

Draft Statement of Accounts

2025/26

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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 underpin the delivery of modern and effective public services, supporting the Council's four key priorities:

- 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 an overview of the Borough Council, a summary of the financial performance for 2025/26, a review of the year, and an outline of key 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 136,850, 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 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 March 2026 was: Conservatives 21, Liberal Democrats 11, Green Party 8, Independent Alliance (Kent) 2 and Labour 2.

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 2026 the Cabinet comprised the following councillors:

Councillor M Boughton	Executive Leader
Councillor M Coffin	Deputy Executive Leader; and Finance, Waste & Technical Services
Councillor R Betts	Housing, Environment and Economy
Councillor D Keers	Community Services
Councillor A Mehmet	Infrastructure and Tonbridge Regeneration
Councillor M Taylor	Planning

In addition to Cabinet there are a number of Committees with delegated responsibility for specific functions such as planning decisions. The Council also has 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 three Directors, alongside the Head of Finance 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, personnel, information technology and property.
- Director of Planning, Housing and Regulatory Services. 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.
- Head of Finance and Section 151 Officer. Service responsibilities include accountancy, payments to suppliers and staff, business rates, council tax, housing benefits and local council tax support.

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 2025/26. The Code is based on a hierarchy of approved accounting standards.

There have been no material changes to the presentation of the 2025/26 Accounts.

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 2025/26, 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 Statement is to assess and demonstrate that sound corporate governance arrangements remain in place 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 2025 the Council set a net revenue budget of £17,359,400. This was to be met from council tax income of £13,209,360, business rates of £4,210,000, grants and contributions of £3,110,000 and offset by a collection fund deficit of £337,237 and a net contribution to specific earmarked reserves of £2,811,750 and a contribution of £20,792 to the general revenue reserve.

The revised net revenue budget of £18,674,650 prepared in the year was £1,315,250 more than the original budget set by the Council in February 2025. This was offset by a decreased movement in the net contribution to or from specific earmarked reserves of £1,410,000 and an increase of £288,000 in other grants and contributions, as well as an increase in business rates of £105,000, which led to a contribution to the general revenue reserve of £509,666 compared to the estimated contribution to the reserve of £20,792 when the budget was set in February 2025, an increase of £488,814.

The actual spend (net) for the year of £16,059,697 was £1,300,000 less than the original budget set by the Council in February 2025. This, together with an increase of £1,247,000 in the planned net contribution to specific revenue reserves and an increase of £456,000 in other grants and contributions; alongside a decrease of £31,000 in respect of business rates, led to a contribution to the general revenue reserve of £468,826, a difference of £448,000 to the budget set in February 2025.

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

2024/25		2025/26		
Actual		Original	Revised	
Restated		Budget	Budget	
£'000		£'000	£'000	
			Actual	
			£'000	
143	Chief Executive	1,130	2,168	1,598
1,053	Director of Central Services	784	1,103	951
6,920	Director of Planning, Housing & Regulatory Services	6,427	7,557	6,803
9,001	Director of Street Scene, Leisure & Technical Services	7,320	6,540	3,800
3,982	Staffing, Overheads & Democratic Costs	4,573	4,259	4,191
21,099	Cost of Services	20,234	21,627	17,343
(4,046)	Depreciation, Amortisation & Impairment	(2,875)	(2,952)	(1,283)
(237)	Revenue Expenditure Funded from Capital	(146)	(146)	(116)
16,816	Sub-total	17,213	18,529	15,944
(343)	New Homes Bonus	(517)	(517)	(517)
(4,324)	Other Grants & Contributions	(2,593)	(2,881)	(3,049)
7,728	Contributions to or (from) Specific Revenue Reserves	2,958	1,548	4,204
19,877	Sub-total	17,061	16,679	16,582
1,108	Contribution to or (from) General Revenue Reserve	20	509	469
20,985	Budget Requirement	17,081	17,188	17,051
(8,168)	Business Rates Retention Scheme	(3,928)	(4,035)	(3,898)
(81)	Council Tax (Surplus) / Deficit	56	56	56
12,736	BALANCE TO BE MET FROM COUNCIL TAXPAYERS	13,209	13,209	13,209
£238.16	Council Tax at Band D (Borough Council only)	£245.30	£245.30	£245.30

2024/25 Cost of Services has been restated to reflect the new Council structure.

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

The table below provides in more detail the reasons for the variation of £448,034 in the contribution to / (from) the General Revenue Reserve.

	Original Budget £'000	Actual £'000	Variance £'000
Parking Income	(4,207)	(4,797)	(590)
Investment Income	(2,401)	(2,938)	(537)
Other Government Grant Income	(3,110)	(3,566)	(456)
Multiplier Grant	(483)	(925)	(442)
Recycling Performance Payment	(628)	(1,037)	(409)
Extended Producer Responsibility Funding	(675)	(915)	(240)
Salaries	14,819	14,688	(131)
Planning Fees	(1,382)	(1,442)	(60)
Council Offices – Utility Costs	185	127	(58)
Council Offices - Rates	374	337	(37)
Building Regulation Fees	(342)	(368)	(26)
Garden Waste Income	(1,753)	(1,761)	(8)
Business Rates	(3,928)	(3,897)	31
Planning Appeal Costs	100	166	66
Homelessness Accommodation - Net	810	897	87
IT Software & Maintenance	1,067	1,165	98
Reserve Movements:			
Regeneration of Tonbridge	6,622	7,264	642
Building Repairs	(639)	(124)	515
Revenue Reserve for Capital Schemes	1,399	2,784	1,385
Homelessness Reserve	150	233	83
Planning Reserve	(687)	(98)	589
Other Reserve Movements	(3,887)	(5,854)	(1,967)
Other Variations	(1,383)	530	1,913
	21	469	448

An analysis of salaries is given in the table below. At 31 March 2026 the Council employed 274 permanent staff (31 March 2025: 262) or 246 full-time equivalents (31 March 2025: 233).

2024/25		2025/26		
Actual		Original Budget	Actual	Variance
£'000		£'000	£'000	£'000
1,052	Administration & Property	1,207	1,175	(32)
703	Executive	713	694	(19)
1,910	Finance	2,055	2,023	(32)
2,162	Housing & Regulatory	2,051	2,408	357
1,173	Information Technology	1,302	1,271	(31)
745	Legal	712	783	71
697	Personnel	856	816	(40)
2,912	Planning	2,892	3,022	130
1,333	Street Scene & Leisure	1,341	1,326	(15)
805	Technical	1,063	888	(175)
13,492	Sub-total	14,192	14,406	214
1,480	Superannuation Back funding	1,534	1,540	6
0	Staff Turnover Saving	(144)	0	144
36	Apprenticeship Scheme / Levy	63	38	(25)
0	Ring-Fenced Sums	0	0	0
15,008	Sub-total	15,645	15,984	339
(1,344)	Contributions from Earmarked Reserves	(826)	(1,296)	(470)
13,664	TOTAL	14,819	14,688	(131)

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 2025 the Council set a capital budget of £10,214,000 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 2025/26 and progress made on the Council's capital projects. The revised budget total was £7,455,000 which was to be predominantly 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 £5,671,000 which was met from various sources as detailed in the table below. The underspend of £1,784,000 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.

2024/25 Actual £'000	Service/Scheme	Original Budget £'000	2025/26 Revised Budget £'000	Actual £'000
0	Temporary Accommodation & Resettlement Scheme	3,800	1,200	766
16	Other Schemes	30	28	(2)
16	Planning, Housing & Regulatory Services	3,830	1,228	764
242	Waste Collection Containers	129	108	248
0	Larkfield Leisure Centre	150	160	192
13	Angel Centre	0	1,400	1,106
0	Leisure Centres	85	272	0
128	Land Drainage & Flood Defense	116	116	116
107	Sports Grounds	90	25	80
159	Other Schemes	123	664	146
649	Street Scene, Leisure & Technical	693	2,745	1,888
878	Land and Property Development	3,387	1,949	2,347
47	Information Technology Initiatives	0	43	6
94	Other Schemes	0	0	194
1,019	Corporate	3,387	1,992	2,547
0	Planning, Housing & Regulatory Services	16	1	0
1,102	Street Scene, Leisure & Technical	1,868	719	388
100	Corporate	420	770	84
1,202	Capital Renewals	2,304	1,490	472
2,886		10,214	7,455	5,671
2,886	Revenue Reserve for Capital Schemes	6,529	6,974	2,432
0	Capital Grants & Contributions	3,685	481	2,082
0	Earmarked Reserves	0	0	1,128
0	Grant Repayments	0	0	29
2,886	TOTAL FUNDING	10,214	7,455	5,671

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 £143.87m as at 31 March 2026 (31 March 2025: £137.63m). 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 2025 £'000		At 31 March 2026 £'000
102,014	Council Assets	108,211
19	Inventories	17
53,933	Cash and Investments held	59,397
7,350	Money owed to the Council	5,972
(12,981)	Money owed by the Council	(12,518)
(9,815)	Long Term Liabilities	(14,779)
(2,882)	Pension Liability	(2,430)
137,638	TOTAL	143,870

This is represented by revenue balances and reserves of £41.0m available to fund services and £102.9m of other balances. A breakdown of the revenue balances and reserves is shown below.

At 31 March 2025 £'000		At 31 March 2026 £'000
8,118	Revenue Reserve for Capital Schemes	7,335
11,024	General Revenue Reserve	11,493
1,112	Building Repairs Reserve	987
3,250	Property Investment Fund Reserve	1,250
15,729	Earmarked Reserves	19,416
1,250	Revenue Balances - General Fund	0
504	Grants & Contributions Unapplied	453
65	Usable Capital Receipts Reserve	65
39,943	TOTAL	40,999

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 £10,728, which is recognised in the revaluation reserve. Alongside this uplift, the Council's insurers required the Tonbridge Castle Gatehouse to be revalued in 2025/26, the resulting valuation was a loss of £5,857,500 which has been offset against previous gains held in the revaluation reserve.
- The External Valuers used during the valuation process, Wilks Head & Eve. Revaluations are carried out at the end of each year after accounting for depreciation and disposals. As at 31 March 2026 the total value of the Council's Assets was £108m (31 March 2025: £102m).

Borrowing

The Council had no recourse for short term or long term borrowing during the financial year and remained debt-free at 31 March 2026. At the present time there are no plans 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 2025/26 was approved by full Council in February 2025 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 £3.2m at the start of the year in Property Investment Funds, and no further sums were invested during the year. During the year, two of the three funds were closed and their redemption being accounted for along with losses incurred, within the financial statements. The Council achieved a weighted average investment return of 4.58% on its property investment funds for the year. This equates to investment income of £91,527. At the end of March 2026, the value of the Council's property investment funds stood at £2m 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, with no further sums invested during the year. The Council achieved a weighted average investment return of 4.80% on its multi-asset diversified income funds for the year. This equates to investment income of £203,960. At the end of March 2026, the value of the Council's multi-asset diversified income funds stood at £3.90m.

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 overall investment return of 4.28% on its core and cashflow funds for the year. This equates to investment income of £2,643,612.

At the end of March 2026, the value of the Council's core fund investments stood at £33m and the value of cash flow investments stood at £19.54m.

Further information on Treasury Management performance for the year ended 31 March 2026 can be found in the Treasury Management Outturn report annexed to the Revenue and Capital Outturn report to Cabinet in July 2026.

Cash Flow Statement

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

2024/25 £'000	2025/26 £'000
(5,839) Net (Surplus) / Deficit on the Provision of Services	(9,416)
(645) Adjusting for Non-Cash Movements	834
930 Adjusting for Investing & Financing Activities	2,659
(5,554) Net Cash Flows from Operating Activities	(5,923)
(3,629) Investing Activities	3,437
4,159 Financing Activities	1,676
(5,024) NET (INCREASE) / DECREASE IN CASH RESOURCES	(810)

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 2026 was £2.4m (31 March 2025: £2.8m). 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.

During 2024/25 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 impact of applying the asset ceiling has been recognised in the financial statements, amounting to £16,292,000 (31 March 2025: £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

The Council has achieved many things over the 2025/26 financial year, the list below is just some of the headlines.

- Property and Climate Change Officers successfully secured grant funding in the region of £210,000 from the Public Sector Decarbonisation Scheme. This will be used to install air source heat pumps at Poult Wood Golf Course during 2026.
- The Council was allocated £327,000 from the UK Shared Prosperity Fund for community initiatives for 2025/26. This supported to further the West Kent Business Support Programme, and the Green Business Grant Scheme. As well as supporting the purchase of more mobile CCTV cameras, and helped contribute to the nationally recognised Community Enforcement Team.
- The Borough Council was awarded a Silver Award from the Defence Employer Recognition Scheme for supporting both current and veteran members of the armed forces.
- Tonbridge Castle played host to a Banking Hub to assist the public with Banking arrangements from the major banks.
- Following the announcement that the new Angel Centre would be located at the Sovereign Way Mid Car Park, the Council undertook a public engagement on the design of the centre during the February half term week.
- The Council submitted representations to the Minister for Housing and Local Government concerning Local Government Reorganisation in Kent.
- The Council was awarded grant funding under the Local Authority Housing Fund, supporting the approved development of 12 Homelessness Accommodation Units in the north of the Borough
- The Waste Team promoted the changes to recycling initiatives commencing in April 2026, and in turn increased recycling performance throughout the Borough.
- The Council proactively shared details on the extensive Local Plan Consultation, arranging 27 public meetings. The meetings were attended by over 2,100 attendees, receiving 6,400 comments for review.
- New Council Tax rates were agreed, with an increase of just £7.35 a year to £252.65 on a typical band D home.

Financial and Performance Statistics

- The Council collected 97.47% of the £130.2m of council tax due for the 2025/26 year (2024/25: 97.93% of the £121.8m due).
- The Council collected 98.31% of the £74.5m of business rates due for the 2025/26 year (2024/25: 99.29% of the £72m due).
- The Council paid 99.7% of the 6,026 invoices processed within 30 days of receipt in 2025/26 (2024/25: 99.7% of the 6,024 invoices processed).
- 96.3% of major planning applications and 87.56% of minor planning applications were determined within the recommended timeframe in 2025/26.

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 £3m in the General Revenue Reserve by the end of the strategy period and not falling below £2m at any time during the 10-year period. The general revenue reserve balance on 31 March 2026 is £11.49m (31 March 2025: £11.02m).

Over recent years financial support from the Government has decreased, and in the Winter of 2025 the Government announced the results of the Fair Funding review covering financial support and changes to the Business Rates Retention Scheme. As a result the Council received the second highest fall in Government Support compared to the 2024/25 settlement. Due to prudent financial management operated by the Council, a level of decrease had already been assumed and allowed for within the MTFS set for 2025/26, the announcement of the settlement, whilst being a decrease in the Council's funding was not as significant as expected.

The settlement announcement covered a three-year period up to 2028/29 reducing the funding for 2026/27 of £8.981m to £8.268m in 2028/29.

For medium term financial planning it is assumed that the baseline set for 2028/29, will then subsequently increase in line with inflation predictions from the Office of Budget Responsibility and the Bank of England's inflationary target.

Taking these factors into account and allowing for an expected increase in the cost of the retendered Waste, Recycling and Street Cleansing Contract, the MTFS presented to Members in February 2026 showed no funding gap for the 10 year period. Therefore, the decision was taken not to update the Savings and Transformation Strategy setting out proposed areas for review to close any gap identified.

Following recent global events, and the awarding of the Waste services contract, some of the assumptions made will be reviewed and presented to Cabinet and the Finance Regeneration and Property Scrutiny Select Committee over the forthcoming months.

More detailed information on the Council's Budget for 2026/27 and the MTFS 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 Waste Services operation beyond the current contract period;
- The ongoing impact of the localisation of council tax support;

- The impact of the Governments proposed changes to Council Tax collection
- The impact of any announcement of the Local Government Reorganisation within Kent;
- Climate Change Agenda and associated costs; and
- Changes to planning regulations.

It is expected that some or all of these issues will have a financial bearing on the Council, once financial ramifications are known further reports will be shared with Members.

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 Head of Finance & Section 151 Officer.
- ❖ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ❖ to approve the Statement of Accounts.

The Head of Finance and Section 151 Officer's Responsibilities

The Head of Finance and Section 151 Officer 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 2025/26* ('the code').

In preparing this Statement of Accounts, the Head of Finance and Section 151 Officer 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 Head of Finance and Section 151 Officer 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 Head of Finance and Section 151 Officer 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 2026.

This Statement of Accounts is authorised for issue by the Head of Finance and Section 151 Officer at the date given below.

Signed

Signed



Paul Worden CPFA DMS
Head of Finance (Section 151 Officer)

Councillor Robert Cannon
Chair of the Audit Committee

Dated 28th May 2026

Dated

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25 Restated							2025/26		
Gross Exp £'000	Income £'000	Net Exp £'000		Notes	Gross Exp £'000	Income £'000	Net Exp £'000		
			Continuing Operations						
28,735	26,018	2,717	Chief Executive		25,395	21,376	4,019		
2,013	636	1,377	Director of Central Services		1,670	355	1,315		
12,868	5,952	6,916	Director of Planning, Housing & Regulatory Services		13,091	6,392	6,699		
15,571	6,570	9,001	Director of Street Scene, Leisure & Technical Services		13,318	9,505	3,813		
2,459	362	2,097	Staffing, Overheads & Democratic Costs		2,139	227	1,912		
61,646	39,538	22,108	Cost of Services		55,613	37,855	17,758		
			Other Operating Expenditure						
11	65	(54)	Gain on Sale of Non-Current Assets	7	7		7		
3,803		3,803	Parish Council Precepts		3,946		3,946		
503		503	Drainage Board Levies		518		518		
			Financing & Investing Income & Expenditure						
82	406	(324)	Trading Undertakings	9	67	431	(364)		
	3,685	(3,685)	Interest & Investment Income	10		3,427	(3,427)		
212		212	Net Interest on Defined Benefit Liability	11		538	(538)		
			Interest on Lease Payments		105		105		
112	42	70	(Gain) / Loss Arising from Changes in the Fair Value of Investment Properties	7	127	69	58		
	131	(131)	Fair Value of Leased Assets				0		
			Taxation & Non-Specific Grant Income & Expenditure						
112	16,620	(16,508)	Council Tax	12	55	17,353	(17,298)		
29,536	32,879	(3,343)	National Non-Domestic Rates	12	28,336	30,418	(2,082)		
	7,495	(7,495)	General Government Grants	13		6,089	(6,089)		
	995	(995)	Capital Grants & Contributions	13		2,010	(2,010)		
96,017	101,856	(5,839)	(Surplus) / Deficit on Provision of Services		88,774	98,190	(9,416)		
			Other Comprehensive Income & Expenditure						
		(7,756)	(Surplus) / Deficit Arising on Revaluation of Non-Current Assets	7			838		
		(1,592)	Remeasurement of the Net Defined Benefit Liability (Pensions)	11			2,346		
			(15,187)		TOTAL COMPREHENSIVE INCOME AND EXPENDITURE		(6,232)		

*2024/25 Cost of Services has been restated to reflect structural changes throughout the Council and is in line with the Council's reporting format. The Cost of Services totals have not changed.

MOVEMENT IN RESERVES STATEMENT

2024/25						2025/26						
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
33,421	357	0	33,778	88,673	122,451		39,375	504	65	39,944	97,694	137,638
BALANCE AT 1 APRIL							BALANCE AT 1 APRIL					
Total Comprehensive Income & Expenditure							Total Comprehensive Income & Expenditure					
5,839			5,839	9,348	15,187		9,416			9,416	(3,184)	6,232
Adjustments Between Accounting Basis & Funding Basis Under Regulations							Adjustments Between Accounting Basis & Funding Basis Under Regulations					
Depreciation & Amortisation of N-C							Depreciation & Amortisation of N-C					
2,693			2,693	(2,693)	0	7	3,233			3,233	(3,233)	0
1,437			1,437	(1,437)	0	7	(1,666)			(1,666)	1,666	0
70			70	(70)	0	7	58			58	(58)	0
(131)			(131)	131	0	9				0	0	0
(84)			(84)	84	0	9	(284)			(284)	284	0
(991)	147		(844)	844	0		(1,997)	(51)		(2,048)	2,048	0
(1,653)			(1,653)	1,653	0	11	(2,798)			(2,798)	2,798	0
(55)			(55)	55	0	7	8			8	(8)	0
1,854			1,854	(1,854)	0	12	(885)			(885)	885	0
(17)			(17)	17	0	14	(39)			(39)	39	0
(2,646)			(2,646)	2,646	0		(3,451)			(3,451)	3,451	0
(362)			(362)	362	0		(489)			(489)	489	0
		65	65	(65)	0	15				0	0	0
5,954	147	65	6,166	9,021	15,187		1,106	(51)		1,055	5,177	6,232
39,375	504	65	39,944	97,694	137,638		40,481	453	65	40,999	102,871	143,870
BALANCE AT 31 MARCH							BALANCE AT 31 MARCH					

BALANCE SHEET

At 31 March 2025			At 31 March 2026		
£'000	£'000	Notes	£'000	£'000	
Long Term Assets					
	73,043	Property, Plant & Equipment	7	85,171	
	23,418	Heritage Assets	7	17,570	
	5,455	Investment Properties	7	5,397	
	98	Intangible Assets	7	72	
108,934	6,920	Long Term Investments	10	5,679	113,889
Current Assets					
	27,784	Short Term Investments	10	33,679	
	19	Inventories		17	
	7,350	Short Term Debtors	17	7,970	
54,382	19,229	Cash & Cash Equivalents	18	20,039	61,705
Current Liabilities					
(12,981)	(12,981)	Short Term Creditors	20	(14,515)	
		Lease Liability	9	(261)	(14,776)
Long Term Liabilities					
		Long Term Creditors		(12)	
	(2,646)	Provisions	20	(2,038)	
		Lease Liability	9	(2,632)	
	(2,882)	Pensions Liability	11	(2,430)	
(12,697)	(7,169)	Grants & Contributions in Advance	21	(9,836)	(16,948)
137,638		NET ASSETS		143,870	
Reserves					
		Usable Reserves			
	38,124	Reserves	16	40,481	
	1,250	General Fund		0	
	504	Grants & Contributions Unapplied	21	453	
39,943	65	Usable Capital Receipts Reserve	15	65	40,999
		Unusable Reserves			
	43,398	Capital Adjustment Account	22	48,725	
	58,615	Revaluation Reserve	23	56,599	
	(1,085)	Pooled Investment Funds Adjustment A/c		(596)	
	(236)	Collection Fund Adjustment Account	12	649	
	(115)	Employee Benefits - Accrued Leave	14	(76)	
97,695	(2,882)	Pensions Reserve	11	(2,430)	102,871
137,638		TOTAL RESERVES		143,870	

I certify that the Draft Statement of Accounts provides a true and fair view of the financial position of the Council as at 31 March 2026 and its Comprehensive Income & Expenditure Statement for the year then ended.



Paul Worden CPFA DMS
Head of Finance (Section 151 Officer)

CASH FLOW STATEMENT

2024/25		2025/26	
£'000	£'000	£'000	£'000
(5,839)			(9,416)
	NET (SURPLUS) / DEFICIT ON PROVISION OF SERVICES		
	Adjust Net (Surplus) / Deficit on the Provision of Services for Non-Cash Movements		
(2,693)	Depreciation & Amortisation	(2,950)	
(1,437)	Impairment & Downward Valuations	1,665	
2	Increase / (Decrease) in Inventories	1	
24	Increase / (Decrease) in Debtors	1,038	
99	(Increase) / Decrease in Impairment for Bad Debts	(11)	
485	(Increase) / Decrease in Creditors	(2,496)	
1,653	Movement in Pension Liability	2,798	
(11)	Carrying Amount of Non-Current Assets Sold or Derecognised	(8)	
1,233	Other Non-Cash Items Charged to the Net Surplus / Deficit on the Provision of Services	797	
(645)			834
	Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities		
(65)	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	(674)	
995	Any Other Items for Which the Cash Effects are Investing or Financing Cash Flows	3,333	
930			2,659
(5,554)	NET CASH FLOWS FROM OPERATING ACTIVITIES		(5,923)
	INVESTING ACTIVITIES		
3,021	Purchase of Property, Plant & Equipment, Investment Property and Intangible Assets	4,743	
18,000	Purchase of Short-Term & Long-Term Investments	8,789	
0	Other Payments from Investing Activities	370	
65	Proceeds from the Sale of Property, Plant & Equipment, Investment Property and Intangible Assets	0	
(24,277)	Proceeds from Short-Term & Long-Term Investments	(4,050)	
(439)	Other Receipts from Investing Activities	(6,415)	
(3,629)			3,437
	NET CASH FLOWS FROM INVESTING ACTIVITIES		
	FINANCING ACTIVITIES		
4,159	Other Payments for Financing Activities	1,676	
4,159	NET CASH FLOWS FROM FINANCING ACTIVITIES		1,676
(5,024)	NET (INCREASE) / DECREASE IN CASH AND CASH EQUIVALENTS		(810)
14,205	Cash & cash equivalents at the beginning of the reporting period		19,229
19,229	Cash & cash equivalents at the end of the reporting period		20,039

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.

2024/25 Restated			2025/26			
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
3,746	(1,649)	2,097	Staffing, Overheads & Democratic Costs	3,956	(2,044)	1,912
2,712	4	2,716	Chief Executive	4,019	0	4,019
1,369	8	1,377	Director of Central Services	1,307	8	1,315
6,871	46	6,917	Director of Planning, Housing & Environmental Health	6,658	40	6,698
5,245	3,757	9,001	Director of Street Scene, Leisure & Technical Services	2,821	992	3,813
19,943	2,165	22,108	Net Cost of Services	18,761	(1,004)	17,757
4,306	(54)	4,252	Other Operating Expenditure	4,464	7	4,471
(1,002)	(2,856)	(3,858)	Financing & Investing Income & Expenditure	252	(4,417)	(4,165)
(29,200)	859	(28,341)	Taxation & Non-Specific Grant Income & Expenditure	(24,584)	(2,895)	(27,479)
(5,953)	113	(5,839)	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES	(1,107)	(8,309)	(9,416)
33,421			OPENING GENERAL FUND & RESERVE BALANCES	39,374		
(5,953)			(Surplus) / Deficit on Provision of Services	(1,107)		
39,374			CLOSING GENERAL FUND & RESERVE BALANCES	40,481		

Further information on the adjustments between the funding and accounting basis can be found in the [Movement in Reserves Statement](#). The 2024/25 values have been restated to account for the changes to the Council's organisational structure.

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 2025/26*. 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, 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 Head of Finance & Section 151 Officer 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 Head of Finance & Section 151 Officer, there is a valid reason for not pursuing the debt. In order to mitigate the financial impact of write-offs, the Head of Finance & Section 151 Officer 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 31 January 2027.

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
- 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 six classes as described below.

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

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	
Council Offices	2020/21	Completed
Car Parks	2021/22	Completed
Leisure Premises	2022/23	Completed
Properties for Community Use	2023/24	Completed
Car Parks	2024/25	Completed
Public Conveniences	2024/25	Completed
Car Parks	2025/26	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. Car Parks have been revalued outside of the rolling programme due to what is considered a triggering event; changes to car parking orders. The Council's external valuers have provided a market report with appropriate indices which have been applied in 2025/26. Where indices were not available a desktop valuation will take place in year 3 of the rolling programme.

The valuation 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. 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.

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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

4. 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 2025/26 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 2026, the liabilities were estimated at nil value, calculated under FRS 102, (31 March 2025: Nil) 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 Wider Management Team are asked to complete Service Assurance Statements in order to support the Annual Governance Statement, asking for details of any issues that could have an impact on to the Council's Accounts or future financial stability. The Annual Governance Statement has

been reviewed in 2025/26 and a number of improvement areas have been identified which are detailed later in this document.

Estimation Uncertainty

There will be numerous issues that will impact on the finances of local authorities as a result of 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 2026.

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 17 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.

5. 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 2026.

- 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. On 18 September 2025, the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements. There are still continuing uncertainties in relation to the ruling, which in turn have created additional uncertainty over the measurement of the defined benefit obligation.

6. 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.

Chief Executive: Services under this heading include elections, economic development, housing benefits and local council tax support.

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

Director of Planning, Housing and Regulatory Services: Services under this heading include planning and building control, homelessness, housing advice, licensing 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.

Staffing, Overheads and Democratic Costs: Services under this heading include democratic representation including payments to members and corporate management.

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

2024/25 Restated						2025/26					
Staffing, Overheads & Democratic Costs	Chief Executive	Director of Central Services	Director of Planning, Housing & Reg Services	Director of Street Scene, Leisure & Technical Services	Total	Staffing, Overheads & Democratic Costs	Chief Executive	Director of Central Services	Director of Planning, Housing & Reg Services	Director of Street Scene, Leisure & Technical Services	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income											
303	1,383	1,004	3,438	6,567	12,695	153	1,390	787	3,520	9,498	15,348
	3,326				3,326		2,937				2,937
39	24,385	38	2,513	3	26,978	35	19,986		2,874	20	22,915
342	29,094	1,059	5,582	6,570	42,999	188	24,313	787	6,394	9,518	41,200
Total Income											
Expenditure											
6,333	1,675	708	4,964	1,786	15,466	6,769	1,668	852	5,323	1,919	16,531
664		269	82	1,680	2,695	653		209	392	1,926	3,180
146				28	174	140				33	173
2,648	1,970	638	5,222	1,044	11,522	2,616	1,709	114	4,772	1,047	10,258
3			125	6,058	6,186	3			132	5,996	6,131
	503				503		518				518
	(118)	9	39	3	(67)		(231)	3	85	93	(50)
	23,574				23,574		19,845				19,845
(5,704)	1,634	462	2,392	1,215	(1)	(6,057)	1,729	549	2,453	1,326	0
					0		674				674
234		9	46	3,757	4,046	255	0	10	40	979	1,284
4,324	29,238	2,095	12,870	15,571	64,098	4,379	25,912	1,737	13,197	13,319	58,544
Total Expenditure											
3,982	144	1,053	6,919	9,001	21,099	4,191	1,599	950	6,803	3,801	17,344
COST OF SERVICES											

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](#). 2024/25 table has been restated to reflect the new organisational structure.

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.

	2024/25	2025/26
	£'000	£'000
Cost of Services in Service Analysis	21,099	17,344
add Amounts not Reported to Management		
Pension Adjustments	(1,865)	(2,260)
Accrued Annual Leave	(18)	(39)
Miscellaneous Income and Expenditure	(252)	33
less Items Included in Other Operating Expenditure		
Drainage Board Levies	(503)	(518)
less Items Included in Financing & Investment		
Lease Interest	(3)	(105)
Trading Undertakings	324	365
Interest & Investment Income	3,326	2,938
NET COST OF SERVICES IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	22,108	17,758

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

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

Service Analysis	2024/25				Surplus / Deficit on Provision of Services	Service Analysis	2025/26			
	Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services			Not Reported to Management	Not Included in Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus / Deficit on Provision of Services
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
12,695	270			12,965	Fees, Charges & Other Service Income	15,348	27			15,375
3,326	394			3,720	Interest & Investment Income	2,937	489			3,426
			16,620	16,620	Council Tax				17,353	17,353
			32,879	32,879	National Non-Domestic Rates				30,418	30,418
26,978			8,490	35,468	Grants & Contributions	22,915			8,099	31,014
			65	65	Disposal of Non-Current Assets					
			131	131	Leased Assets Measured at Fair Value					0
			42	42	Fair Value of Investment Properties				69	69
42,999	664	0	58,227	101,890	Total Income	41,200	516	0	55,939	97,655
Expenditure										
15,468	(1,865)		212	13,813	Employee Expenses	16,531	(2,260)		(538)	13,733
2,694				2,694	Premises	3,180				3,180
174				174	Transport	173				173
11,522				11,522	Supplies & Services	10,258				10,258
6,186				6,186	Third Party Payments	6,131				6,131
503			3,803	4,306	Precepts & Levies	518			3,946	4,464
	31			31	Interest Payments		21			21
(67)				(67)	Provisions for Bad Debts	(50)				(50)
23,574				23,574	Housing Benefits	19,845				19,845
				0	Support Service Recharges					0
4,046				4,046	Depreciation, Amortisation & Impairment	1,284				1,284
				0	Investment Fund Realised Losses	674				674
			112	112	Council Tax				56	56
			29,536	29,536	National Non-Domestic Rates				28,336	28,336
			11	11	Disposal of Non-Current Assets				7	7
			112	112	Fair Value of Investment Properties				127	127
64,098	(1,834)	0	33,786	96,050	Total Expenditure	58,544	(2,239)	0	31,934	88,239
21,099	(2,498)	0	(24,441)	(5,840)	TOTAL	17,344	(2,755)	0	(24,005)	(9,416)

7. NON-CURRENT ASSETS

PROPERTY, PLANT & EQUIPMENT						
	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Community Assets	Right of Use Assets	TOTAL PPE
NET BOOK VALUE AT 1 APRIL 2024	63,721	3,008	943	2,047	0	69,719
Cost or Valuation						
At 1 April 2024	64,439	10,189	3,536	2,047	0	80,211
Additions	1,595	1,742	108	0	84	3,529
Derecognition - Disposals	0	(1,389)	(507)	0	0	(1,896)
Revaluation Recognised in the Revaluation Reserve	3,762	0	0	0	0	3,762
Impairment Recognised in Surplus/Deficit on the Provision of Services	(1,422)	(15)	(1)	0	0	(1,438)
Net Gains / (Losses) from Fair Value Adjustments	0	0	0	0	131	131
Other Movements in Cost or Valuation	(1,928)	0	0	0	0	(1,928)
At 31 March 2025	66,446	10,527	3,136	2,047	215	82,371
Depreciation, Amortisation & Impairment						
At 1 April 2024	(718)	(7,181)	(2,594)	0	0	(10,493)
Depreciation & Amortisation Written out to Surplus/Deficit on Provision of Services	(1,903)	(577)	(86)	0	(84)	(2,650)
Derecognition - Disposals	0	1,378	507	0	0	1,885
Reclassification	0	0	0	0	0	0
Other Movements in Depreciation, Amortisation and Impairment	1,928	0	0	0	0	1,928
At 31 March 2025	(693)	(6,380)	(2,173)	0	(84)	(9,330)
NET BOOK VALUE AT 31 MARCH 2025	65,754	4,147	963	2,047	131	72,534
NATURE OF ASSET HOLDINGS						
Owned	65,754	4,147	963	2,047		72,911
Leased					131	131
NET BOOK VALUE AT 31 MARCH 2025	65,754	4,147	963	2,047	131	73,042

PROPERTY, PLANT & EQUIPMENT

	Land & Buildings	Vehicles, Plant & Equipment	Infra-Structure Assets	Community Assets	Right of Use Assets	Assets Under Construction	TOTAL PPE
NET BOOK VALUE AT 1 APRIL 2025	65,754	4,147	963	2,047	131	0	73,042
Cost or Valuation							
At 1 April 2025	66,448	10,526	3,136	2,047	215		82,371
Additions	1,246	798	102		3,177	3,341	8,664
Derecognition - Disposals		(136)	(204)				(340)
Reclassification							
Revaluation increases/decreases Recognised in the Revaluation Reserve	4,846				163		5,009
Revaluation increases/decreases Recognised in Surplus/Deficit on the Provision of Services	1,666						1,666
Other Movements in Cost or Valuation	(2,798)	39					(2,760)
At 31 March 2026	71,408	11,227	3,034	2,047	3,555	3,341	94,610
Depreciation, Amortisation & Impairment							
At 1 April 2025	(693)	(6,380)	(2,173)		(84)		(9,330)
Depreciation & Amortisation Written out to Surplus/Deficit on Provision of Services	(2,111)	(723)	(84)		(284)		(3,202)
Derecognition - Disposals		136	197				333
Reclassification		(1)	1				0
Other Movements in Depreciation, Amortisation and Impairment	2,798	(39)					2,759
At 31 March 2026	(6)	(7,007)	(2,059)	0	(368)		(9,440)
NET BOOK VALUE AT 31 MARCH 2026	71,402	4,220	975	2,047	3,187	3,341	85,171
NATURE OF ASSET HOLDINGS							
Owned	71,402	4,220	975	2,047		3,341	81,984
Leased					3,187		3,187
NET BOOK VALUE AT 31 MARCH 2026	71,402	4,220	975	2,047	3,187	3,341	85,171

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 Staffing, Overheads and Democratic Costs heading £31,437 (£43,160 2024/25).

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.

Due to changes in the CIPFA Code, the Council has introduced the use of indexation for asset valuations from 2025/26. Indexation is a tool used to apply an inflationary increase to assets in the years between professional valuations. Indexation works by considering the relative change in value using indices based on a range of factors – for example, normal inflation, local cost pressures and, for some assets, the scarcity of resources for replacing the assets. The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up to date for movements in variables. Indexation is an approximation of market changes, it is not a valuation of a specific asset.

The Council's car parks have been formally valued in 2025/26, due to the implementation of parking charges at formerly free car parks and increases in fees. If an appropriate index was available, the remaining asset carrying values (with the exception of assets held at historic cost), have been revised to take into account market changes.

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.

Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £10,728 which is recognised in the revaluation reserve. At the request of the Council's insurers, a valuation was undertaken of the Tonbridge Castle Gatehouse, the valuation resulted in a loss of £5,857,500, which has been reflected 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 £58,400 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 set out the appropriate indices for each asset type. These indices have been applied to assets which were not valued in year.

The freehold and leasehold properties which comprise the Council's portfolio have been assessed 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
Carried at Historic Cost/Lease value		4,220		2,976		7,196
Valued at current/fair value in:	<----- at Current Value ----->				at Fair Value	
2025/26	70,490		17,570	80	5,396	93,536
2024/25				131		131
2023/24	911					911
2022/23						0
2021/22						0
Prior Years						0
TOTAL	71,401	4,220	17,570	3,187	5,396	101,774

Assets under construction are held at their cost value and have not been included in the above table. 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 2025/26 are reflected in the figures for that year rather than the year of previous valuation. Any assets which have been uplifted by indices have been classed as being revalued in year.

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. Tonbridge Castle Gatehouse was revalued in year at the request of the Council's Insurers, this resulted in a valuation loss of £5,857.500 which has been offset against previous gains in the revaluation reserve.

	At 31 March 2025 £'000	At 31 March 2026 £'000
Tonbridge Castle Gatehouse	23,173	17,315
Civic Regalia	101	105
Paintings	83	87
Sculptures	62	63
TOTAL	23,418	17,570

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

	2024/25 £'000	2025/26 £'000
Gibson East Refurbishment	97	1,468
Angel Centre Replacement	0	1,106
Capital Renewals	1,202	472
Larkfield Leisure Centre	0	192
Land Drainage / Flood Defense	128	116

Intangible Assets

The brought forward carrying value of Intangible assets as at 1st April 2025 was £97,702 (2024/25 £94,685), there were acquisitions of £6,004 (2024/25 £46,175) and amortisation applied of £31,437.20 (2024/25 £43,157). The carried forward value as at 31st March 2026 is £72,268.73 (2024/25 £97,702)

Investment Properties

Investment properties require annual valuation, this years valuations resulted in a net loss of £58,400 (2024/25 £70,200). No further movements took place for this class of assets. The carried forward value at the 31 March 2026 is £5,396,700 (2024/25 £5,455,100).

The Capital Expenditure was financed as follows:

	2024/25 £'000	2025/26 £'000
Opening Capital Financing Requirement	0	0
Capital Investment		
Purchase of Non-Current Assets		
Property, Plant & Equipment	3,529	5,486
Right of Use Assets	0	3,177
Intangible Assets	46	6
Total	3,575	8,669
Sources of Finance		
Revenue	(2,648)	(3,450)
Capital Grants & Contributions	(844)	(2,042)
Capital Receipts	0	0
Minimum Revenue Provision	(83)	(284)
Total	(3,575)	(5,776)
CLOSING CAPITAL FINANCING REQUIREMENT	0	2,893

The capital financing requirement reflects the extent to which the Council has to borrow to support its capital programme. It has increased in year due to the Council entering into two new 10 year leases for temporary accommodation.

Outstanding Capital Commitments

At 31 March 2026, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £9,406,000.

Commitments at 31 March 2026 were £6,106,000. The major commitments are:

- Gibson East Building Refurbishment - £1,435,000 remaining of a £3,000,000 budget.
- Temporary Accommodation & Resettlement Scheme £3,905,000 of a £4,671,000 budget.

8. 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.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
Gross Expenditure				
House Renovation Grants	1,198		1,204	
Land Drainage & Flood Defence	128		116	
Other	671	1,997	148	1,468
Grants & Contributions Received				
Better Care Fund	(1,120)		(1,167)	
Housing Assistance Grant Repaid	(43)		(22)	
Disabled Facilities Grant Repaid	(20)		(30)	
Other Funding	(671)	(1,854)	(133)	(1,352)
TOTAL		143		116

9. 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.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rental Income Due	460	454	392	385	356	326	316

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

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

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

Leases Expiring :	31 March 2025	31 March 2026
	£'000	£'000
Not later than one year	415	412
Later than one year and not later than five years	1,243	1,346
Later than five years and not later than fifty years	4,236	4,497
Later than fifty years	3,055	2,989
	8,949	9,244

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	2024/25	2025/26
	£'000	£'000
Income	(406)	(432)
Expenditure	82	67
TOTAL	(324)	(365)

The Balance Sheet value of these properties at the 31 March 2026 was £6,307,700 (£5,396,700 Investment Properties and £911,000 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 2025, discounted by the Authority's incremental borrowing rate at that date
- 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 2025 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2025, 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 2025 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 2025 the additional fair value and the lease liability have been credited as a gain in the surplus/deficit on the provision of services.
- In 2025/26 the Council entered into two new 10-year leases for Temporary Accommodation, these have resulted in additions to the Balance Sheet of £3,177,000.
- The council has recognised a lease liability in the accounts for £2,893,000 in 2025/26, this is

split between Long Term and Short Term liabilities and represents the amount owed for leased assets.

Leased Assets	Land and Buildings £'000
Balance as at 1 April 2025	131
Additions	3,177
Revaluations	163
Depreciation	(284)
TOTAL	3,187

10. INTEREST AND INVESTMENTS

Interest and Investment Income Earned

	2024/25			2025/26		
	Income £'000	Unrealised (Gains) / Losses £'000	Total £'000	Income £'000	Unrealised (Gains) / Losses £'000	Total £'000
Property Investment Funds	(147)	(392)	(539)	(91)	(322)	(413)
Multi-Asset Diversified Income Funds	(210)	30	(180)	(204)	(167)	(371)
Certificates of Deposit	(1,054)		(1,054)	(719)		(719)
Fixed Interest Deposits	(368)		(368)	(208)		(208)
Call Accounts	(1,546)		(1,546)	(1,716)		(1,716)
Miscellaneous Interest	(1)		(1)			
TOTAL	(3,326)	(362)	(3,688)	(2,938)	(489)	(3,427)

Interest and Investment Income Received

	2024/25 £'000	2025/26 £'000
Interest and Investment Income Earned	(3,688)	(3,427)
Increase / (Decrease) in Debtors	54	(110)
Increase / (Decrease) in Accrued Interest	(35)	(115)
Unrealised Gains / (Losses) on Property Investment Funds / Multi-Asset Funds	362	489
TOTAL	(3,307)	(3,163)

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 2025				At 31 March 2026			
	Capital £'000	Gain / (Loss) £'000	Accrued Interest £'000	Total £'000	Capital £'000	Gain / (Loss) £'000	Accrued Interest £'000	Total £'000
Property Investment Funds								
Hermes Property Unit Trust	1,000	(88)	8	898	0			0
Local Authorities' Property Fund	2,000	(245)	21	1,776	2,000	(245)	22	1,777
Lothbury Property Trust	723	(234)	0	489	0			0
Total	3,723	(567)	29	3,185	2,000	(245)	22	1,777
Multi-Asset Diversified Income Funds								
Aegon Diversified Income Fund	1,750	(164)	0	1,586	1,750	(33)		1,717
Fidelity Multi-Asset Income Fund	1,000	(221)	3	782	1,000	(194)	3	809
Ninety-One Diversified Income Fund	1,500	(133)	0	1,367	1,500	(124)		1,376
Total	4,250	(518)	3	3,735	4,250	(351)	3	3,902
TOTAL	7,973	(1,085)	31	6,920	6,250	(596)	25	5,679

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

During 2025/26 Hermes Property Fund pursued a merger with Legal & General Pension Fund. Following confirmation that minority investors would not be permitted to roll their investments into the merged entity, the Council exit the fund at the point of merger.

In the same period, the Lothbury Property Fund completed the disposal of its remaining assets. This resulted in the return of the Council's principal investment in line with the proportional share of the fund. The Lothbury Property Fund has since entered the winding-up phase and is in the process of being formally closed.

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 2025			At 31 March 2026		
	Capital	Accrued	Total	Capital	Accrued	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Certificates of Deposit						
Goldman Sachs	6,000	147	6,147	6,000	125	6,125
National Westminster Bank	6,000	211	6,211	6,000	111	6,111
Rabobank	6,000	163	6,163	6,000	133	6,133
Toronto Dominion	3,000	68	3,068	3,000	62	3,062
Total	21,000	588	21,589	21,000	431	21,431
Fixed Interest Deposits						
Handelsbanken	3,000	142	3,142	6,000	106	6,106
Sustainable Chartered	3,000	53	3,053	6,000	142	6,142
Total	6,000	195	6,195	12,000	248	12,248
TOTAL	27,000	784	27,784	33,000	679	33,679

Cash Equivalents ([Note 18](#) 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 2026.
- 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 2025		Total £'000	At 31 March 2026		Total £'000
	Amortised Cost	Fair Value Through Profit & Loss		Amortised Cost	Fair Value Through Profit & Loss	
	£'000	£'000		£'000	£'000	
Long Term		6,920	6,920		5,679	5,679
Short Term	27,784		27,784	33,679		33,679
TOTAL	27,784	6,920	34,704	33,679	5,679	39,358

Interest Earned

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

	Amortised Cost £'000	2024/25 Fair Value Through Profit & Loss £'000	Total £'000	Amortised Cost £'000	2025/26 Fair Value Through Profit & Loss £'000	Total £'000
Interest & Investment Income						
Income	(1,422)	(356)	(1,778)	(927)	(295)	(1,222)
Unrealised (Gains) / Losses		(362)	(362)		(489)	(489)
TOTAL	(1,422)	(718)	(2,140)	(927)	(784)	(1,711)

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 2025		At 31 March 2026	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Property Investment Funds	3,185	3,185	1,777	1,777
Multi-Asset Diversified Income Funds	3,735	3,735	3,902	3,902
Deposits with Banks & Building Societies	27,784	27,784	33,679	33,679
TOTAL	34,704	34,704	39,358	39,358

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 2026 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 3.82% and 4.18% for Deposits and 4% for Fund investments. An increase in interest rates of 1% would currently generate investment income of about £394,000 (2024/25: £347,000).

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.

11. 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

	2024/25	2025/26
	£'000	£'000
Amounts Charged to Income and Expenditure Statement		
Net Cost of Services		
Current Service Costs	1,670	1,398
Past Service Costs (Change n Benefit)	0	0
Administration Expenses	99	111
Net Operating Expenditure		
Net Interest on the Defined Liability (Asset)	212	(538)
Net Charges to the Income and Expenditure Statement	1,981	971
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance With IAS19		
Actual Amount Charged to the General Fund for Pensions in the Year	(1,981)	(971)
Employers' contributions payable to scheme	3,634	3,769
CONTRIBUTION (FROM) / TO PENSIONS RESERVE	1,653	2,798

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 loss of £1,748,000 in 2025/26 (2024/25: gain of £1,592,000) 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.

	2024/25	2025/26
Reconciliation of the Present Value of Scheme Liabilities	£'000	£'000
Opening Balance at 1 April - Defined Benefit Obligation	111,029	99,065
Current Service Costs	1,670	1,398
Past Service Costs	0	0
Contributions from Scheme Participants	650	687
Interest Cost	5,309	5,625
Change in Financial Assumptions	(12,998)	(3,310)
Change in Demographic Assumptions	(297)	1,532
Experience Loss / (Gain) on Defined Benefit Obligation	(249)	4,267
Benefits Paid	(5,833)	(4,713)
Unfunded Pension Payments	(216)	(214)
CLOSING BALANCE AT 31 MARCH - DEFINED BENEFIT OBLIGATION	99,065	104,337

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.

	2024/25	2025/26
Reconciliation of the Fair Value of Scheme Assets	£'000	£'000
Opening Balance at 1 April - Fair Value of Scheme Assets	104,902	106,492
Interest on Assets	5,097	6,163
Return on Assets Less Interest	(1,643)	5,856
Other actuarial gains	0	1,440
Employers' Contributions	3,634	3,769
Contributions from Scheme Participants	650	687
Benefits Paid	(6,049)	(4,927)
Administration Expenses	(99)	(111)
CLOSING BALANCE AT 31 MARCH - FAIR VALUE OF SCHEME ASSETS	106,492	119,369

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 £12,019,000 (2024/25: gain of £3,454,000).

Net Liabilities in Relation to Retirement Benefits

	2024/25 £'000	2025/26 £'000
Present value of funded obligation	(97,770)	(103,077)
Fair value of scheme assets (bid price)	106,492	119,369
Sub-total	8,722	16,292
Impact of asset Ceiling	(10,309)	(17,462)
Present value of unfunded obligation	(1,295)	(1,260)
NET PENSION LIABILITY	(2,882)	(2,430)

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

The figures presented are prepared only for the purpose of IAS 19. They are not relevant for calculations undertaken for funding purposes. IAS 19 does not have any impact on the actual level of employer contributions paid to Kent County Council Pension Fund. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

Reconciliation of Opening & Closing Surplus / Deficit

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

Surplus / (Deficit)	2024/25 £'000	2025/26 £'000
Balance at 1 April	(6,127)	(2,882)
Current Service Costs	(1,670)	(1,398)
Past Service Costs	0	0
Actuarial Gains / (Losses)	11,901	5,405
Impact of Asset Ceiling	(10,309)	(7,153)
Employer's Contributions	3,634	3,769
Administration Expenses	(99)	(111)
Other Finance Income	(212)	(60)
BALANCE AT 31 MARCH	(2,882)	(2,430)

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 2025		At 31 March 2026	
	Fund Value £'000	Percentage of Fund %	Fund Value £'000	Percentage of Fund %
Bonds	15,831	15	16,670	14
Cash	4,212	4	3,291	3
Equities	60,641	57	69,972	58
Gilts	6,312	6	6,586	6
Property	8,720	8	11,662	10
Target Return Portfolio	5,439	5	5,958	5
Infrastructure	5,337	5	5,230	4
TOTAL	106,492	100	119,369	100

Scheme History

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	(161,181)	(111,338)	(111,029)	(99,065)	(104,337)
Fair Value of Assets	102,920	102,063	104,902	106,492	119,369
Asset Ceiling	0	0	0	(10,309)	(17,462)
SURPLUS / (DEFICIT) IN THE SCHEME	(58,261)	(9,275)	(6,127)	(2,882)	(2,430)
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	(322)	10,232	332	(249)	4,267
Percentage of Liabilities	(0.2%)	9.2%	(0.3%)	(0.3%)	4.1%

Actuarial Gains and Losses

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Actuarial Gains / (Losses) recognised in the Comprehensive Income and Expenditure Statement	5,092	51,084	1,782	1,592	(1,748)
CUMULATIVE ACTUARIAL GAINS / (LOSSES)	(31,450)	(19,634)	21,416	23,008	21,260

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.

	2024/25	2025/26
Mortality assumptions:		
Life expectancy from age 65 (years)		
Retiring today:		
Men	20.7 Years	21.6 Years
Women	23.3 Years	23.9 Years
Retiring in 20 years:		
Men	22.0 Years	23.2 Years
Women	24.7 Years	25.6 Years
Salary Increases	3.90%	3.90%
Pension Increases (CPI)	2.90%	2.90%
Discount Rate	5.80%	6.05%

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%
Adjustment to discount rate					
Present Value of Total Obligation	98,230	103,063	104,337	105,638	111,137
Projected Service Cost	1,123	1,279	1,321	1,364	1,550
Adjustment to Long Term Salary Increase					
Present Value of Total Obligation	104,766	104,422	104,337	104,252	103,919
Projected Service Cost	1,321	1,321	1,321	1,321	1,321
Adjustment to Pensions Increase and Deferred Revaluation					
Present Value of Total Obligation	110,370	105,631	104,337	103,418	99,277
Projected Service Cost	1,568	1,368	1,321	1,276	1,108
Adjustment to mortality age rating assumption					
Present Value of Total Obligation		+1 Year 108,767	None 104,337	-1 Year 110,115	
Projected Service Cost		1,367	1,279	1,276	

Projected Pension Expense for the Year to 31 March 2027

These projections are based on the Actuary's assumptions as at 31 March 2026.

	2026/27 Projection £'000
Service Cost	1,321
Net Interest on the defined liability (asset)	76
Administration Expenses	112
Total	1,509
Employers' Contributions	2,139

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

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

	2024/25 £'000	2025/26 £'000
Council Tax		
Borough Council's Council Tax	(12,736)	(13,209)
Parish Councils' Council Tax	(3,803)	(3,946)
Prior Year's Estimated Accumulated Council Tax (Surplus) / Deficit	(81)	55
Council Tax (Surplus) / Deficit	112	(198)
TOTAL	(16,508)	(17,298)

	2024/25 £'000	2025/26 £'000
National Non-Domestic Rates		
Share of National Non-Domestic Rates	(31,040)	(29,731)
Tariff / (Top-Up)	27,197	27,545
Levy / Safety Net/ Business Rates Pool	596	509
Prior Year's Estimated Accumulated Non-Domestic Rates (Surplus) / Deficit	(1,838)	282
National Non-Domestic Rates (Surplus) / Deficit	1,742	(687)
TOTAL	(3,343)	(2,082)

	Balance at 31 March 2024	2024/25 Surplus / (Deficit)	Balance at 31 March 2025	2025/26 Surplus / (Deficit)	Balance at 31 March 2026
Collection Fund Adjustment Account	£'000	£'000	£'000	£'000	£'000
Council Tax	10	(112)	(102)	198	96
National Non-Domestic Rates	1,607	(1,742)	(135)	687	552
TOTAL	1,617	(1,854)	(237)	885	648

13. GRANT INCOME

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

Credited to Taxation & Non-Specific Grant Income & Expenditure

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
General Government Grants				
Funding Guarantee	(2,510)		(1,785)	
New Homes Bonus	(343)		(517)	
Small Business & Empty Property Rate Relief Grant	(1,011)		(1,055)	
National Insurance contribution	0		(158)	
Under Indexing Multiplier Grant	(1,272)		(925)	
Revenue Support Grant	(146)		(167)	
Services Grant	(16)		0	
MHCLG relief	(2,059)		(1,265)	
MHCLG Retail Relief and Prior Years	166		0	
DLUHC/MHCLG Supporting Small Business Grant	(186)		(179)	
Other	(118)	(7,495)	(38)	(6,089)
Capital Grants & Contributions				
Public Sector Decarbonisation Fund	(351)		(791)	
Sports England Lottery Funding			(246)	
Local Authority Housing Fund			(243)	
MHCLG UK Shared Prosperity Fund	(234)		(46)	
Shanley Homes S106			(221)	
Other	(410)		(463)	
Total Non-Government Grants & Contributions		(995)		(2,010)
TOTAL		(8,490)		(8,099)

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

	2024/25 £'000	2024/25 £'000
Rent Allowance Subsidy	(22,021)	(17,975)
Better Care Fund	(1,184)	(1,322)
Homelessness Prevention Grant	(588)	(918)
Non-HRA Rent Rebate Subsidy	(923)	(915)
Rough Sleeping Initiative Grant	(392)	(310)
UK Shared Prosperity Fund	(126)	(267)
Benefits Administration Grant	(170)	(177)
NNDR Cost of Collection Allowance	(162)	(164)
Discretionary Housing Payment Contribution	(159)	(159)
Rural England shared Prosperity Fund	(271)	(134)
Local Council Tax Support Administration Grant	(65)	(65)
Local Plan Fund	(228)	(37)
DLUHC UK shared Prosperity Fund (Part recs)	(344)	(14)
Green Belt Funding	(70)	0
Other	(275)	(456)
TOTAL	(26,978)	(22,913)

14. 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	
	2024/25	2025/26
£50,000 - £54,999	17	11
£55,000 - £59,999	9	12
£60,000 - £64,999	13	11
£65,000 - £69,999	3	7
£70,000 - £74,999	3	3
£75,000 - £79,999	1	-
£80,000 - £84,999	3	1
£85,000 - £89,999	3	3
£90,000 - £94,999	-	2
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	-
£110,000 - £114,999	2	-
£115,000 - £119,999	1	2
£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	-	1
TOTAL	57	54

The numbers above include no employees within the exit packages table for 2025/26 (2024/25: 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 Pension	Pension Contrib's	Total Inc Pension
Post Title	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2024/25	Chief Executive	104	3		107	22	129
	Director of Central Services & Deputy Chief Executive	116	7		123	24	147
	Director of Finance & Transformation	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
2025/26	Chief Executive	143	5		148	30	178
	Director of Central Services & Deputy Chief Executive	114	7		121	24	145
	Director of Finance & Transformation (Note 1)	46	5		51	10	61
	Head of Finance (Note 1)	84	7		91	18	109
	Director of Planning, Housing & Environmental Health	111	6		118	23	141
	Director of Street Scene, Leisure & Technical Services	111	6		118	23	141
TOTAL	609	36	0	0	647	128	775

Note 1 – The Director of Finance & Transformation retired on 27th July 2025, this post was replaced with a Head of Finance post, commencing on 28th July 2025.

At 31 March 2026 the Council employed 274 permanent staff (31 March 2025: 262) or 246 full-time equivalents (31 March 2025: 233).

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 2025/26 this was estimated to be £76,000 (2024/25: £115,000).

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 2024/25 or 2025/26.

15. 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*.

	2024/25	2025/26
	£'000	£'000
Balance at 1 April	0	65
Usable Capital Receipts Received	65	0
Disposal Costs	0	0
	<hr/>	<hr/>
	65	65
less Usable Capital Receipts Applied		
Purchase of Non-Current Assets	0	0
BALANCE AT 31 MARCH	0	0

16. RESERVES

	Balance at 1 April £'000	Contribution to Reserve £'000	Contribution from Reserve £'000	Balance at 31 March £'000	
2024/25	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
		32,171	14,261	(8,308)	38,124
	2025/26	Revenue Reserve for Capital Schemes	8,118	2,784	(3,567)
General Revenue Reserve		11,024	469		11,493
Building Repairs Reserve		1,112	1,057	(1,182)	987
Property Investment Fund Reserve		3,250		(2,000)	1,250
Earmarked Reserves					
Budget Stabilisation		2,869	250	(2,707)	412
Planning Services		1,199	610	(708)	1,101
Regeneration of Tonbridge		4,316	8,450	(1,186)	11,580
Homelessness Reduction		1,543	1,494	(1,261)	1,776
Climate Change		641	144	(14)	771
Business Rates Retention Scheme		1,471	322	(521)	1,272
Tonbridge & Malling Leisure Trust		286		(286)	0
Transformation		1,169	631	(223)	1,577
Housing Assistance		359		(59)	300
Election		202	30	(63)	169
Invest to Save		74	0	(74)	0
Special Projects	163	0	(104)	59	
Other Earmarked Reserves	328	105	(34)	399	
	38,124	16,346	(13,989)	40,481	

A review of the Council's reserves was carried out during 2025/26 to either remove or reclassify some reserves. These movements were approved by Cabinet in January 2026.

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

Transformation

Housing Assistance

Election

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 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 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.

17. DEBTORS

Short Term Debtors

	At 31 March 2025			At 31 March 2026		
	Gross Value	Impairm't Allow'ce	Net Value	Gross Value	Impairm't Allow'ce	Net Value
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund						
Central Government	1,486	0	1,486	1,491		1,491
Local Authorities	421	0	421	326		326
Housing Benefit Claimants (current & former)	2,289	(2,236)	53	2,127	(1,945)	182
Payments in Advance	462	0	462	573		573
Other Debtors	1,351	(323)	1,028	1,706	(520)	1,186
	6,009	(2,559)	3,450	6,223	(2,465)	3,758
Collection Fund						
Council Tax Payers (Borough Council's share)	2,099	(594)	1,505	2,436	(700)	1,736
Local Authorities	2,023	0	2,023	1,704		1,704
NNDR Payers (Borough Council's share)	773	(400)	373	1,172	(400)	772
	4,895	(994)	3,901	5,312	(1,099)	4,212
TOTAL	10,904	(3,554)	7,351	11,535	(3,564)	7,970

Impairment Allowance

	Housing Benefit Claimants	Homeless Debtors	Garden Waste Debtors	General Debtors	Council Taxpayers	NNDR Payers	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2024/25	Balance at 1 April	2,432	158	30	115	516	401	3,652
	Write-Offs	(57)	(4)	0	(50)	(7)	(47)	(165)
	Contribution to Allowance	(139)	39	3	29	85	46	63
	Receipts/Adjustments	0	1	0	2	0	0	3
	BALANCE AT 31 MARCH	2,236	194	33	96	594	400	3,553
2025/26	Balance at 1 April	2,236	194	33	96	594	400	3,553
	Write-Offs	(20)	(19)	0	(7)	(59)	(111)	(215)
	Contribution to/from Allowance	(272)	85	93	44	159	111	220
	Receipts/Adjustments	0	0	0	1	5	0	6
	BALANCE AT 31 MARCH	1,944	260	126	134	699	400	3,564

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 Head of Finance & Section 151 Officer 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 2025				At 31 March 2026			
	General Debtors £'000	Garden Waste £'000	Homeless ness £'000	Total £'000	General Debtors £'000	Garden Waste £'000	Homeless ness £'000	Total £'000
< 1 month	574	66	16	656	590	24	21	635
1 - 3 months	87	46	31	164	52	54	37	143
3 - 6 months	28	6	39	73	63	82	30	175
6 - 12 months	81	52	64	197	35	194	43	272
1 year +	85	3	173	261	126	84	271	481
TOTAL	855	173	323	1,351	866	438	402	1,706

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 2026	Historical Experience of Default	Historical Experience Adjusted for Market Conditions as at 31 March 2026	Estimated Maximum Exposure to Default and Uncollectability
	£'000	%	%	£'000
Debtors				
General Debtors	866	1.9	15.5	134
Garden Waste	438	1.6	28.8	126
Homelessness	402	8.2	64.7	260
TOTAL	1,706			520

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.

18. 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 2025 £'000	At 31 March 2026 £'000
Short Term Deposits		
Federated	8,000	8,000
Deutsche	4,394	4,265
Barclays Bank	3,000	3,000
HSBC	3,000	3,000
BNP Paribas	407	1,224
National Westminster Bank	50	50
	18,851	19,539
Cash in Hand	378	500
TOTAL	19,229	20,039

19. CREDITORS

Short Term Creditors

	At 31 March 2025 £'000	At 31 March 2026 £'000
General Fund		
Central Government	(1,490)	(4,473)
Receipts in Advance	(1,208)	(1,064)
Local Authorities	(318)	(936)
Employees	(115)	(76)
Other Creditors	(2,790)	(2,702)
	(5,921)	(9,251)
Collection Fund		
Central Government	(3,551)	(3,061)
Local Authorities	(710)	(612)
NNDR Payers (Borough Council's share)	(772)	(707)
NNDR Pool	(1,584)	(460)
Council Tax Payers (Borough Council's share)	(443)	(424)
	(7,060)	(5,264)
TOTAL	(12,981)	(14,515)

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 2025 £'000	At 31 March 2026 £'000
General Fund		
Other Creditors	(2,790)	(2,702)
TOTAL	(2,790)	(2,702)

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

20. 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
2024/25	NNDR Appeals	(5,110)	(1,170)	3,739	(2,541)
	Adoption of Amenity Areas	(100)	(5)		(105)
	TOTAL	(5,210)	(1,175)	3,739	(2,646)
2025/26	NNDR Appeals	(2,541)	(575)	1,188	(1,928)
	Adoption of Amenity Areas	(105)	(5)		(110)
	TOTAL	2,646	(580)	1,188	(2,038)

- **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.

21. 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

	2024/25						
	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	(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)
TOTAL	(5,921)	(3,822)	(224)	262	2,530	7	(7,169)
	2025/26						
Aylesford Newsprint	(672)	0	(27)	0	0	33	(666)
Better Care Fund	(1,594)	(1,605)	0	0	1,168	147	(1,884)
Carpenters Lane	(127)	0	(5)	21	0	0	(111)
Clare Park Estate	(315)	0	(14)	0	0	0	(329)
Kings Hill Avenue	(1,119)	0	(47)	30	0	0	(1,136)
Oakhill House	(439)	0	(13)	51	83	0	(318)
Public Sector Decarbonisation Fund	0	(791)	0	0	791	0	0
Sportsmans' Bungalow	(632)	0	(24)	83	0	0	(573)
Local Authority Housing Fund	0	(2,213)	0	0	0	0	(2,213)
Other	(2,271)	(1,806)	(69)	184	1,291	64	(2,607)
TOTAL	(7,169)	(6,415)	(199)	370	3,333	244	(9,836)

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
2024/25	Yates Yard	179	0	0	179
	Other	178	151	(4)	325
	TOTAL	357	151	0	(4)
2025/26	Yates Yard	179	0	0	179
	Other	325	(39)	(12)	274
	TOTAL	504	(39)	(12)	453

22. 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.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
Balance at 1 April		42,768		43,398
Capital Financing applied in year				
Revenue	2,647		3,450	
Capital Grants & Contributions	844		2,010	
Capital Grants Unapplied	0		39	
Minimum Revenue Provision	84		284	
		<u>3,575</u>		<u>5,783</u>
Reversal of items charged to the Comprehensive Income and Expenditure Statement				
Depreciation & Amortisation of Non-Current Assets	(2,693)		(3,233)	
Impairment of Non-Current Assets	(1,437)		1,666	
Leased Assets	131		0	
Net Book Value of Assets Disposed	(11)		(8)	
		<u>(4,010)</u>		<u>(1,575)</u>
Amounts Written-out of the Revaluation Reserve				
Difference between fair value & historical cost depreciation	1,135		1,177	
		<u>1,135</u>		<u>1,177</u>
Movement in the Fair Value of Investment Properties		<u>(70)</u>		<u>(58)</u>
BALANCE AT 31 MARCH		43,398		48,725

23. 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.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
Balance at 1 April		51,994		58,615
Surplus / (Deficit) on Revaluation not posted to the (Surplus) / Deficit on the Provision of Services				
Upward revaluations	8,364		5,263	
Downward revaluations / impairments	(608)	<u>7,756</u>	(6,101)	<u>(838)</u>
Amounts Written-Off to the Capital Adjustment Account				
Difference between fair value & historical cost depreciation	(1,135)		(1,178)	
Accumulated gains / (loss) on assets sold or scrapped	0	<u>(1,135)</u>		<u>(1,178)</u>
BALANCE AT 31 MARCH		58,615		56,599

24. 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 2025/26 the Council funded some of these organisations, the total sum of £428,000 (2024/25: £552,000).

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 elected members. No transactions are considered of material significance to warrant separate disclosure in the Accounts.

25. MEMBERS' ALLOWANCES

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

	2024/25	2025/26
	£'000	£'000
Basic Allowance	237	245
Special Responsibility Allowance	116	122
Travel & Subsistence Expenses	1	2
Mayor's & Deputy Mayor's Allowance	8	8
Members' National Insurance Contributions	9	23
TOTAL	371	400

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.

26. 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 2025/26.

	2024/25	2025/26
	£'000	£'000
External audit services	164	159
Certification of grant claims and returns	30	40
	194	199

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

27. CONTINGENT ASSETS & LIABILITIES

The Council has identified one contingent liability 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 2026 was considered remote.

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

2024/25			2025/26			
Council Tax £'000	NNDR £'000	Total £'000		Council Tax £'000	NNDR £'000	Total £'000
			Income			
121,797	70,614	192,411	Billed to Tax Payers	130,195	74,479	204,674
121,797	70,614	192,411	Total Income	130,195	74,479	204,674
			Expenditure			
			Precepts and Demands			
86,143	6,984	93,127	Kent County Council	91,070	6,689	97,759
13,698		13,698	Police & Crime Commissioner for Kent	14,548		14,548
4,808	776	5,584	Kent & Medway Fire & Rescue Authority	5,108	743	5,851
12,736	31,041	43,777	Tonbridge & Malling Borough Council	13,209	29,731	42,940
3,803		3,803	Parish Councils	3,946		3,946
	38,801	38,801	Central Government		37,164	37,164
	(1,081)	(1,081)	Transitional Protection		227	227
582	4,595	5,177	Contribution towards Previous Years' Collection Fund Surplus/(Deficit)	(408)	(703)	(1,111)
119	116	235	Amounts Written-Off	404	278	682
730		730	Provision for Non-Payment	850		850
	2,924	2,924	Provision for Appeals not Paid		1,438	1,438
	(9,348)	(9,348)	Appeals Paid in Year		(2,968)	(2,969)
	161	161	Cost of Collection Allowance		164	164
122,619	74,969	197,588	Total Expenditure	128,727	72,761	201,489
(822)	(4,355)	(5,177)	Surplus / (Deficit) for the Year	1,468	1,716	3,185
75	4,018	3,746	Balance B/fwd at 1 April	(747)	(337)	(1,083)
(747)	(337)	(1,084)	Balance C/fwd at 31 March	721	1,381	2,102

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:

	2024/25 £	2025/26 £
Kent County Council	86,143,319	91,070,277
Police & Crime Commissioner for Kent	13,698,372	14,547,529
Kent & Medway Fire & Rescue Authority	4,808,201	5,108,194
Tonbridge & Malling Borough Council	12,736,304	13,209,360
	117,386,196	123,935,360
Parish Councils	3,802,623	3,945,607
TOTAL	121,188,819	127,880,967

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	2024/25			2025/26		
	Estimated no of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	2.75	5/9ths	1.53	3.75	5/9ths	2.08
A	992.47	6/9ths	664.98	986.84	6/9ths	661.23
B	2,804.61	7/9ths	2,200.04	2,749.83	7/9ths	2,174.53
C	13,098.50	8/9ths	11,643.11	13,087.97	8/9ths	11,785.75
D	12,530.30	9/9ths	12,530.30	12,599.21	9/9ths	12,736.21
E	8,865.56	11/9ths	10,835.69	8,846.68	11/9ths	10,940.94
F	5,254.20	13/9ths	7,589.40	5,280.04	13/9ths	7,700.39
G	4,802.80	15/9ths	8,004.67	4,886.93	15/9ths	8,153.22
H	438.91	18/9ths	877.82	453.41	18/9ths	906.82
			54,347.54			55,061.17
Estimated Collection Rate			98.40%			97.80%
COUNCIL TAX BASE			53,477.93			53,849.82

Band D Council Tax

	2024/25	2025/26
	£	£
Kent County Council	1,610.82	1,691.19
Police & Crime Commissioner for Kent	256.15	270.15
Kent & Medway Fire & Rescue Authority	89.91	94.86
Tonbridge & Malling Borough Council	215.78	222.32
	<hr/>	<hr/>
	2,172.66	2,278.52
Special Expenses (average)	22.38	22.98
Parish Councils (average)	71.11	73.27
TOTAL	2,266.15	2,374.77

This basic amount of council tax for a Band D property of £2,278.52 for 2025/26 (2024/25: £2,172.66) 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 55.5p (2024/25: 54.6p) for large businesses or 49.9p (2024/25: 49.9p) for small businesses in 2025/26 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 of £74,479,000 for 2025/26 (2024/25: £70,614,000), is based on the total rateable value for the Council’s area which at the year-end was £174,435,871 (2024/25: £173,784,524).

3. IMPAIRMENT ALLOWANCE

	2024/25			2025/26		
	Council			Council		
	Tax	NNDR	Total	Tax	NNDR	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	3,640	1,000	4,640	4,370	1,000	5,370
Write-Offs	(119)	(116)	(235)	(404)	(277)	(681)
Receipts	0	0	0	0	0	0
Contribution to Allowance	849	116	965	1,254	277	1,531
BALANCE AT 31 MARCH	4,370	1,000	5,370	5,220	1,000	6,220

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 2026. This provision has been based upon information received from the Valuation Office Agency for appeals lodged up to 31 March 2026, and an element for appeals in respect of monies received in 2025/26. Following a review of the amounts accumulated in prior financial years it was felt by the Head of Finance and Section 151 Officer, that the contribution in 2025/26 could be reduced to less than those in previous financial years. 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 deficit for 2025/26 in respect of council tax was £55,677 and the estimated deficit 2025/26 in respect of NNDR was £281,560. The actual surplus of £198,257 in respect of council tax, and the actual surplus of £686,999 in respect of NNDR at 31 March 2026 will be taken into account when estimating the surplus/deficit for 2026/27.

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 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
TOTAL	0	0	0	0	0	0	
At 31 March 2026	Council Tax Arrears	7,882	1,262	443	2,436	12,023	
	Council Tax Provision for Bad Debts	(3,717)	(595)	(209)	(699)	(5,220)	
	Council Tax Prepayments & Refunds	(2,250)	(360)	(126)	(424)	(3,160)	
	Council Tax Cash	(1,402)	(225)	(79)	(1,216)	(2,922)	
	Council Tax (Surplus) / Deficit	(513)	(82)	(29)	(97)	(721)	
	NNDR Arrears	256		29	1,422	1,172	2,879
	NNDR Provision for Bad Debts	(90)		(10)	(500)	(400)	(1,000)
	NNDR Provision for Appeals	(434)		(48)	(2,410)	(1,928)	(4,820)
	NNDR Prepayments & Refunds	(159)		(18)	(883)	(707)	(1,767)
	NNDR Cash	551		61	3,061	2,415	6,088
	NNDR (Surplus) / Deficit	(124)		(14)	(690)	(552)	(1,380)
TOTAL	0	0	0	0	0	0	

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 Head of Finance & Section 151 Officer is the Council's Section 151 Officer.

ANNUAL GOVERNANCE STATEMENT

Purpose of this Statement

Tonbridge & Malling Borough Council (TMBC) is responsible for ensuring that its functions are carried out in accordance with the law, that public money is safeguarded and properly accounted for, and that resources are used effectively to deliver value for money. This Annual Governance Statement (AGS) summarises the effectiveness of governance arrangements for 2025/26 and identifies areas for improvement for 2026/27.

Following the annual review, the Council concludes that governance arrangements are generally fit for purpose, aligned with the seven principles of good governance. However, consistent with the strengthened CIPFA expectations for 2025/26 that AGSs contain meaningful improvement actions rather than asserting no issues, a number of governance improvement areas have been identified. These are set out later in this statement.

Scope of Responsibility

Tonbridge & Malling Borough Council is responsible for ensuring its business is conducted in accordance with all relevant laws and regulations, and that public funds are safeguarded and properly used. The Council also has a duty under the Local Government Act 1999 to ensure continuous improvement in the way its functions are exercised, considering economy, efficiency and effectiveness. The Local Code of Corporate Governance sets out the Council's governance arrangements.

This statement explains how the Council complies with the Code and meets the requirements of the Accounts and Audit Regulations, which require an Annual Governance Statement.

The Governance Framework

The governance framework comprises the systems, processes, culture and values through which the Council is directed and controlled. It enables the Council to monitor progress against strategic objectives and ensures appropriate, value-for-money service delivery. The system of internal control forms part of this framework and is designed to manage, not eliminate, risk.

This framework operated throughout 2025/26 and up to the date of the approval of this statement.

The Council's governance aligns the seven core CIPFA/SOLACE principles.

Review of Effectiveness

The review of effectiveness draws on:

- Management assurance statements
- The Chair of the Audit Committee's annual opinion
- Managers within the authority with governance responsibilities
- External audit findings
- Performance, risk and financial monitoring
- Scrutiny and oversight provided by Members
- The Council's self-assessment against the CIPFA/SOLACE Framework

Tonbridge & Malling Borough Council (TMBC) did not identify any significant governance failures during 2025/26. However, the updated CIPFA guidance emphasises that AGSs should reflect areas for improvement even where no major failures have occurred.

Governance Arrangements Against the Seven CIPFA Principles

Below is a concise statement of how TMBC meets each principle, strengthened in line with the new CIPFA expectations.

A. Behaving with Integrity, Demonstrating Strong Ethical Values, and Respecting the Rule of Law

- Codes of Conduct for Members and Officers are in place, supported by training and annual declarations of interest and gifts/hospitality.
- The Council has adopted a framework for core behaviours and values; the four behaviours are: Teamwork; Can-do attitude; Respect & Integrity. These behaviours sit alongside the Council's three core values: Innovation; Transformation and Delivery.
- Member/Officer relations are governed by constitutional protocols.
- The Joint Standards Committee upholds Member standards.
- Annual staff appraisal reinforces expected behaviours.
- All staff are encouraged to raise matters they may be concerned about, and protection is provided for these individuals. The Council's whistleblowing policy is available on the Intranet and forms part of the Council's induction process.
- All officers and Members must also sign up to the Council's Anti-Fraud, Bribery and Corruption Policy and declare any interests they may have or gifts they have received and record them in the Gifts and Hospitality Register. These are reviewed periodically by the monitoring officer.
- The Council has a number of senior officers who have the power to investigate any suspected fraud or corruption both internal and external with the support of the police and are able to report directly to HR/Monitoring Officer and Management Team, as required, for action to be taken.
- The Section 151 Officer and the Monitoring Officer oversee legality, provide advice, and ensure decision-making complies with statutory requirements.
- The Council has an internal audit team that undertakes audit reviews of the Council's main activities on a regular basis. A summary of findings is reported to senior management and to the Audit Committee periodically. Internal Audit has a direct reporting line to the S151 Officer as well as the Chair of the Audit Committee on matters that may require immediate action.

B. Ensuring Openness and Comprehensive Stakeholder Engagement

- The Constitution sets out the decision-making framework, including statutory functions and the scheme of delegated responsibilities. It sets out how the Council engages with stakeholders. The Constitution is reviewed by the Monitoring Officer and Management Team. Proposed changes are presented to Full Council for adoption, unless allowed under the Monitoring Officer's delegated authority.
- All Committee meetings are open to the public and live-streamed; agenda papers, reports and decisions are published on the Council's website, except those identified as exempt from publications or public access due to matters of commercial, personal, or legal sensitivity.
- Public consultation supports strategic planning and policy development.
- The Overview and Scrutiny Committee is responsible for reviewing and scrutinising the decisions made by, and the performance of, 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 is focussed on increasing digital reach to our website, whilst also improving our social media engagement through popular platforms with residents including Instagram,

Facebook, LinkedIn, YouTube and X. More specific e-bulletins and publications are created for various communities of interest, such as businesses etc as well as for changes in services.

C & D. Defining Outcomes in Terms of Sustainable Economic, Social & Environmental Benefits and Interventions to Achieve Intended Outcomes

- 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 the Council's 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".
- Four priorities have been identified:
 - **Efficient Services** for all 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** to help support residents and businesses and foster sustainable growth.
- 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 Economic Development Strategy 2023-2027 seeks to deliver sustainable economic growth across the borough. It sets out a bold 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.
- Key performance indicators are in place for all services, and these are reported within the Annual Service Delivery Plan.
- The Council's Medium Term Financial Strategy underpins sustainable planning. The Strategy is reviewed on a regular basis to ensure that financial commitments remain affordable and that resources are deployed in accordance with Value for Money principles.
- Decision-making uses clear, evidence-based officer reports including options and risks.
- The Council's Constitution sets out the decision-making process, with all decisions being informed through reports to include officer and professional advice. Alternative proposals, where relevant, are provided to 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.

Carbon Net Zero

- The Council maintains a fully costed decarbonisation plan that encompasses its larger operational buildings. Funding has been secured through a combination of Section 106 funding, the UK Shared Prosperity Fund, and the Government's Decarbonisation Fund, enabling the delivery of measures including photovoltaic panels, LED lighting upgrades, and

air-source heat pumps within the Borough's leisure centres. The refurbishment of the Gibson East Building is currently underway, with decarbonisation principles embedded to support its future occupation.

- A corporate strategy has been adopted to oversee the Council's climate change agenda and to reduce carbon and other harmful emissions. A working group has been established to oversee delivery, including the actions required to achieve the carbon reduction target set out in the Council's Climate Change Action Plan, with the aim of making Tonbridge and Malling Borough Council carbon neutral by 2030.

E. Developing Capacity and Capability

- A key element of the Council's approach is to maximise investment in staff through learning and development, supporting the enhancement of skills and qualifications to enable employees to perform effectively in their roles and, where appropriate, progress within the organisation. A number of staff continue to be supported through training and experience to gain professional qualifications, or apprenticeships, and to maintain Continued Professional Development. In recognition of the increasing importance of workforce development, a dedicated role has been appointed to support and further develop staff capability across the Council.
- Learning, development and career aspirations are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year, and ensure ongoing development.
- The Council has a full mandatory induction programme for staff and members. The induction training includes health and safety, equalities and diversity and fraud awareness, as well as compulsory training on a regular 'certification basis' for existing staff including data protection, safeguarding and Prevent (anti-radicalisation training).
- Officer training also includes voluntary training, as well as learning and development opportunities.
- Member training is provided on both a programmed and ad hoc basis covering general or committee specific subjects.
- A new Project Management Framework was adopted in 2024/25 that provide officers with the tools to successfully deliver projects to achieve both the project goals and the targets set in the Annual Service Delivery plan.
- 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.
- The Council anticipates pressure from major projects (Refuse contract, Leisure Centre replacement, Local Government Reorganisation (LGR)) 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 divert additional resources to keep these projects managed and delivered.

F. 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.
- The Council takes a two-tiered approach to risk management ensuring risks are identified and managed at both service level and corporate level.
- All service areas identify risks that could affect and/or impact on the objectives and business of

the individual service. Each service area maintains and manages its own risk register ensuring all risks are reviewed and mitigations put in place in accordance with the Council's Risk Management Strategy.

- In addition to the Council's Risk Management Strategy, a Member Risk Champion has been appointed and risk reporting firmly embedded 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 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.

G. Implementing Good Practices in Transparency, Reporting and Audit

- 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 Statement of Accounts is prepared in accordance with the CIPFA Code and is subject to External Audit.
- Internal Audit effectiveness reviews support the opinion that a good system of internal audit is in place within the Council.

Review of Effectiveness

The Council is committed to regularly reviewing its governance arrangements to identify opportunities for further improvement. Every year the Council's 1st, 2nd and 3rd tier officers are asked to contribute formally to this process. This is captured through Wider Management Team Assurance Statements – A summary of key points from these are set out below and will be addressed over the next few years:

Climate Change

Areas for improvement identified:

- Strengthening long-term planning for climate change resilience and net-zero integration.
- In light of the withdrawal of government funding for decarbonisation initiatives, continue to progress delivery against climate change objectives by strengthening alignment between capital and transformation programmes and clearly defined, measurable outcome indicators. This will ensure that investment decisions continue to demonstrably contribute to carbon reduction and wider environmental sustainability outcomes, despite reduced external funding.
- Strengthen the Council's approach to identifying and securing alternative funding opportunities, in response to the significant scaling back of central government funding.

Central & Executive Services

Areas for improvement identified:

- Strengthen the consistency and effectiveness of contract management by working with the Council's procurement strategic partner to develop and implement a clear framework that improves practice, oversight, and compliance across the organisation.
- Establish a single, corporate contracts register and centralised storage facility for contracts, with identification and assurance embedded through the appraisal process to strengthen contract governance, accessibility, and compliance.
- Strengthen staff capacity to support Local Government Reorganisation (LGR) by ensuring appropriate financial provision to secure additional temporary staffing where required, addressing critical pinch points and skills gaps in essential service areas.
- Improve resilience across the Council for complaints and Freedom of Information (FOI) requests by broadening the pool of trained officers, increasing exposure and capacity within the service, and strengthening performance monitoring.
- Strengthen workforce readiness for Local Government Reorganisation (LGR) by building on the provision of training and e-learning, ensuring staff are well equipped with the knowledge and skills required to support transition and future operating arrangements. This will support TMBC to align with other Districts and Borough Councils.

Areas where Governance has been strengthened in-year:

The rollout of procurement training to Council Officers during the year has positively contributed to stronger governance arrangements and more robust procurement practices.

Events & Customer Services

Areas for improvement identified:

- Continue to strengthen controls over applications to hold events on open spaces by formalising processes for approval, charging, and invoicing, ensuring consistent application of fees and fair, transparent administration.

Financial Services

Areas for improvement identified:

- Greater transparency in budget monitoring could be achieved by providing councillors with more detailed and frequent reporting, supporting informed decision-making and improved financial oversight. Reporting should also incorporate projections on revenue spend instead of only reviewing actual spend to date. In addition, a move towards zero based budgeting.
- Improvements can be made by reviewing the Fixed Asset Register (FAR) to exclude any small value items which historically have been included. The FAR can also be moved over to an electronic software system, so it no longer relies on manual inputs.
- The bank reconciliation process could be streamlined with the use of bespoke system reports.
- Increase robustness of internal controls and further develop the reconciliation procedures within the service to ensure queries are identified, investigated and resolved in a timely manner.
- Optimise the achievement of service outcomes by developing a comprehensive Service Action Plan that clearly incorporates business-as-usual activities alongside improvement actions. This will include defined deadlines, strengthened linkages across service areas, and a clear timetable of key internal reporting dates to ensure timely completion of information requirements and support effective performance management.

Areas where Governance has been strengthened in-year:

- An in-depth review of reserves was undertaken, which resulted in consolidation of some historic balances. This was approved by Members in January 2026.
- During the year, enhancements were made to improve the clarity of the Treasury Management Strategy Statement (TMSS), particularly in its alignment with the Council's capital investment programme and potential borrowing requirements. This has been addressed through an in-depth review of the strategy, resulting in a revised and more accessible format. The updated TMSS provides greater clarity around the planned capital investment and ensures continued compliance with statutory requirements and recognised best-practice Treasury Management guidance. The Financial Procedure Rules have been reviewed and are due to be agreed at Full Council in April 2026.

Housing & Regulatory Services

Areas for improvement identified:

- Strengthen the use of the officer decision template for delegated decisions to ensure consistent and accurate recording of key decisions, through a review with Democratic Services and agreement on appropriate circumstances for its use.
- Embed revised internal complaints processes, particularly within Housing Solutions, to support early engagement with complainants and ensure timely, consistent responses.

HR & Development

Areas for improvement identified:

- Improve the collection and completeness of employee equality data to strengthen compliance with the Public Sector Equality Duty. Enhanced data quality will support more effective workforce monitoring, equality analysis, and transparency, providing clearer assurance that equality impacts are appropriately considered in workforce-related decisions.
- Strengthen sickness absence reporting and management information by improving system-based reporting and removing reliance on manual PDF processes. Enhanced reporting will support better identification of patterns of short-term absence, enable earlier and more consistent management intervention, improve transparency and internal control, and contribute to more effective workforce management and wellbeing outcomes.

Information Technology

Areas for improvement identified:

- Strengthen cyber security arrangements in response to an increasingly sophisticated threat environment by establishing and maturing a security operations centre (SOC), the delivery of an incident response retainer (IRR), and implement a targeted programme of cyber and infrastructure improvements to strengthen organisational resilience.
- Strengthen IT Services capacity and capability, with particular focus on the Helpdesk, to ensure it can respond effectively to increasing demand arising from digitised workflows and support the consistent embedding of new ways of working across the organisation.

Local Government Reorganisation (LGR)

Areas where Governance has been strengthened in-year:

- In preparation for the proposed Local Government Reorganisation in Kent, the Council has commenced work with other Kent Districts, Medway Unitary Authority, and Kent County Council to set up a single strategic partnership to progress workstreams affecting LGR.
- The Council has established a LGR reserve with further financial additions scheduled for 2026/27 and 2027/28 in order to assist with the Authorities costs.
- Since April 2025 the Council is actively involved in priority action groups concerning matters for LGR as suggested by the MHCLG.

Planning

Areas for improvement identified:

- Improve performance management through the provision of instant reporting using Power BI, including the development of bespoke reports tailored to user needs to support timely decision-making and effective oversight.
- Review the customer experience for pre-application planning advice to establish clear service standards and expectations for the handling and delivery of pre-application enquiries.
- Reduce reliance on Extensions of Time and mitigate Planning Guarantee risk by strengthening performance management arrangements, including the introduction of clear officer targets for determining a defined percentage of applications within statutory timeframes.

Revenue & Benefits

Areas for improvement identified:

- In conjunction with the Homelessness Team, develop and implement a fit for purpose system to manage income for temporary accommodation cases by expediting the introduction of a purpose-built third-party solution, enabling accurate rent accounting, effective debt management, and improved financial control.
- Strengthen IT support for Revenues and Benefits systems by reviewing the resourcing for system maintenance and upgrades, which is giving rise to operational issues and increased service and financial risk.

Street Scene & Leisure

Areas for improvement identified:

- Strengthening the collection of garden waste subscriptions in a timely manner and the introduction of recurring payments to streamline processes and make renewal simpler for subscribers.
- Review and implement changes to litter and fly tipping enforcement in light of legislative change and operational experience.

Progress on Actions from Previous Year

Tonbridge & Malling's previous Annual Governance Statement reported no significant issues. However, in line with CIPFA's strengthened approach, the Council will ensure that where improvement areas are identified (as above), progress will be reported routinely and in the 2026/27 and 2027/28 AGS.

External Audit Recommendations

The Council received three External Audit Recommendations in 2024/25, progress against these is recorded below:

Bank reconciliation

Issue - During our review of cash and cash equivalents, we identified an unreconciled trivial balance in the cash account, which represents the Council's Collection Deposit Book. Furthermore, there has been a cumulative running difference throughout the year that was not investigated or reconciled in a timely manner. Management has attributed the delays in resolving these discrepancies to staff illness and an upgrade to the cash management system.

Risk – Although the balances involved are trivial, bank reconciliations are a key control for financial governance. They are vital in ensuring the accuracy of cash and cash equivalents held by the Council. While management identified the cause of the issue and is prioritising streamlining the process, we report this issue as it could have adverse impact in the effective operation of the bank reconciliation key control, which is fundamental in safeguarding the Council's cash.

2025/26 Update - The Council has completed the reconciliation of the brought-forward cash balances for 2025/26. The Head of Finance (Section 151 Officer) has authorised the write-off of a trivial residual balance to enable the full clearance of the brought-forward account. The Council's Collection Deposit Book is now subject to monthly reconciliation, with any discrepancies investigated promptly. The Principal Accountant oversees this process to ensure issues are addressed efficiently and provides ongoing support to the Income Team. Work is continuing to enhance reporting capabilities to streamline the reconciliation process further. Nevertheless, we are satisfied that the balances carried forward are now appropriately reconciled.

Related Parties Disclosure Note – Declaration of Interest

Issue - We identified a missing declaration of interest for one Councillor. Upon discussion with management, it was established that this was due to long term ill-health. Management had not performed alternative procedures to ensure that all interests of the Councillor were considered for the financial year. Alternative procedures could involve conducting a Companies House search to identify any interests that may require disclosure.

Additionally, we identified that that declaration forms do not cover closely related persons, a term which is equivalent to immediate family. As part of our testing of the disclosure, we were satisfied that the absence of the declaration form did not constitute a material omission in the related party transactions disclosure. Our search did not identify any such transactions requiring disclosure.

Risk – There is a risk that management is not aware of relationships with related parties that require disclosure. Members who represent the Council's interest in borough development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known

by the Council.

2025/26 Update - Management remains committed to achieving a 100% return rate for Related Party Transaction (RPT) forms. This is supported through early engagement with Members and officers, followed by regular reminders to encourage timely submission. Where any RPT forms are not returned, management undertakes additional checks to gain assurance that no unreported related parties exist (e.g. review of Companies House). Following further review, management considers the current Related Party Transaction form to be fit for purpose. It already includes clear and sufficient guidance, explicitly stating that disclosures apply to both the Councillor and their immediate family members.

Fixed Asset Register (FAR)

Issue - Deficiency noted in the preparation and maintenance of the Authority's FAR, maintained in an Excel workbook with separate tabs for each asset type. This means that there is not one listing of all assets from which sampling, reconciliation, or other checks can be carried out. Additionally, the FAR does not clearly include data needed to determine accounting entries for revaluation movements.

2025/26 Update - This recommendation was made after using the same format since the inception of capital charges in 1993, that being said management agreed to review and update these registers, the first being land and buildings which was reviewed in 2022–23 with other FARs to be reviewed in the forthcoming years.

Conclusion

The publication of this report and Annual Governance Statement demonstrates that the Council has complied with the Local Code of Corporate Governance consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (including the Framework Addendum, Covering the Annual Review and the Annual Governance Statement - May 2025) for the reporting period 1 April 2025 to 31 March 2026 and provides assurance over the Council's governance arrangements together with identifying areas of future focus and improvement.

The Council concludes that its governance arrangements are fit for purpose in accordance with the CIPFA/SOLACE Framework and the 2025 Addendum. Improvement actions have been identified to strengthen resilience and ensure that governance remains robust and responsive to future challenges.

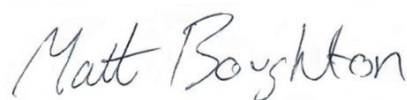
Signed



Chief Executive

Dated 31st May 2026

Signed



Leader of the Council

Dated 31st May 2026

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

To follow.

TMBC.GOV.UK
Serving our community

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