309)
<b>SURPLUS / (DEFICIT) IN THE SCHEME</b>	<b>(61,173)</b>	<b>(58,261)</b>	<b>(9,275)</b>	<b>(6,127)</b>	<b>(2,882)</b>
Experience Gains / (Losses) on Assets	0	0	0	0	0
Percentage of Assets	0.0%	0.0%	0.0%	0.0%	0.0%
Experience Gains / (Losses) on Liabilities	1,963	(322)	10,232	332	(249)
Percentage of Liabilities	1.2%	(0.2%)	9.2%	(0.3%)	(0.3)

## Actuarial Gains and Losses

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Actuarial Gains / (Losses) recognised in the Comprehensive Income and Expenditure Statement	(4,906)	5,092	51,084	1,782	1,592
<b>CUMULATIVE ACTUARIAL GAINS / (LOSSES)</b>	<b>(36,542)</b>	<b>(31,450)</b>	<b>19,634</b>	<b>21,416</b>	<b>23,008</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.

	2023/24	2024/25
Mortality assumptions:		
Life expectancy from age 65 (years)		
Retiring today:		
Men	20.8 Years	20.7 Years
Women	23.3 Years	23.3 Years
Retiring in 20 years:		
Men	22.0 Years	22.0 Years
Women	24.7 Years	24.7 Years
Salary Increases	3.90%	3.90%
Pension Increases (CPI)	2.90%	2.90%
Discount Rate	4.90%	5.80%

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 +0.1%	£'000 0.0%	£'000 -0.1%	£'000 -0.5%
<b>Adjustment to discount rate</b>					
Present Value of Total Obligation	93,071	97,813	99,065	100,344	105,758
Projected Service Cost	1,031	1,185	1,227	1,270	1,455
<b>Adjustment to Long Term Salary Increase</b>					
Present Value of Total Obligation	99,704	99,191	99,065	98,940	98,450
Projected Service Cost	1,227	1,227	1,227	1,227	1,227
<b>Adjustment to Pensions Increase and Deferred Revaluation</b>					
Present Value of Total Obligation	105,283	100,254	99,065	97,902	93,498
Projected Service Cost	1,464	1,272	1,227	1,184	1,022
<b>Adjustment to mortality age rating assumption</b>					
		<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>	
Present Value of Total Obligation		103,190	99,065	95,128	
Projected Service Cost		1,274	1,227	1,181	

## Projected Pension Expense for the Year to 31 March 2026

These projections are based on the Actuary's assumptions as at 31 March 2025.

	2025/26 Projection £'000
Service Cost	1,227
Net Interest on the defined liability (asset)	61
Administration Expenses	97
Total	<b>1,385</b>
Employers' Contributions	<b>3,473</b>

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

	2023/24 £'000	2024/25 £'000
<b>Council Tax</b>		
Borough Council's Council Tax	(12,187)	(12,736)
Parish Councils' Council Tax	(3,732)	(3,803)
Prior Year's Estimated Accumulated Council Tax (Surplus) / Deficit	(85)	(81)
Council Tax (Surplus) / Deficit	52	112
<b>TOTAL</b>	<b>(15,952)</b>	<b>(16,508)</b>

	2023/24 £'000	2024/25 £'000
<b>National Non-Domestic Rates</b>		
Share of National Non-Domestic Rates	(25,455)	(31,040)
Tariff / (Top-Up)	25,884	27,197
Levy / Safety Net/ Business Rates Pool	377	596
Prior Year's Estimated Accumulated Non-Domestic Rates (Surplus) / Deficit	(1,199)	(1,838)
National Non-Domestic Rates (Surplus) / Deficit	(283)	1,742
<b>TOTAL</b>	<b>(676)</b>	<b>(3,343)</b>

	Balance at 31 March 2023	2023/24 Surplus / (Deficit)	Balance at 31 March 2024	2024/25 Surplus / (Deficit)	Balance at 31 March 2025
Collection Fund Adjustment Account	£'000	£'000	£'000	£'000	£'000
Council Tax	62	(52)	10	(112)	(102)
National Non-Domestic Rates	1,324	283	1,607	(1,742)	(135)
<b>TOTAL</b>	<b>1,386</b>	<b>231</b>	<b>1,617</b>	<b>(1,854)</b>	<b>(237)</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

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>General Government Grants</b>				
Funding Guarantee	(1,762)		(2,510)	
Covid-19 Business Rate Relief	(1,831)		0	
New Homes Bonus	(611)		(343)	
Small Business & Empty Property Rate Relief Grant	(1,153)		(1,011)	
Lower Tier Services Grant	0		0	
Under Indexing Multiplier Grant	(496)		(1,272)	
Revenue Support Grant	(137)		(146)	
Services Grant	(93)		(16)	
MHCLG relief			(2,059)	
MHCLG Retail Relief and Prior Years			166	
DLUHC/MHCLG Supporting Small Business Grant			(186)	
Other	(13)	(6,096)	(118)	(7,495)
<b>Revenue Grants &amp; Contributions</b>				
Peter's Village Wouldham (S106 Contribution)	(118)			
Other	(44)	(162)		
<b>Capital Grants &amp; Contributions</b>				
Sainsbury's Contribution	(112)			
Public Sector Decarbonisation Fund			(351)	
MHCLG UK Shared Prosperity Fund			(234)	
Other	(10)	(122)	(410)	(995)
<b>Total Non-Government Grants &amp; Contributions</b>		<b>(284)</b>		<b>(995)</b>
<b>TOTAL</b>		<b>(6,380)</b>		<b>(8,490)</b>

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

## Credited to Services

	2023/24 £'000	2024/25 £'000
Rent Allowance Subsidy	(23,133)	(22,021)
Better Care Fund	(1,033)	(1,184)
Non-HRA Rent Rebate Subsidy	(710)	(923)
Homelessness Prevention Grant	(398)	(588)
Rough Sleeping Initiative Grant	(302)	(392)
DLUHC UK shared Prosperity Fund (Part recs)	0	(344)
Rural England shared Prosperity Fund	0	(271)
Local Plan Fund	0	(228)
Benefits Administration Grant	(170)	(170)
UK Shared Prosperity Fund	0	(126)
NNDR Cost of Collection Allowance	(160)	(162)
Discretionary Housing Payment Contribution	(159)	(159)
Green Belt Funding	0	(70)
Local Council Tax Support Administration Grant	(64)	(65)
Other	(1,094)	(275)
<b>TOTAL</b>	<b>(27,223)</b>	<b>(26,978)</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	
	2023/24	2024/25
£50,000 - £54,999	9	17
£55,000 - £59,999	10	9
£60,000 - £64,999	6	13
£65,000 - £69,999	4	3
£70,000 - £74,999	1	3
£75,000 - £79,999	3	1
£80,000 - £84,999	3	3
£85,000 - £89,999	-	3
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	2	1
£110,000 - £114,999	1	2
£115,000 - £119,999	-	1
£120,000 - £124,999	1	1
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	1	-
<b>TOTAL</b>	<b>41</b>	<b>57</b>

The numbers above include no employees within the exit packages table for 2024/25 (2023/24: no employees).



## Senior Officer Remuneration

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

		Salary, Fees & All'ces	Exp's	Comp for Loss of Office	Benefits in Kind	Total Excl Pensio n	Pension Contrib's	Total Inc Pension
	Post Title	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2023/24	Chief Executive (Note 1)	116	35			151	23	174
	Director of Central Services & Deputy Chief Executive (Note 1)	113	8			121	24	145
	Director of Finance & Transformation (Note 1)	106	7			113	22	135
	Director of Planning, Housing & Environmental Health	103	7			110	22	132
	Director of Street Scene, Leisure & Technical Services	103	7			110	22	132
	TOTAL	541	64	0	0	605	113	718
2024/25	Chief Executive (Note 1)	104	3			107	22	129
	Director of Central Services & Deputy Chief Executive (Note 1)	116	7			123	24	147
	Director of Finance & Transformation (Note 1)	109	7			116	23	139
	Director of Planning, Housing & Environmental Health	108	7			115	23	138
	Director of Street Scene, Leisure & Technical Services	108	6			114	23	137
	TOTAL	545	30	0	0	575	115	690

### Note 1

The Director of Central Services was interim Chief Executive between Dec 2023 – Jun 2024. The Director of Finance and Transformation was Interim Deputy Chief Executive for this period of time. In July 2024, the new Chief Executive joined the Council and all other officers returned to their formal titles.

The 2023/24 figures included in the above tables include the remuneration paid to the Returning Officer and her Deputies for work undertaken in the Borough Election in 2023.

At 31 March 2025 the Council employed 262 permanent staff (31 March 2024: 261) or 233 full-time equivalents (31 March 2024: 230).

### 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 2024/25 this was estimated to be £115,000 (2023/24: £132,000).

## Exit Packages

Exit packages include compulsory and voluntary redundancy payments, added-years pension contributions, ex-gratia payments and other departure costs. No exit packages were made in 2023/24 or 2024/25.

## 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*.

	2023/24 £'000	2024/25 £'000
Balance at 1 April	247	0
Usable Capital Receipts Received	0	65
Disposal Costs	0	0
	247	65
less <b>Usable Capital Receipts Applied</b>		
Purchase of Non-Current Assets	247	0
<b>BALANCE AT 31 MARCH</b>	<b>0</b>	<b>65</b>

## 17. RESERVES

	Balance at 1 April £'000	Contribution to Reserve £'000	Contribution from Reserve £'000	Balance at 31 March £'000
<b>2023/24</b>				
Revenue Reserve for Capital Schemes	7,882	2,382	(828)	9,436
General Revenue Reserve	8,611	1,304	0	9,915
Building Repairs Reserve	1,300	1,063	(1,241)	1,122
Property Investment Fund Reserve	3,250	0	0	3,250
Earmarked Reserves				
Budget Stabilisation	2,131	1,200	(834)	2,497
Planning Services	1,116	480	(521)	1,075
Regeneration of Tonbridge	0	650	0	650
Homelessness Reduction	685	922	(1,098)	509
Climate Change	601	618	(340)	879
Business Rates Retention Scheme	533	549	(167)	915
Tonbridge & Malling Leisure Trust	449	0	(80)	369
Transformation	434	68	(70)	432
Housing Assistance	360	0	(1)	359
Election	161	35	(85)	111
Invest to Save	141	0	0	141
Special Projects	236	77	(97)	216
Other Earmarked Reserves	198	109	(12)	295
	<b>28,088</b>	<b>9,457</b>	<b>(5,374)</b>	<b>32,171</b>
<b>2024/25</b>				
Revenue Reserve for Capital Schemes	9,436	1,566	(2,884)	8,118
General Revenue Reserve	9,915	1,109	0	11,024
Building Repairs Reserve	1,122	1,000	(1,010)	1,112
Property Investment Fund Reserve	3,250	0	0	3,250
Earmarked Reserves				
Budget Stabilisation	2,497	1,387	(1,015)	2,869
Planning Services	1,075	855	(731)	1,199
Regeneration of Tonbridge	650	3,824	(158)	4,316
Homelessness Reduction	509	2,285	(1,251)	1,543
Climate Change	879	500	(738)	641
Business Rates Retention Scheme	915	618	(62)	1,471
Tonbridge & Malling Leisure Trust	369	0	(83)	286
Transformation	432	907	(170)	1,169
Housing Assistance	359	0	0	359
Election	111	91	0	202
Invest to Save	141	0	(67)	74
Special Projects	216	73	(126)	163
Other Earmarked Reserves	295	46	(13)	328
	<b>32,171</b>	<b>14,261</b>	<b>(8,308)</b>	<b>38,124</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**

#### **Regeneration of Tonbridge**

#### **Other Earmarked Reserves**

## **Purpose of the Reserve**

Established to finance future capital expenditure.

The Council 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.

Established to fund the Regeneration of the Town Centre and the assets within it. This includes funding set aside for the new Leisure Centre build.

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

## 18. DEBTORS

### Short Term Debtors

	At 31 March 2024			At 31 March 2025		
	Gross Value £'000	Impairm't Allow'ce £'000	Net Value £'000	Gross Value £'000	Impairm't Allow'ce £'000	Net Value £'000
<b>General Fund</b>						
Central Government	524	0	524	1,486		1,486
Local Authorities	1,151	0	1,151	421		421
Housing Benefit Claimants (current & former)	2,558	(2,432)	126	2,289	(2,236)	53
Payments in Advance	515	0	515	462		462
Other Debtors	1,176	(303)	873	1,351	(323)	1,028
	<b>5,924</b>	<b>(2,735)</b>	<b>3,189</b>	<b>6,009</b>	<b>(2,559)</b>	<b>3,450</b>
<b>Collection Fund</b>						
Council Tax Payers (Borough Council's share)	1,857	(517)	1,340	2,099	(594)	1,505
Local Authorities	1,315		1,315	2,023	0	2,023
NNDR Payers (Borough Council's share)	1,076	(400)	676	773	(400)	373
	<b>4,248</b>	<b>(917)</b>	<b>3,331</b>	<b>4,895</b>	<b>(994)</b>	<b>3,901</b>
<b>TOTAL</b>	<b>10,172</b>	<b>(3,652)</b>	<b>6,520</b>	<b>10,904</b>	<b>(3,554)</b>	<b>7,351</b>

### Impairment Allowance

	Housing Benefit Claimants £'000	Homeless Debtors £'000	Garden Waste Debtors £'000	General Debtors £'000	Council Taxpayers £'000	NNDR Payers £'000	Total £'000
<b>2023/24</b>							
Balance at 1 April	2,377	155	60	130	453	252	3,427
Write-Offs	0	(28)	0	(10)	(28)	(66)	(204)
Contribution to Allowance	54	30	(30)	(7)	92	214	425
Receipts/Adjustments	1	1	0	2	0	0	4
<b>BALANCE AT 31 MARCH</b>	<b>2,432</b>	<b>158</b>	<b>30</b>	<b>115</b>	<b>517</b>	<b>400</b>	<b>3,652</b>
<b>2024/25</b>							
Balance at 1 April	2,432	158	30	115	516	401	3,652
Write-Offs	(57)	(4)	0	(50)	(7)	(47)	(165)
Contribution to/from Allowance	(139)	39	3	29	85	46	63
Receipts/Adjustments	0	1	0	2	0	0	3
<b>BALANCE AT 31 MARCH</b>	<b>2,236</b>	<b>194</b>	<b>33</b>	<b>96</b>	<b>594</b>	<b>400</b>	<b>3,553</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 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 2024				At 31 March 2025			
	General Debtors £'000	Garden Waste £'000	Homeless ness £'000	Total £'000	General Debtors £'000	Garden Waste £'000	Homeless ness £'000	Total £'000
< 1 month	502	48	35	585	574	66	16	656
1 - 3 months	78	4	38	120	87	46	31	164
3 - 6 months	40	115	29	184	28	6	39	73
6 - 12 months	19	2	27	48	81	52	64	197
1 year +	98	1	141	240	85	3	173	261
<b>TOTAL</b>	<b>737</b>	<b>170</b>	<b>270</b>	<b>1,177</b>	<b>855</b>	<b>173</b>	<b>323</b>	<b>1,351</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 2025	Historical Experience of Default	Historical Experience Adjusted for Market Conditions as at 31 March 2025	Estimated Maximum Exposure to Default and Uncollectability
	£'000	%	%	£'000
Debtors				
General Debtors	855	1.8	11.2	96
Garden Waste	173	2.0	19.1	33
Homelessness	323	10.3	60.1	194
<b>TOTAL</b>	<b>1,351</b>			<b>323</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 2024 £'000	At 31 March 2025 £'000
<b>Short Term Deposits</b>		
Federated	7,866	8,000
Deutsche	0	4,394
Barclays Bank	3,000	3,000
HSBC	3,000	3,000
BNP Paribas	0	407
National Westminster Bank	50	50
	<b>13,916</b>	<b>18,851</b>
<b>Cash in Hand</b>	<b>289</b>	<b>378</b>
<b>TOTAL</b>	<b>14,205</b>	<b>19,229</b>

## 20. CREDITORS

### Short Term Creditors

	At 31 March 2024 £'000	At 31 March 2025 £'000
<b>General Fund</b>		
Central Government	(1,107)	(1,490)
Receipts in Advance	(1,362)	(1,208)
Local Authorities	(948)	(318)
Employees	(133)	(115)
Other Creditors	(1,717)	(2,790)
	<b>(5,267)</b>	<b>(5,921)</b>
<b>Collection Fund</b>		
Central Government	(8,257)	(3,551)
Local Authorities	(1,652)	(710)
NNDR Payers (Borough Council's share)	(536)	(772)
NNDR Pool	(346)	(1,584)
Council Tax Payers (Borough Council's share)	(389)	(443)
	<b>(11,180)</b>	<b>(7,060)</b>
<b>TOTAL</b>	<b>(16,447)</b>	<b>(12,981)</b>

## 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 fair value (being the amount that the market is willing to settle liabilities).

	At 31 March 2024 £'000	At 31 March 2025 £'000
<b>General Fund</b>		
Other Creditors	(1,803)	(2,790)
<b>TOTAL</b>	<b>(1,803)</b>	<b>(2,790)</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	Balance at 31 March £'000
2023/24	NNDR Appeals	(5,052)	(1,153)	1,095	(5,110)
	Adoption of Amenity Areas	(95)	(5)		(100)
	<b>TOTAL</b>	<b>(5,147)</b>	<b>(1,158)</b>	<b>1,095</b>	<b>(5,210)</b>
2024/25	NNDR Appeals	(5,110)	(1,170)	3,739	(2,541)
	Adoption of Amenity Areas	(100)	(5)		(105)
	<b>TOTAL</b>	<b>(5,210)</b>	<b>(1,175)</b>	<b>3,739</b>	<b>(2,646)</b>

- **NNDR Appeals** – business ratepayers can appeal against the rateable value applied to the property by the Valuation Office. This provision represents the Authorities 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 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 held in a reserve.

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

2023/24							
	Balance at 1 April £'000	Receipts £'000	Interest £'000	Transfer to Third Parties £'000	Applied to Capital £'000	Applied to Revenue £'000	Balance at 31 March £'000
Aylesford Newsprint	(1,169)	(111)	(49)	568	0	0	(761)
Better Care Fund	(1,153)	(338)	0	0	0	0	(1,491)
Carpenters Lane	(133)	0	(7)	19	0	0	(121)
Clare Park Estate	(284)	0	(16)	0	0	0	(300)
Kings Hill Avenue	(1,265)	0	(70)	204	0	0	(1,131)
Oakhill House	(76)	(338)	(4)	0	0	0	(418)
Peter's Pit	(273)	0	0	123	0	150	0
Sportsmans' Bungalow	(627)	0	(34)	57	0	0	(603)
Other	(336)	(1,117)	(35)	99	292	0	(1,096)
<b>TOTAL</b>	<b>(5,316)</b>	<b>(1,904)</b>	<b>(215)</b>	<b>1,070</b>	<b>292</b>	<b>150</b>	<b>(5,921)</b>
2024/25							
Aylesford Newsprint*	(646)	0	(33)	0	0	7	(672)
Better Care Fund	(1,491)	(1,286)	0	0	1,183	0	(1,594)
Carpenters Lane	(121)	0	(6)	0	0	0	(127)
Clare Park Estate	(300)	0	(15)	0	0	0	(315)
Kings Hill Avenue	(1,131)	0	(58)	70	0	0	(1,119)
Oakhill House	(418)	0	(21)	0	0	0	(439)
Salix Decarbonisation fund	0	(351)	0	0	316	0	(35)
Sportsmans' Bungalow	(603)	0	(31)	2	0	0	(632)
Other*	(1,211)	(2,185)	(60)	190	1,030	0	(2,236)
<b>TOTAL</b>	<b>(5,921)</b>	<b>(3,822)</b>	<b>(224)</b>	<b>262</b>	<b>2,530</b>	<b>7</b>	<b>(7,169)</b>

\*\*Opening Balances have been reclassified, following an amendment to the formula on the working paper. The movement has reduced the Aylesford Newsprint balance by £115,000 and moved this to other grant income. No amendment has been made to the total balance brought forward.

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

		Balance at 1 April £'000	Receipts £'000	Applied to Capital £'000	Applied to Revenue £'000	Balance at 31 March £'000
2023/24	Yates Yard	179	0	0	0	179
	Other	173	49	0	(44)	178
	<b>TOTAL</b>	<b>352</b>	<b>49</b>	<b>0</b>	<b>(44)</b>	<b>357</b>
2024/25	Yates Yard	179		0	0	179
	Other	178	151	0	(4)	325
	<b>TOTAL</b>	<b>357</b>	<b>151</b>	<b>0</b>	<b>(4)</b>	<b>504</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.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		<b>43,601</b>		<b>42,768</b>
<b>Capital Financing applied in year</b>				
Revenue	667		2,647	
Capital Grants & Contributions	117		844	
Capital Receipts	246		0	
Minimum Revenue Provision	0	1,030	84	3,575
<b>Reversal of items charged to the Comprehensive Income and Expenditure Statement</b>				
Depreciation & Amortisation of Non-Current Assets	(2,514)		(2,693)	
Impairment of Non-Current Assets	(996)		(1,437)	
Leased Assets	0		131	
Net Book Value of Assets Disposed	(121)	(3,631)	(11)	(4,010)
<b>Amounts Written-out of the Revaluation Reserve</b>				
Difference between fair value & historical cost depreciation	1,061		1,135	
Accumulated Gains / (Loss) on Assets Disposed	88	1,149	0	1,135
<b>Movement in the Fair Value of Investment Properties</b>		619		(70)
<b>BALANCE AT 31 MARCH</b>		<b>42,768</b>		<b>43,398</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.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		<b>49,247</b>		<b>51,994</b>
<b>Surplus / (Deficit) on Revaluation not posted to the (Surplus) / Deficit on the Provision of Services</b>				
Upward revaluations	4,896		8,364	
Downward revaluations / impairments	(1,000)	3,896	(608)	7,756
<b>Amounts Written-Off to the Capital Adjustment Account</b>				
Difference between fair value & historical cost depreciation	(1,061)		(1,135)	
Accumulated gains / (loss) on assets sold or scrapped	(88)	(1,149)	0	(1,135)
<b>BALANCE AT 31 MARCH</b>		<b>51,994</b>		<b>58,615</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 Members 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. Chief Officers disclose any register of interest with the Chief Executive and Monitoring Officer.

The Council makes a number of appointments of Councillors to local outside bodies to act as the Council's representatives. During 2024/25 the Council funded some of these organisations, the total sum of £552,000 (2023/24: £878,000).

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 1 non-executive member of 43 Councillors elected as at the end of the 2024/25 financial year, the non-return was due to severe ill health of the member concerned. No transactions are 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.

	2023/24 £'000	2024/25 £'000
Basic Allowance	232	237
Special Responsibility Allowance	108	116
Travel & Subsistence Expenses	2	1
Mayor's & Deputy Mayor's Allowance	7	8
Members' National Insurance Contributions	8	9
<b>TOTAL</b>	<b>357</b>	<b>371</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 2024/25.

	2023/24 £'000	2024/25 £'000
External audit services	147	164
Certification of grant claims and returns	30	30
	<b>177</b>	<b>194</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 ASSETS & LIABILITIES

The Council has identified two contingent liabilities and one contingent asset that it considers the readers of these account should be made aware of.

### 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 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 2025 was considered remote.

### Contractor Vehicles

During 2023/24 both this Council and Tunbridge Wells Borough Council made some changes to the Contractual Arrangements with the Company providing Refuse, Recycling and Street Cleansing Services to both Boroughs.

The change involved the alteration of refuse routes and the replacement of the vehicles used to collect waste from households. The replacement vehicles are now being leased through to 2031, beyond the end of the current contract period which ends in March 2027. At the end of the contract period the lease arrangements will be transferred to the new contract and both the assets and the financing responsibilities for these leases will be, either the responsibility of the Councils, or the new service provider.

Work on the commissioning for the new service arrangements commenced in 2024/25 and as such, it is yet to be determined on who any remaining asset and liability values would fall to; therefore, the decision has been taken to include these as contingent assets and liabilities in the financial statements for 2024/25. Once the contractual terms and conditions have been agreed for the contract commencing in April 2027, further consideration will be given to the effect in future financial statements.

## COLLECTION FUND STATEMENT

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

2023/24				2024/25		
Council Tax	NNDR	Total		Council Tax	NNDR	Total
£'000	£'000	£'000		£'000	£'000	£'000
Income						
115,086	62,495	177,581	Billed to Tax Payers	121,797	70,614	192,411
		0	Contribution towards Previous Years' Collection Fund Deficit			0
115,086	62,495	177,581	Total Income	121,797	70,614	192,411
Expenditure						
Precepts and Demands						
80,864	5,727	86,591	Kent County Council	86,143	6,984	93,127
12,816		12,816	Police & Crime Commissioner for Kent	13,698		13,698
4,601	636	5,237	Kent & Medway Fire & Rescue Authority	4,808	776	5,584
12,187	25,455	37,642	Tonbridge & Malling Borough Council	12,736	31,041	43,777
3,731		3,731	Parish Councils	3,803		3,803
	31,819	31,819	Central Government		38,801	38,801
	(5,689)	(5,689)	Transitional Protection			(1,081)
					(1,081)	
Contribution towards Previous Years'						
601	2,998	3,599	Collection Fund Surplus	582	4,595	5,177
198	166	364	Amounts Written-Off	119	116	235
450	370	820	Provision for Non-Payment	730		730
	2,883	2,883	Provision for Appeals not Paid		2,924	2,924
	(2,739)	(2,739)	Appeals Paid in Year		(9,348)	(9,348)
	160	160	Cost of Collection Allowance		161	161
115,448	61,786	177,234	Total Expenditure	122,619	74,969	197,588
(362)	709	347	Surplus / (Deficit) for the Year	(822)	(4,355)	(5,177)
437	3,309	3,746	Balance B/fwd at 1 April	75	4,018	4,093
75	4,018	4,093	Balance C/fwd at 31 March	(747)	(337)	(1,084)

## 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:

	2023/24 £	2024/25 £
Kent County Council	80,863,571	86,143,319
Police & Crime Commissioner for Kent	12,815,534	13,698,372
Kent & Medway Fire & Rescue Authority	4,601,259	4,808,201
Tonbridge & Malling Borough Council	12,187,271	12,736,304
	110,467,635	117,386,196
Parish Councils	3,731,383	3,802,623
<b>TOTAL</b>	<b>114,199,018</b>	<b>121,188,819</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	2023/24			2024/25		
	Estimated no of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	3.50	5/9ths	1.95	2.75	5/9ths	1.53
A	984.64	6/9ths	656.44	992.47	6/9ths	664.98
B	2773.05	7/9ths	2,156.84	2,804.61	7/9ths	2,200.04
C	13,014.73	8/9ths	11,568.64	13,098.50	8/9ths	11,643.11
D	12,462.71	9/9ths	12,462.71	12,530.30	9/9ths	12,530.30
E	8,714.47	11/9ths	10,651.02	8,865.56	11/9ths	10,835.69
F	5,116.10	13/9ths	7,389.93	5,254.20	13/9ths	7,589.40
G	4,714.33	15/9ths	7,857.21	4,802.80	15/9ths	8,004.67
H	436.50	18/9ths	873.00	438.91	18/9ths	877.82
			53,617.74			54,347.54
Estimated Collection Rate			98.30%			98.40%
<b>COUNCIL TAX BASE</b>			<b>52,706.29</b>			<b>53,477.93</b>

## Band D Council Tax

	2023/24 £	2024/25 £
Kent County Council	1,534.23	1,610.82
Police & Crime Commissioner for Kent	243.15	256.15
Kent & Medway Fire & Rescue Authority	87.30	89.91
Tonbridge & Malling Borough Council	210.71	215.78
	2,075.39	2,172.66
Special Expenses (average)	20.52	22.38
Parish Councils (average)	70.80	71.11
<b>TOTAL</b>	<b>2,166.71</b>	<b>2,266.15</b>

This basic amount of council tax for a Band D property of £2,172.66 for 2024/25 (2023/24: £2,075.39) 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 54.6p (2023/24: 51.2p) for large businesses or 49.9p (2023/24: 49.9p) for small businesses in 2024/25 and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

Business Rates income, takes into account tariffs and top-ups collected above or below a pre-determined baseline funding level and 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 £71,997,000 for 2024/25 (2023/24: £68,184,000), is based on the total rateable value for the Council’s area which at the year-end was £173,784,524 (2023/24: £171,890,667).

## 3. IMPAIRMENT ALLOWANCE

	2023/24			2024/25		
	Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
Balance at 1 April	3,190	630	3,820	3,640	1,000	4,640
Write-Offs	(198)	(166)	(364)	(119)	(116)	(235)
Receipts	0	0	0	0	0	0
Contribution to Allowance	648	536	1,184	849	116	965
<b>BALANCE AT 31 MARCH</b>	<b>3,640</b>	<b>1,000</b>	<b>4,640</b>	<b>4,370</b>	<b>1,000</b>	<b>5,370</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 2025. This provision has been based upon information received from the Valuation Office Agency for appeals lodged up to 31 March 2025, and an element for appeals in respect of monies received in 2024/25. 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 2024/25 in respect of council tax was £581,907 and the estimated surplus 2024/25 in respect of NNDR was £4,595,215. The actual deficit of £747,215 in respect of council tax, and the actual deficit of £336,906 in respect of NNDR at 31 March 2025 will be taken into account when estimating the surplus/deficit for 2025/26.

## 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 2024	Council Tax Arrears	5,647	887	320	1,857	8,711
	Council Tax Provision for Bad Debts	(2,573)	(404)	(146)	(517)	(3,640)
	Council Tax Prepayments & Refunds	(1,936)	(304)	(110)	(389)	(2,739)
	Council Tax Cash	(1,085)	(171)	(61)	(941)	(2,258)
	Council Tax (Surplus) / Deficit	(53)	(8)	(3)	(10)	(74)
	NNDR Arrears	236	26	1,309	1,075	2,646
	NNDR Provision for Bad Debts	(90)	(10)	(500)	(400)	(1,000)
	NNDR Provision for Appeals	(1,150)	(127)	(6,388)	(5,110)	(12,775)
	NNDR Prepayments & Refunds	(121)	(13)	(670)	(536)	(1,340)
	NNDR Cash	1,487	164	8,258	6,578	16,487
	NNDR (Surplus) / Deficit	(362)	(40)	(2,009)	(1,607)	(4,018)
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
At 31 March 2025	Council Tax Arrears	6,556	1,042	369	2,099	10,066
	Council Tax Provision for Bad Debts	(3,107)	(494)	(175)	(594)	(4,370)
	Council Tax Prepayments & Refunds	(2,314)	(368)	(130)	(443)	(3,255)
	Council Tax Cash	(1,666)	(264)	(94)	(1,164)	(3,188)
	Council Tax (Surplus) / Deficit	531	84	30	102	747
	NNDR Arrears	166	18	922	773	1,879
	NNDR Provision for Bad Debts	(90)	(10)	(500)	(400)	(1,000)
	NNDR Provision for Appeals	(571)	(63)	(3,176)	(2,541)	(6,351)
	NNDR Prepayments & Refunds	(174)	(19)	(965)	(772)	(1,930)
	NNDR Cash	639	71	3,550	2,805	7,065
	NNDR (Surplus) / Deficit	30	3	169	135	337
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## **A GLOSSARY OF LOCAL AUTHORITY FINANCIAL TERMS AND ABBREVIATIONS**

For the purpose of compiling the Statement of Accounts, the following definitions have been adopted:

### **Accounting Period**

This is the period covered by the Accounts which is the 12-month period commencing 1 April each year.

### **Accounting Policies**

Those principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in the financial statements.

### **Accruals**

The inclusion of outstanding debtors and creditors in the year's income, expenditure and capital expenditure.

### **Actuarial Gains and Losses**

A professional assessment of the increases or decreases in the projected obligations of a defined benefit pension scheme as a result of a (periodic) re-evaluation of the assumptions made in the previous assessment.

### **Amortised Cost**

Amortised cost (in relation to financial instruments) is the amount on initial recognition plus the interest taken to income and expenditure less cash paid or received for both interest and principal.

### **Asset**

An item having value measurable in monetary terms. A non-current asset has use and value for more than one year; a current asset is expected to be converted into cash within a year.

### **Balances**

The non-earmarked capital or revenue reserves of an authority, made up of the accumulated surplus of income over expenditure on the General Fund. Revenue balances may be utilised to provide for unforeseen circumstances or to ensure that payments can be made pending the receipt of income and may be used to reduce the Council Tax Levy.

### **Balance Sheet**

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (over one year)
- the assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category.

### **Budget**

The Council's aims and policies set out in financial terms, against which performance is measured. Both capital and revenue budgets are prepared by the Council.

The revenue budget is a financial statement of planned expenditure required to deliver the Council's policies over the financial year. It is illegal for councils to budget in excess of available resources.

The budget requirement is calculated in advance of each year. It is, broadly, estimated net revenue expenditure as funded by formula grant, council tax and business rates.

### **Business Rate Retention Scheme**

A scheme introduced in April 2013 under which billing authorities are able to retain a proportion of the business rates they collect.

**Capital Adjustment Account**

This 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.

**Capital Expenditure**

Expenditure for the purchase or improvement of significant assets including land, buildings, and equipment, which will be of use or benefit in providing services for more than one financial year.

**Capital Financing**

The raising of money to pay for capital expenditure, including borrowing, revenue financing, usable capital receipts, capital grants and capital contributions.

**Capital Receipts**

The proceeds from the sale of land, buildings and other capital assets. Strict rules govern their use: they cannot be used for revenue purposes.

**The Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the accountancy body which represents at national level the interests of local government and public service finance. As well as awarding public sector specific accountancy qualifications the Institute also produces advice, codes of practice, and guidance to local authorities on best practice.

**Collection Fund**

A separate fund maintained by a billing council which records the expenditure and income relating to council tax and business rates.

**Community Assets**

Non-current assets that the local council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

**Comprehensive Income & Expenditure Statement**

This records all the income the Council has received to fund the day-to-day expenditure on the services it has provided during the financial year.

**Contingent Asset**

A potential asset for the Council that is dependent on the outcome of a decision or action outside of the Council's control. Typically, a contingent asset is related to a legal action involving the authority, the outcome of which is uncertain at the time of preparing the balance sheet.

**Contingent Liability**

A potential liability for the Council that is dependent on the outcome of a decision or action outside of the Council's control. Typically, a contingent liability is related to a legal action involving the authority, the outcome of which is uncertain at the time of preparing the balance sheet.

**Creditor**

Amounts owed by the Council for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

**Current Service Cost**

The increase in the present value of a defined pension scheme's liabilities expected to arise from employee service in the current period i.e. the pension benefits "earned" by employees in the year.

**Current Value**

The value of a non-current asset which reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

**Debtor**

Amounts due to the Council for works done, goods received, or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

**Depreciation**

The measure of the cost or revalued amount of the benefits of the non-current assets that have been consumed during the period.

**Fair Value**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fair Value Through Profit and Loss (FVPL)**

A classification of a financial instrument by measurement basis. See Accounting Policies for further information.

**Fund**

A major division of the Council's accounts, for example the General Fund or the Collection Fund. It is sometimes also used in a different sense to designate an earmarked reserve.

**General Fund**

This is the main revenue account and covers the day-to-day spending requirements of providing services. It is paid for out of council tax, formula grant, specific grants and fees and charges. It also includes the cost of services provided by other bodies which make a levy.

**Going Concern**

The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

**Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets, in return for past or future compliance with certain conditions relating to the activities of the authority.

**Gross Expenditure**

The total cost of providing services before deducting any income.

**Held for Sale Assets**

Where there is reasonable certainty that an item of property, plant or equipment is likely to be disposed of via a sale in the next twelve months it is reclassified to the category of 'Held for Sale'.

**Heritage Assets**

This is a separate class of asset (land, building, artefacts, vehicles etc.) that is held principally for its contribution to knowledge or culture and which meets the definition of a Heritage Asset.

**Impairment**

A reduction in the value of an asset below its carrying amount on the Balance Sheet.

**Income**

Monies received or due from rents, fees and charges for services, specific grants and investment interest.

**Infrastructure Assets**

Non-current assets whose life is of indefinite length, and which are not usually capable of being sold, such as highways and footpaths

**Intangible Assets**

These are non-financial assets that do not have physical substance but are identifiable and controlled by the Council through custom legal rights (e.g. software).

**International Financial Reporting Standards**

Guidelines and rules set by the International Accounting Standards Board that companies and organisations can follow when compiling financial statements.

**Investments**

In the context of the Statement of Accounts, this term refers only to long-term investments which are intended to be held for use on a continuing basis in the activities of the authority. Where investments do not meet this criterion, they have been classified as current assets.

**Investment Properties**

Investment properties are those that are used primarily to earn rentals and/or for capital appreciation.

**Liabilities**

Amounts which will become payable by the Council in the short or long term.

**Materiality**

Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about the Council.

**Net Book Value (NBV)**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Expenditure**

Gross expenditure for a service, less ("net of") directly related income.

**Net Realisable Value (NRV)**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

**Operational Assets**

Non-current assets held and occupied, used or consumed by the local council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility or for the service or strategic objectives of the Council.

**Outturn**

The actual results for the financial year specified.

**Past Service Cost**

Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

**Pooled Investment**

An investment that uses funds from a number of individual investors, which are then combined into a single investment fund.

**Precept**

The levy made by those authorities which do not run the local taxation system, e.g. KCC, Kent Fire and Rescue Service, Kent Police & Crime Commissioner, on Tonbridge and Malling Borough Council which collects the required income from local taxpayers on their behalf.

**Property, Plant and Equipment**

An asset that has physical substance which is used in the provision of services and is expected to be in use for longer than one year. The value is depreciated over the estimated life of the asset.

**Provision**

A provision is made when the Council has a present obligation as a result of a past event and it is probable that the Council will be required to settle that obligation.

**Reserves**

The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.

**Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in a non-current asset on the Balance Sheet. Such expenditure is charged to the Comprehensive Income & Expenditure Statement.

**Section 151 Officer Section**

Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Director of Finance & Transformation is the Council's Section 151 Officer.

## **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 covering local authority activities, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are carried out, having regard to a combination of economy, efficiency and effectiveness.

To discharge this, the Council must have proper arrangements for the governance of its affairs. The Council's Legal Services team prepares a Local Code of Corporate Governance which is approved and adopted annually by the Council. This statement explains how the Council complies with the Code and meets the requirements of the Accounts and Audit (England) Regulations which requires all relevant bodies to prepare this Annual Governance Statement.

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

The governance framework comprises the systems, culture and activities through which the Council 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. This framework has been in place for the year up to 31 March 2025 and up to the date of approval of this statement.

The system of internal control is a significant part of this framework and is designed to manage risk to reasonable levels. It cannot eliminate all risk but can provide reasonable assurance of effectiveness. The review of internal controls is based on processes designed to identify and prioritise the achievement of the Council's policies, aims and objectives, and the risks that may cause them not to be achieved.

### **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 are governed through specific Codes of Conduct for both Members and officers. The constitution contains the Protocol on Member/Officer Relations to ensure effective communication. Registers on declarations for officer and Member interests that may impact on the Council decision making processes are held by the Monitoring Officer. The register for Members is available on the Council's website and Members are asked to state that their register entry is up to date as part of their annual declaration of interests included within the financial statements.

The Members' Code of Conduct, communicated to all Members on induction, is based around ethical behaviour and requires objective and impartial decision making. The Joint Standards Committee is responsible for upholding Member standards and ensuring Members receive suitable training and support in respect of ethical standards.

The Officer Code of Conduct is shared and acknowledged by staff on an annual basis. An annual staff appraisal scheme ensures monitoring and achievement of agreed performance. Training and development needs, including the requirements for Continued Professional Development for qualified staff, is identified through the appraisal system.

The Council's Constitution ensures that activities are discharged by legislative requirements; these include rules covering Finance and Procurement and additional strategies and policies for activities where necessary.

#### **Ensuring openness and comprehensive stakeholder engagement**

The Constitution sets out the decision-making framework, including statutory functions and the scheme of delegated responsibilities. The Constitution is reviewed by the Monitoring Officer and Management Team, proposed changes are presented to Council for adoption, unless allowed under the Monitoring Officer's delegated authority.

Notices of Key Decisions to be taken by Members are published in advance via the Council's website. All formal Member meetings, unless considered confidential under the Local Government Act 1972, are open to the public and live streamed on YouTube.

Delegated powers for Committees, Members and Officers, including the statutory officers of Head of Paid Service (Chief Executive), Monitoring Officer and Section 151 Officer, are set out in the Council's Constitution. The Constitution also contains the Council's Financial and Contract Procedure Rules, and standing orders.

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. Call in procedures allow Members to challenge decisions made by Cabinet or a Cabinet Member. Scrutiny Select Committees have the power to investigate any matters they consider relevant to their work area, and to make recommendations to Cabinet as they see fit.

The Council has 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 was approved by Full Council in the Summer of 2023.

The strategy covers the period 2023 to 2027 and sets out our vision: "To be an innovative and forward-thinking council, that leads the people and businesses of the borough towards a vibrant, prosperous and sustainable future."

Supporting the Corporate Strategy is the Council's Annual Service Delivery Plan and is developed and agreed each year alongside the budget. This is a performance management tool that sets out priority actions for the year, along with key milestones and performance targets that can be used to monitor whether the Council is on track with delivery. The annual Service Delivery Plan is also aligned to the annual staff appraisal process.

The Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets and underpins the budget setting process for both the forthcoming year and the strategy period. The MTFS provides a sustainable plan that reflects the Council's priorities. Any funding gap identified is managed through the Savings and Transformation Strategy which provides structure, focus and direction in addressing the significant financial challenge.

Impacts covering risk, value for money, equalities and diversity, climate change and other cross cutting issues are set out in Member reports where relevant.

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

The Council's Constitution sets out the decision making process, with all decisions being informed through reports to include officer and professional (where applicable) advice. Alternative proposals, where relevant, are provided to provide Members with options for decisions.

The Corporate Strategy acts as a reference point for decisions taken to maintain and improve services. This is supported by the Annual Service Delivery Plan, and both documents are shared with officers through the annual appraisal system.

The Council reports Key Performance Indicators which are monitored by officers and service management teams and reported to Members through the Overview and Scrutiny Committee and Cabinet.

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

Improving value for money is achieved by the Council through innovative use of Information Technology, joint working and shared services supported by robust financial budgeting and monitoring arrangements.

During 2024/25 the Council adopted a new Project Management Framework that provide officers with the tools to successfully deliver projects to achieve both the projects goals and the targets set in the Annual Service Delivery plan. Member training is provided on both a programmed and ad hoc basis covering general or committee specific subjects. Officer training is provided covering both mandatory and voluntary training, as well as learning and development opportunities.

The Council is now beginning to undertake several large projects within the next few years, the Refuse, Recycling, and Street Cleansing Contract, the replacement Leisure Centre and the announcement for Local Government Reorganisation being three of many, meaning that both financial and staffing resources will be under pressure to deliver. The Corporate Management Team will continue to have close oversight of these projects and provide and or divert addition resources to keep these projects managed and delivered.

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

The Audit Committee's responsibility, as set out in the Constitution, is to provide independent assurance of the adequacy of the risk management framework and associated control environment.

To do so, the Council has a Risk Management Strategy that sets out the roles of Members and officers in the identification and minimisation of risk. Cabinet appointed the Chair of the Audit Committee to be the Member Risk Champion. An Officer Risk Champions Group develops and promotes the risk management process throughout the Council. Risk Management is now a standard paragraph on Cabinet Reports and a standing item on the Council's Management Team and Service Management Teams.

The strategy and guidance explains that risks identified are scored on their likelihood and impact, and that existing controls and required actions to further mitigate risks are captured in risk registers. Where high risks are identified



these are escalated through from Services to the Corporate Management Team and if necessary, onto the Strategic Risk Register for reporting to Members of the Audit Committee through the scheduled programme of meetings.

As previously mentioned, Member reports include an explanation of the risks associated with the recommended decisions being offered.

The Council's 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. 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 information and reporting arrangements are sound and the external auditor following the 2023/24 audit identified one ongoing weakness regarding procurement under the heading of 'Improving economy, efficiency and effectiveness'. These matters were reported to the Audit Committee along with the management response in January 2025. The actions within the management response have been progressed since the committee with the Council joining the Mid Kent Procurement Partnership in April 2024 for the provision of Procurement Services to the Council. It was acknowledged by Grant Thornton, in their Value for Money Review for 2023/24, that although progress had been made they would continue to monitor the implementation of these actions and report back within the 2024/25 Value for Money review.

#### 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 2023/24 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 significant further enhancement. A change was made in the 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.

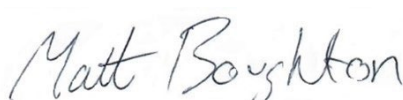
Signed



Chief Executive

Dated 31<sup>st</sup> May 2025

Signed



Leader of the Council

Dated 31<sup>st</sup> May 2025



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

To be added once received.

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## **Serving our community**

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