

NARRATIVE REPORT

2023/2024

Overview

Maidstone Borough Council continued to manage its finances prudently in the year ending 31 March 2024 in the face of significant cost pressures and constraints on income generation. Planned operating costs increased, notably with increases in staff pay following the peak in UK inflation at over 10% in late 2022. In addition, there were unforeseen cost pressures, above all from accommodating homeless families, with the average number of households living in temporary accommodation increasing from an average of 210 in 2022/23 to 252 in 2023/24. Overall, budget overspends were covered by underspends elsewhere and the use of a contingency budget, so the revenue out-turn for 2023/24 was within budget.

The Council's capital strategy supports its overall priorities. Until recently, most capital investment has been funded internally, but in light of its investment plans, the Council locked in £80 million of future borrowing in early 2022 and drew down an initial tranche of £40 million in February 2024. Investment will continue to be in line with the capital strategy and in accordance with CIPFA's Prudential Code.

The Council maintains an adequate but not excessive level of reserves, with unallocated General Fund balances of £17 million at the end of the year, equivalent to two months' worth of gross revenue.

The narrative report summarises the Council's position as follows:

- Key facts about Maidstone
- Background information about Maidstone and the Council
- Maidstone's Strategic Plan and Medium Term Financial Strategy
- Key achievements in 2022/23
- Performance against key indicators
- Summary of financial performance
- Risk management
- Future plans



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Key Facts About Maidstone

POPULATION OF MAIDSTONE BOROUGH

2023	184,500
2022	181,000

COUNCIL GROSS REVENUE

2023/24	£103.7 million
2022/23	£103.1 million

UNEMPLOYMENT IN BOROUGH

2023	3.0%
2022	2.8%

COUNCIL REVENUE GENERATED LOCALLY

2023/24	92.8%
2022/23	93.1%

NUMBER OF ACTIVE BUSINESSES IN THE BOROUGH

2023	7,965
2022	8,320

COUNCIL CORE SPENDING POWER

2023/24	£28.0 million
2022/23	£26.6 million

BUSINESS RATES GENERATED

2023/24	£60.3 million*
2022/23	£54.6 million*

*net of Covid-19 Business Rates relief

COUNCIL INVESTMENT IN LONG TERM ASSETS

2023/24	£229.3 million
2022/23	£205.7 million

WEEKLY PAY FOR A FULL-TIME WORKER

2023	£668.70
2022	£615.10

COUNCIL'S USABLE RESERVES (excludes funding of Collection Fund deficit)

2023/24	£42.5 million
2022/23	£36.8 million



About Maidstone



Maidstone is the largest borough council district in Kent, with an estimated 185,000 residents in mid-2023. Around 70% live in Maidstone, which is the County Town of Kent. In the surrounding rural area there are local service centres such as Staplehurst, Marden, Headcorn, Lenham and Harrietsham and many smaller villages.

Maidstone has the largest economy of any Kent borough, generating an estimated £4 billion Gross Value Added per annum. The borough has around 8,000 businesses covering a diverse range of sectors including life sciences, healthcare, ICT, construction and civil engineering, professional and business services, agriculture and horticulture, and education.

The M20 from London to the Kent coast runs through the borough, providing good transport links and the opportunity for further business growth.

The town of Maidstone is surrounded by a rural area that stretches from the Kent Downs Area of Outstanding Natural Beauty in the North to the Weald in the South. The borough has a rich historical heritage, with 2,000 listed buildings and 28 scheduled ancient monuments. The River Medway flows through the borough and the town centre and, together with its tributaries, is one of the borough's prime assets. All these natural and physical advantages help the borough attract around four million visitors each year.

About the Council

The Council is accountable to local residents through its 49 councillors (reduced from 55 in May 2024 following a local government boundary review). The Council held whole council elections for the first time in May 2024, having previously elected one third of councillors in three years out of every four. Following these elections, the political composition of the Council is:

Green Independent Alliance	14
Conservative	13
Liberal Democrat	12
Labour	6
Independent and Fant & Oakwood Group	4

The Council operates a Cabinet system, with decisions being made by eight Cabinet members, appointed by the Leader of the Council. The current Leader is Councillor Stuart Jeffery (Green Independent Alliance) and the Cabinet comprises four Green Independent Alliance members and four Liberal Democrat members.

The day-to-day management of the council and its services is carried out by the Corporate Leadership Team, headed by Alison Broom, Chief Executive.

The Council employed 539 people (506 full time equivalent) at 31 March 2024, based at the Council's administrative offices in Maidstone House, King Street, and at service locations including the Council's depot at Bircholt Road, Parkwood.

Maidstone's Strategic Plan & Medium Term Financial Strategy

The Council's current Strategic Plan was adopted in December 2018. The Strategic Plan sets out four priorities: embracing growth and enabling infrastructure; making Maidstone safe, clean and green; providing homes and supporting communities; and making the borough a thriving place. Achievements in 2023/24 against these priorities and key performance indicators are set out in the following section.

Following the local election of May 2024, a new Strategic Plan will be developed reflecting priorities set by the current Green Independent Alliance / Liberal Democrat administration.

A Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its strategic plan over the next five years and is updated annually. Recognising that there is a high degree of uncertainty about the medium term outlook, financial projections are prepared under a range of different scenarios. The MTFS is linked to the Council's Capital Strategy, which sets out how the capital programme will meet the Council's strategic priorities, whilst remaining affordable and sustainable.

When setting the budget for 2023/24, the Council allocated £4 million of New Homes Bonus and Funding Guarantee receipts for the Housing Investment Fund, to be used to fund the subsidy required for the Council's housing programme. The 2024/25 budget anticipates a further contribution of £5 million to the Housing Investment Fund.

The Council's balance sheet position remains strong, with £17 million of unallocated General Fund reserves at the end of 2023/24.



Key Achievements

EMBRACING GROWTH AND ENABLING INFRASTRUCTURE

● Promoting Economic Development

Working in partnership with NatWest Bank and the Let's Do Business Group, the Council's Economic Development Team has developed workshops and networking events at the council's Business Terrace facility for new and growing businesses. Our Innovation Centre team has held 'Big Conversation' events covering topics including artificial intelligence and digital health.

● New Local Plan Adopted

In March 2024 the Council adopted a new local plan, following a review of the existing adopted Local Plan 2011-2031. The process culminated in an Independent Examination by a Planning Inspector appointed by the Secretary of State. The Inspector considered the Local Plan Review to be 'sound' subject to incorporation of Main Modifications which were made in the adopted plan.

● New Mote Park Café

In May 2023 the Council opened a new café in Mote Park, its award-winning 450 acre park near the centre of Maidstone. The café has proved hugely popular with visitors and offers a year-round service.

● Maidstone Leisure Centre

Work has started at the Maidstone Leisure Centre to carry out £2.5 million of upgrades and improvements following the award of an extension to the contract to operate the Centre.

HOMES AND COMMUNITIES

● Affordable Homes Programme

Work commenced at five sites for delivery of 94 affordable homes, across five different sites, as part of the council's overall affordable homes programme. The scheme has been supported by Social Housing Grant (SHG) funding from Homes England. The Council has also acquired sites with the potential for a further 300 units and is developing plans for these.

● Community Larder

The Council opened community food larders in Park Wood, Shepway and Maidstone Town Centre in partnership with Golding Homes and the West Kent Health and Care Partnership. The larders were introduced in response to health inequalities insight work with residents who identified food insecurity as their main concern. The Shepway Larder received a Kent Housing Group Excellence Award in recognition of the great work and support it provides to the community.

● Christmas Donation Hub

MBC staff took the initiative to open a Donation Hub in the Mall shopping centre for Christmas 2023. Managed and run entirely by staff and volunteers, it received more than 800 donations worth over £18,000 which were given to 11 local charities that were supported through the project.

SAFE, CLEAN AND GREEN

● Decarbonisation of Maidstone House

The council secured funding from the government's Public Sector Decarbonisation Scheme (PSDS) to further its commitment to achieve Net Zero for operations by 2030 by upgrading its main offices including Maidstone House and the Maidstone Link (based on King Street). The council was awarded £3.1 million, which, together with additional Council funding, will be used to install air source heat pumps for heating and cooling, solar panels to generate and create electricity, insulation for the entire seven story building, all new windows and LED lighting to improve energy efficiency.

● Combatting Flytipping

MBC's Waste Crime team has been cracking down on fly-tipping, introducing higher fines to those breaking the law and has been focusing on some particular rural hot spots across the borough.

● New Waste and Recycling Contract

In partnership with Ashford & Swale Councils, MBC entered into a new contract with SUEZ Recycling and Recovery at the end of March 2024. All the teams have been working hard to serve the residents and businesses across the borough whilst changes were made to the service.

● Green Flag Awards

Four of our parks received the coveted Green Flag Award again last year; the international quality mark for parks and green spaces is run by Keep Britain Tidy and is a quality mark for parks and green spaces.

● Eco Hub

The Council opened the Maidstone Eco Hub in summer 2023 in the Mall shopping centre. Staffed by our Climate and Biodiversity Team along with volunteers the project proved hugely popular with visitors who were offered information and advice on how to become more sustainable, eco-friendly, save money and reduce their carbon footprint.

● Cemetery Chapel Refurbishment

The impressive Grade 2 listed Maidstone Cemetery Chapel, located in the Sutton Road Cemetery, has been restored to its former glory after extensive work has been carried out.

A THRIVING PLACE

● New Museum Gallery

A new gallery, Lives In Our Landscape, was designed and built at Maidstone Museum, with council funding supplemented by generous contributions from a range of external donors. The gallery tells the story of how people have lived in the area over the past 600,000 years, using over a 1,000 objects from the museum's collection, ranging from a bronze age clay spoon to an illuminated Medieval bible.

● Events in Maidstone

The Council runs an extensive programme of events, helping to make Maidstone Town Centre an exciting and welcome place for residents and visitors. The many events in 2023/24 have included:

- A bright and colourful Wild about Maidstone celebration at Coronation Square in Lockmeadow in September 2023
- A Magical Beasts sculpture trail featuring six bespoke artworks, alongside Maidstone Trails apps allowing people to enjoy free history trails
- A programme of summer concerts in Brenchley Gardens
- A Maytime Medley community variety show with a mix of performances including live music, choirs and comedy acts at Whatman Park
- Outdoor touring performances of Treasure Island in Summer 2023 delivered by the Council-funded Hazlitt Theatre
- A bespoke local exhibition in Maidstone Museum to celebrate the NHS at 75
- A Christmas Lights switch on with a real tree in Jubilee Square, with hundreds of residents joining in
- Numerous events and activities at our Lockmeadow entertainment complex including a Thai Festival and Santa's Giant Post Box
- An inaugural Literary Festival in October 2023, with the town centre coming alive with writers' workshops and audiences with best-selling authors

● Supporting Community Activities

We opened the 326 Youth Hub in the Mall shopping centre where young people can visit and enjoy free activities and support. The Council is distributing £90,000 worth of Creative Community Grants over 3 years, designed to create a sense of pride in the area for artists, community groups and cultural organisations.

Key Performance Indicators

Key Performance Indicators are set for each Council priority in consultation with the relevant Service Committee. Performance against targets is set out below.

PRIORITY: Embracing Growth & Enabling Infrastructure

Performance Indicator	Out-turn 2023/24	Target 2023/24	Status	Compared to 2022/23
Percentage of priority 1 enforcement cases dealt with in time	100%	98%	✓	↑
Percentage of Priority 2 enforcement cases dealt with in time	95.88%	92%	✓	↑
Number of enforcement complaints received	453	✓	✓	↑
Number of affordable homes delivered (Gross)	189	200	▲	↓
Affordable homes as a percentage of all new homes	Data not due to be available until Summer 2024	20%	TBC	TBC
Percentage of vacant MBC-owned commercial space (excluding property for development)	21%	✓	✓	N/A

Key for Targets

Date Only
 Target Met
 Target Slightly Missed (within 10%)
 Target Not Achieved

PRIORITY: Homes & Communities

Performance Indicator	Out-turn 2023/24	Target 2023/24	Status	Compared to 2022/23
Percentage of households receiving Council Tax Support (CTS)	12.49%	✓	✓	N/A
Percentage of CPWs to CPNs in period (CPT/SMP)	7.9%	✓	✓	↓
Number of Community Protection Warnings (CPWs) in period	63	✓	✓	↓
Number of Community Protection Notices (CPNs) in period	5	✓	✓	↓
Number of households at risk of (or in) financial crisis (LIFT data)	673	✓	✓	N/A
Number of households living in temporary accommodation last night of the month (NI 156 & SDL 009-00)	252	✓	✓	↑
Number of households living in nightly paid temporary accommodation last night of the month	144	✓	✓	↑
Number of Rough Sleepers accommodated by the Council on the last night of the month	35	✓	✓	↑
Percentage of successful Prevention Duty outcomes	63.36%	65%	▲	↓
Number of households prevented or relieved from becoming homeless	575	500	✓	↑
Percentage of successful Relief Duty outcomes	39.65%	40%	▲	↓
Number of homeless cases where the cause of homelessness is domestic abuse	140	✓	✓	↓
Number of completed Disabled Facilities Grants	92	✓	✓	↑
Number of private sector homes improved through MBC Housing Standards Team interventions	199	180	✓	↑
Number of completed Housing Assistance interventions	370	✓	✓	↑
Percentage of Nondomestic Rates Collected (BV 010)	98.39%	95.20%	✓	↑
Percentage of Council Tax collected (BV 009)	96.66%	95.75%	✓	↓



Key Performance Indicators

Key for Targets

☑ Date Only
 ✔ Target Met
 ▲ Target Slightly Missed (within 10%)
 ● Target Not Achieved

PRIORITY: Clean, Safe & Green

Performance Indicator	Out-turn 2023/24	Target 2023/24	Status	Compared to 2022/23
Percentage Change of Carbon Emissions from MBC Buildings/ Fleet (Scope 1 and 2)	Data not yet available for 23/24	☑	☑	N/A
Improvement in Air Quality	Data not yet available for 23/24	☑	☑	N/A
Borough wide carbon emissions reduction (Gov Data)	Not published until Summer 24	☑	☑	N/A
Number of trees planted (through MBC planting initiatives)	5,750	☑	☑	N/A
Number of Electric Vehicle Charging Points Installed by MBC	10	☑	☑	N/A
The percentage of relevant land and highways that is assessed as having acceptable levels of litter	92.75%	98.00%	▲	↓
The percentage of relevant land and highways that is assessed as having acceptable levels of detritus	92.60%	95.00%	▲	↓
Missed bins per 100,000 collections	39.6	40.0	✔	↑
Tonnage of household waste produced per household	0.742t	☑	☑	↓
Percentage of household waste sent for reuse, recycling and composting	49.15%	53.00%	▲	↓
Contaminated tonnage (rejected) as a percentage of tonnage of household waste sent for reuse, recycling or composting	5.80%	6.00%	✔	↑

PRIORITY: A Thriving Place

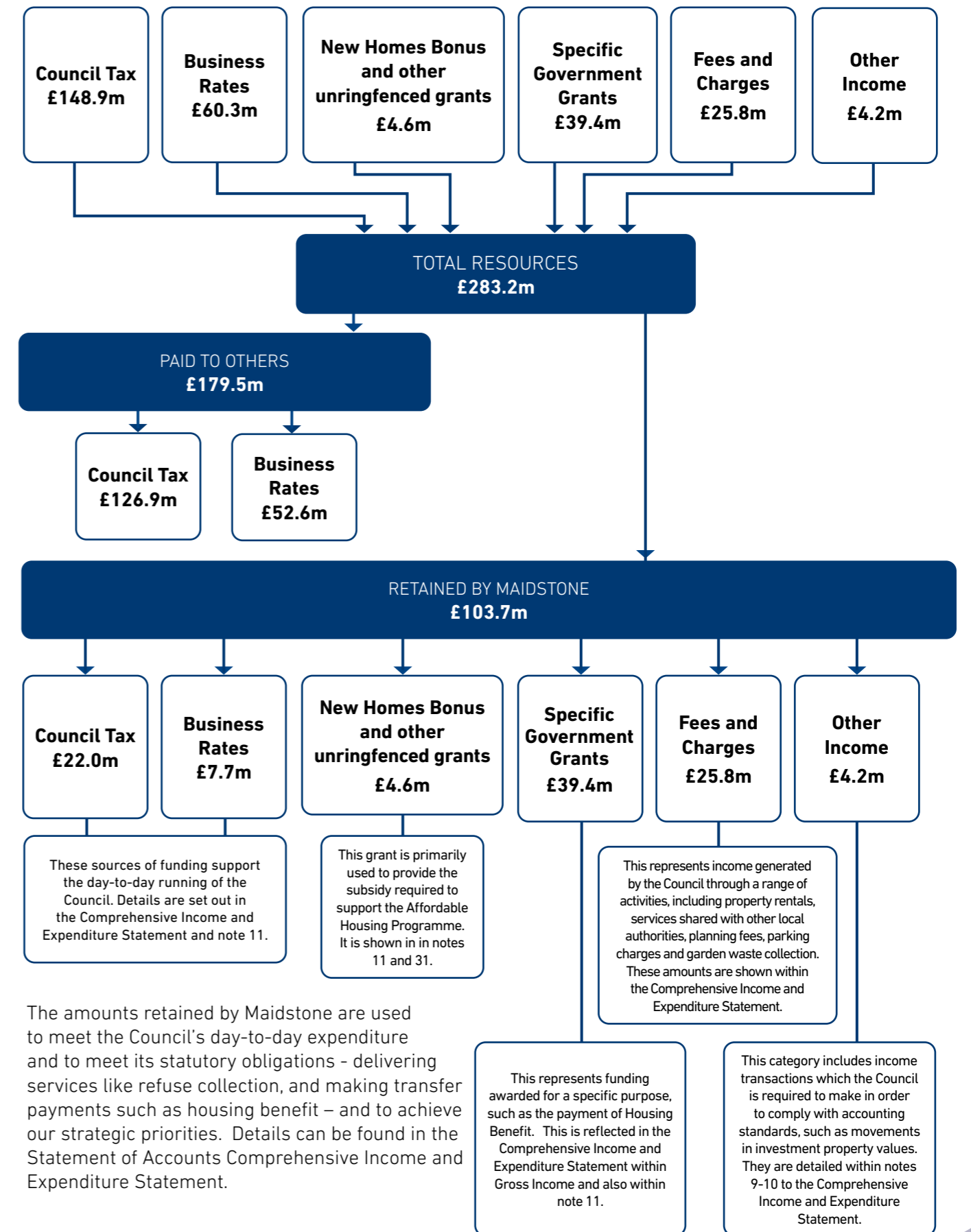
Performance Indicator	Out-turn 2023/24	Target 2023/24	Status	Compared to 2022/23
Footfall at the Museum and Visitors Information Centre	40,001	50,000	●	↑
Percentage of vacant retail units in the town centre Number of users at the Leisure Centre	500,448	490,292	✔	↑
Number of visits per month to Visit-Maidstone.com Number of outreach projects/work undertaken by the Hazlitt	83	☑	☑	N/A
Percentage of tickets sold at the Hazlitt	73.63%	50%	✔	↑
Market Hall Occupancy Percentage	73.08%	75%	▲	N/A
Percentage change in Utility costs for the leisure centre	-4.82% Jan-Dec 2023	☑	☑	N/A





Financial Performance - Revenue

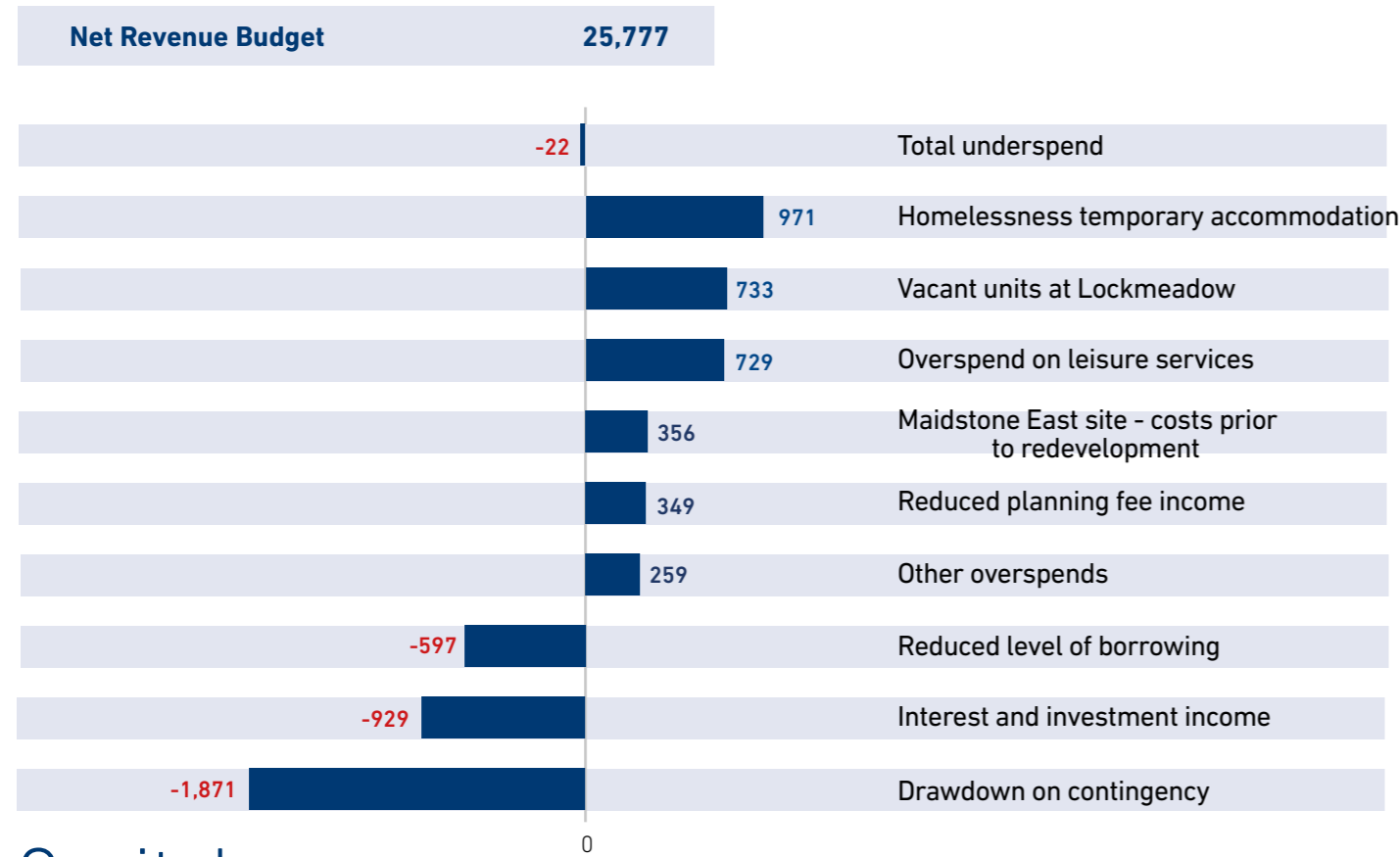
The total revenue resources generated by the Council for 2023/24, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £283 million (£265 million in 2021/22). The table below shows the total amounts received and the amounts retained by the Council.



The amounts retained by Maidstone are used to meet the Council's day-to-day expenditure and to meet its statutory obligations - delivering services like refuse collection, and making transfer payments such as housing benefit - and to achieve our strategic priorities. Details can be found in the Statement of Accounts Comprehensive Income and Expenditure Statement.

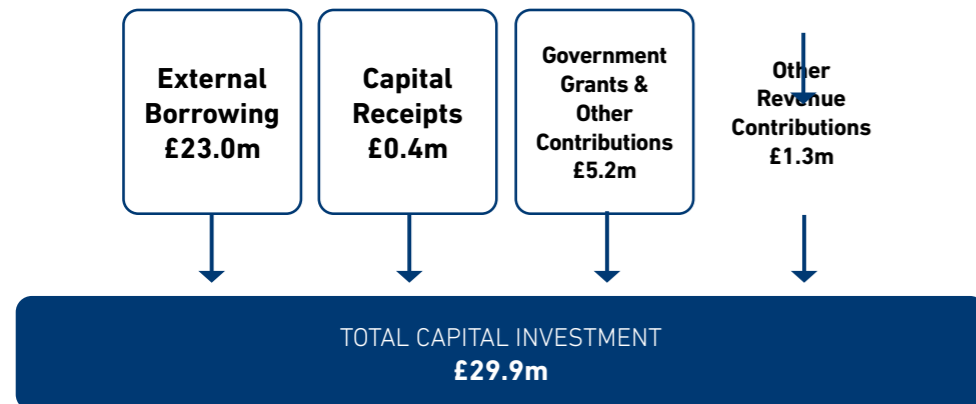
Revenue Out-Turn

The revenue out-turn for the year represented an underspend of £22,000 on a total net revenue budget of £25.777 million. Overspends, primarily on temporary accommodation, were offset by a drawdown on the contingency budget and by additional interest and investment income.



Capital

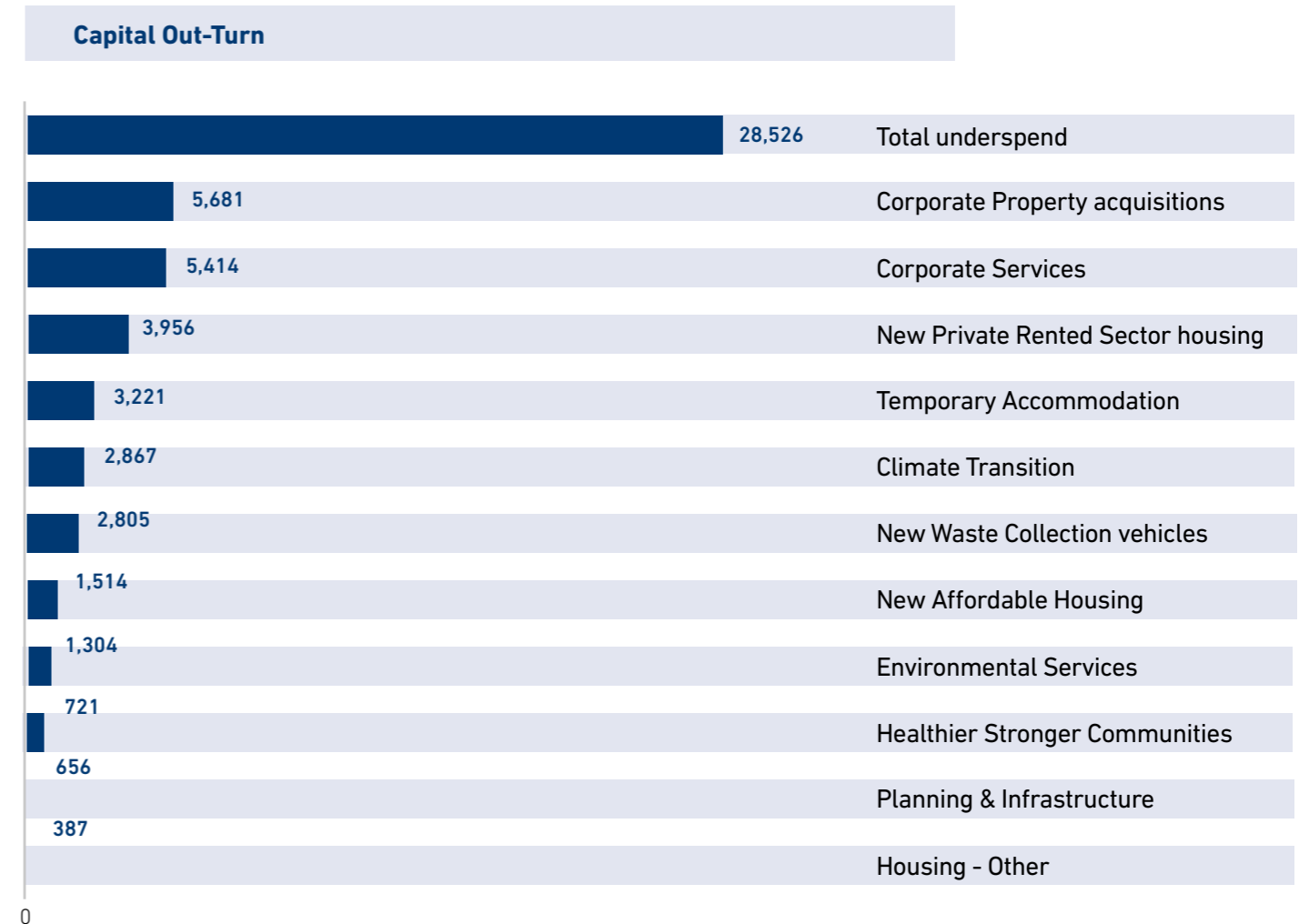
Alongside the revenue budget, the Council has a capital budget that allows it to invest for the longer term. Capital investment in 2023/24 amounted to £29.9 million, funded as shown below.



The Council plans to increase the level of capital investment. It has a ten year capital programme for the period 2024/25 to 2033/34 totalling £434 million. Whilst the Council has relied primarily on internal sources for capital investment in the past, much of the future programme will be funded by external borrowing. An initial £80 million of the requirement is covered by a forward funding agreement made by the Council in April 2022, and further borrowing will be required in the future.

Capital Out-Turn

Capital investment in 2023/24 was £28.5 million less than budgeted, principally due to delays in getting the Council's housing programme under way. The underspends will be rolled forward and added to the budget for 2024/25.



Balance Sheet

The Balance Sheet shows the value of the Council's assets less its liabilities at the end of the year. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The Council's net assets remained static at £158 million.

2022/23 £000		2023/24 £000
146,379	Property, Plant & Equipment	160,382
44,193	Investment Properties	43,518
14,002	Heritage Assets	14,122
1,172	Other Long Term Assets	1,262
31,579	Money owed to the Council	67,627
-56,493	Money owed by the Council	-70,773
-23,148	Long Term Liabilities	-58,580
157,684	Net Assets	157,558
36,774	Usable Reserves	41,657
120,910	Unusable Reserves	115,901
157,684	Total Reserves	157,558

Property, Plant and Equipment are assets held by the Council to deliver services or for administrative purposes. The increase reflects capital expenditure during the year, after allowing for depreciation and revaluation increases / decreases.

Money owed to the Council includes amounts receivable from debtors and cash balances, being cash in hand, bank deposits and investments that are readily convertible to cash. **The Cash Flow Statement** provides an analysis of the movement in cash during the course of the year.

Money owed by the Council includes amounts payable to creditors, provisions for business rates appeals and grants received in advance. The Council currently has no long term borrowing.

Usable reserves include money set aside for specific purposes and sufficient contingency to cover unforeseen events. Unallocated reserves amount to £17 million, which is well in excess of the minimum requirement set by the Council of £4 million.

Unusable reserves will only become available at some future date, for example if assets are sold. Unusable reserves rose, reflecting the revaluations and change in pension liabilities described above.

Changes in Reserves are shown in the **Movement in Reserves Statement** in the Statement of Accounts.










Risk Management

The Council manages risk through a comprehensive risk management framework. This involves identification of risk at corporate and service levels, ownership of individual risks by named officers, development of controls to mitigate risks, and regular reporting. Quarterly reports are presented to the Corporate Leadership Team and to Cabinet.

The following table sets out what the Council has assessed as being the key corporate risks.

No	Corporate Risk	June 2024		Corporate Priority			
		Current Risk	Mitigated Risk				
1	Financial uncertainty	15	12	Blue	Green	Purple	Pink
2	Election failure / challenge	20	16	Blue	Green	Purple	Pink
3	Rising construction costs and the risk of contractor insolvency	20	16	Blue	Grey	Purple	Pink
4	Rising temporary accommodation costs	20	16	Blue	Grey	Purple	Pink
5	Maidstone Town Centre vitality diminishes	20	16	Blue	Grey	Purple	Pink
6	Not fulfilling residential property, health & safety, building safety, and emerging consumer regulations	15	10	Blue	Yellow	Purple	Pink
7	Waste & recycling contract not performing	20	16	Grey	Green	Purple	Pink
8	Environmental damage	16	16	Grey	Green	Purple	Pink
9	Cost of Living Crisis	16	12	Grey	Green	Purple	Pink
10	Major unforeseen emergency	15	9	Blue	Yellow	Purple	Pink
11	Major contractor, supplier, or tenant failure	12	9	Blue	Yellow	Purple	Pink
12	IT network failure	12	9	Blue	Yellow	Purple	Pink
13	Ability to access / leverage new funding	12	9	Blue	Yellow	Purple	Pink
14	Loss of workforce cohesion and talent	6	6	Blue	Yellow	Purple	Pink
15	Reduced effectiveness of relationships with strategic partners	9	6	Blue	Yellow	Purple	Pink
16	Governance changes	9	6	Blue	Yellow	Purple	Pink

Our Priorities:

 Embracing Growth & Enabling Infrastructure	 Safe, Clean & Green
 Homes & Communities	 Thriving Place
 Top Risk	 High Risk
	 Medium Risk

Future Plans

The arrival of a new administration at the Council in May 2024 will lead to a reset of its priorities and a new Strategic Plan. Whatever direction the council takes, it will face constraints, in light of the continuing requirement to deliver a wide range of statutory services, and restrictions such as the Council Tax referendum limit on revenue raising capacity.

The external environment is also uncertain. Key variables are as follows:

- the external economic environment, which can affect the council by (for example) driving up the number of homeless families and reducing parking and planning fee income
- government policy on public spending, including the Council Tax referendum limit and the share of business rates it allows local authorities to retain
- potential new devolution initiatives from central government

- government and Bank of England monetary policy – high interest rates increase the cost of funding the capital programme
- the Council's own capacity to deliver services and respond to changing circumstances.

The Council has an ambitious capital programme. Assuming that it remains on the same scale as currently planned, this brings a number of risks, eg.

- Availability and cost of finance
- Inflation in construction prices
- Contractor failure / liquidation
- Capacity of council to deliver the programme.

The Council can nevertheless face the future with some confidence, given its current strong financial position and track record of delivery.





STATEMENT OF ACCOUNTS 2023/24

(Draft Accounts –
Subject to External
Audit)

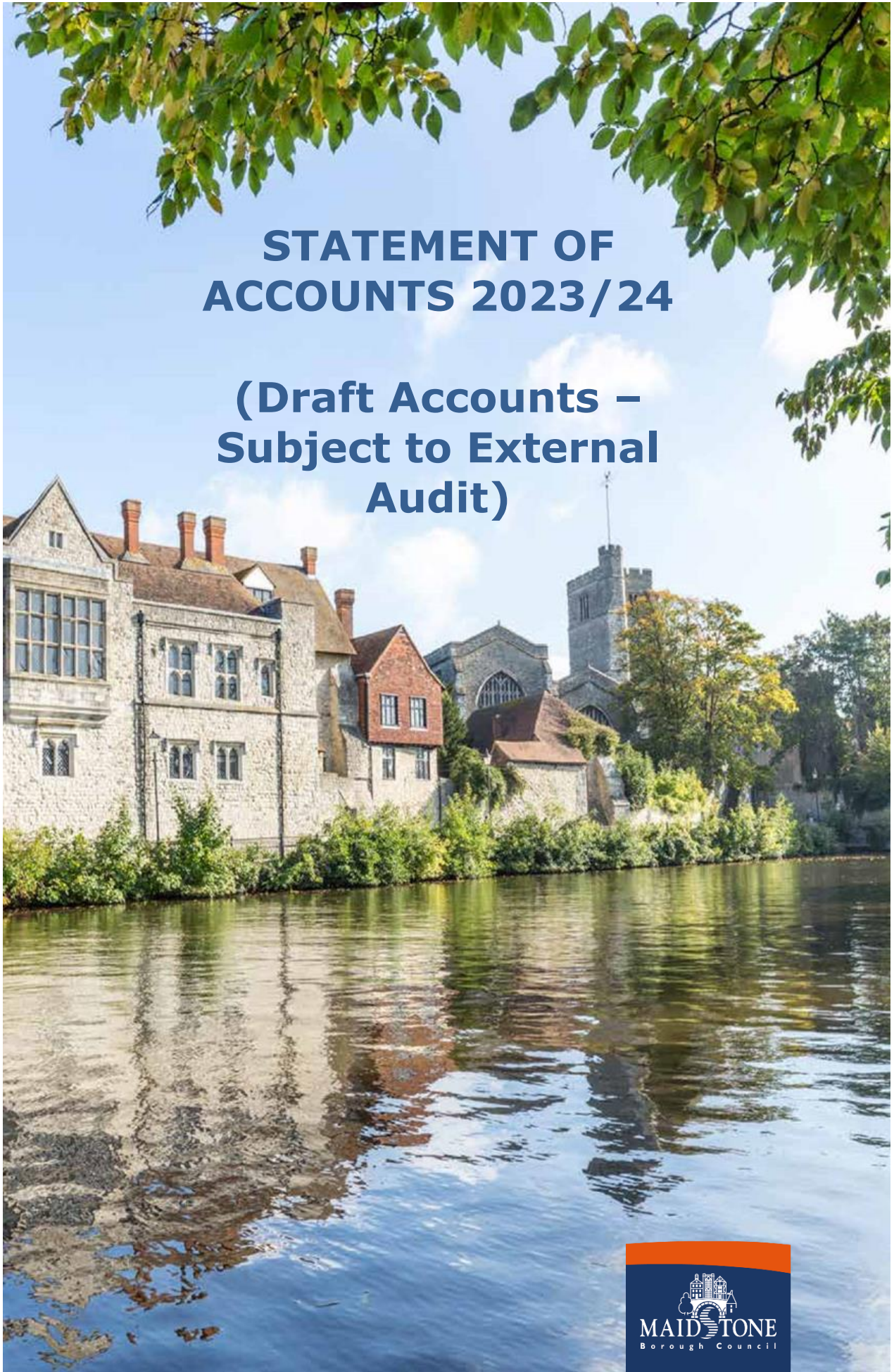


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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council 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 the Council, that officer is the Director of Finance, Resources & Business Improvement.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Director of Finance, Resources & Business Improvement's Responsibilities

The Director of Finance, Resources & Business Improvement is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance, Resources & Business Improvement has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Director of Finance, Resources & Business Improvement has also:

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

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31st March 2024.

Signed:

Mark Green, Director of Finance, Resources & Business Improvement

Date:

PRIMARY STATEMENTS

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT - For the years ending 31st March 2023 & 2024

2022/23 (Restated)			Policy Advisory Committee (See note)	2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
47,454	(39,655)	7,799	Corporate Services	47,751	(42,507)	5,244
26,196	(11,526)	14,670	Housing, Health & Environment	29,935	(13,482)	16,453
9,497	(4,416)	5,081	Communities, Leisure & Arts	9,443	(4,554)	4,889
10,135	(7,199)	2,936	Planning, Infrastructure & Economic Development	11,104	(7,173)	3,931
93,282	(62,796)	30,486	Cost Of Services	98,233	(67,717)	30,516
		1,344	Other Operating Expenditure (Note 9)	2,851	(244)	2,608
		(1,256)	Financing and Investment Income and Expenditure (Note 10)	5,044	(3,967)	1,077
		(33,512)	Taxation and Non-Specific Grant Income and Expenditure (Note 11)	21,551	(56,051)	(34,500)
		(2,939)	(Surplus) or Deficit on Provision of Services			(298)
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		(6,042)	(Surplus) or deficit on revaluation of property, plant & equipment assets			1,646
		(67,591)	Remeasurement of the Net Defined Benefit Liability			(1,224)
		(73,631)	Other Comprehensive Income and Expenditure			422
		(76,568)	Total Comprehensive Income and Expenditure			124

Note: There were some adjustments to the names and responsibilities of the Policy Advisory Committees with effect from May 2023. The 2022/23 figures have been restated to reflect this change. The remit of the Policy Advisory Committees changed again in May 2025 but this had no impact in the period covered by these.

MOVEMENT IN RESERVES STATEMENT

For the years ending 31st March 2023 & 2024

Current Year	General Fund Balance Unallocated £000	Earmarked GF Balances £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1st April 2023	15,911	19,332	35,237	274	1,265	36,771	120,912	157,683
Movement in Reserves during 2023/24								
Total Comprehensive Income & Expenditure	298	0	298	0	0	298	(422)	(124)
Adjustments between accounting basis & funding basis under regulation (Note 6)	5,917	(4)	5,913	(152)	(1,172)	4,588	(4,589)	0
Movements between Reserves	(5,572)	5,572	(0)	0	0	(0)	0	(0)
Increase or Decrease in 2023/24	643	5,568	6,211	(152)	(1,172)	4,886	(5,011)	(124)
Balance at 31st March 2024	16,553	24,902	41,449	121	93	41,657	115,901	157,559

Comparative Year	General Fund Balance £000	Earmarked GF Balances £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves (Restated) £000	Total Reserves £000
Balance at 1st April 2022	12,517	21,363	33,873	288	1,171	35,326	45,785	81,111
Movement in Reserves during 2022/23								
Total Comprehensive Income & Expenditure	2,939		2,939	0	0	2,939	73,643	76,582
Adjustments between accounting basis & funding basis under regulation (Note 6)	456		456	(14)	95	537	(537)	(0)
Movements between Reserves		(2,031)	(2,031)			(2,031)	2,021	(10)
Increase or Decrease in 2022/23	3,395	(2,031)	1,364	(14)	95	1,445	75,127	76,572
Balance at 31st March 2023	15,911	19,332	35,237	274	1,265	36,771	120,912	157,683

The statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The statement 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 movements in the year following those adjustments.

BALANCE SHEET

As at 31st March 2023 & 2024

31st March 2023 (Restated) £000	Notes	31st March 2024 £000
146,379	Property, Plant & Equipment	160,382
44,193	Investment Property	43,518
14,002	Heritage Assets	14,122
1,135	Intangible Assets	1,227
37	Long Term Debtors	35
205,746	Long Term Assets	219,284
0	Short Term Investments	10,000
117	Inventories	80
22,864	Short Term Debtors	34,307
8,598	Cash & Cash Equivalents	23,240
31,579	Current Assets	67,627
0	Bank Overdraft	2,649
5,000	Short Term Borrowing	0
45,896	Short Term Creditors	54,154
1,147	Provisions	1,575
597	Deferred Liability	318
3,854	Capital Grants Receipts in Advance	12,077
56,493	Current Liabilities	70,773
913	Provisions	946
5,000	Long Term Borrowing	45,000
319	Deferred Liability	0
4,632	Capital Grants Receipts in Advance	2,345
12,284	Net Pension Liability	10,290
23,149	Long Term Liabilities	58,581
157,684	Net Assets	157,558
36,774	Usable Reserves	41,657
120,910	Unusable Reserves	115,901
157,684	Total Reserves	157,558

CASHFLOW STATEMENT

2022/23 £000		Notes	2023/24 £000
2,939	Net (surplus) or deficit on the provision of services		298
5,801	Adjustments to net surplus or deficit on the provision of services for non-cash movements	34	(783)
2,119	Adjustments for items included in the net surplus or deficit on the provision of services that are investing & financing activities	35	(4,313)
10,859	Net cash flows from Operating activities		(4,797)
(13,165)	Investing Activities	36	(25,520)
(22,747)	Financing Activities	37	42,310
(25,053)	Net increase or decrease in cash & cash equivalents		11,993
33,652	Cash & cash equivalents at the beginning of the reporting period		8,599
8,599	Cash & cash equivalents at the end of the reporting period		20,592

NOTES TO THE ACCOUNTS

1 – EXPENDITURE & FUNDING ANALYSIS - For the years ending 31st March 2023 & 2024

2022/23 (Restated)				2023/24		
Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000	Policy Advisory Committee (See note)	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income & Expenditure Statement £000
9,209	(1,410)	7,799	Corporate Services	8,094	(2,851)	5,244
11,415	3,262	14,676	Housing, Health & Environment	11,399	5,053	16,453
1,375	3,706	5,081	Communities, Leisure & Arts	2,803	2,086	4,889
1,299	1,637	2,936	Planning, Infrastructure & Economic Development	844	3,088	3,931
23,298	7,194	30,492	Net Cost Of Services	23,140	7,376	30,516
(25,775)	(7,650)	(33,425)	Other Income & Expenditure	(17,522)	(13,293)	(30,815)
(2,478)	(456)	(2,933)	(Surplus) or Deficit	5,618	(5,917)	(298)
		33,871	Opening General Fund Balance			35,235
		1,570	Adjustments between Accounting & Funding Basis			5,917
		35,235	Closing General Fund Balance at 31st March			41,449

Note: There were some adjustments to the names and responsibilities of the Policy Advisory Committees with effect from May 2023. The 2022/23 figures have been restated to reflect this change. The remit of the Policy Advisory Committees changed again in May 2025 but this had no impact in the period covered by these accounts.

Statement of Accounts 2023/24 (Draft – Subject to External Audit)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents and other charges, 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 service committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

NOTE TO THE EXPENDITURE & FUNDING ANALYSIS

Adjustments between Funding & Accounting Basis 2023/24				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Adjustments for Capital Purposes (Note i) £000	Net Change for Pensions Adjustments (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
Corporate Services	1,096	428	(4,375)	(2,851)
Housing, Health & Environment	3,213		1,841	5,053
Communities, Leisure & Arts	1,881		205	2,086
Planning, Infrastructure & Economic Development	1,606		1,482	3,088
Net Cost of Services	7,795	428	(847)	7,375
Other income and expenditure from the Expenditure & Funding Analysis	(7,795)	(428)	(5,070)	(13,293)
surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	0	0	(5,917)	(5,917)

Adjustments between Funding & Accounting Basis 2022/23 (Restated)				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Adjustments for Capital Purposes (Note i) £000	Net Change for Pensions Adjustments (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
Corporate Services	1,517	1,248	(4,175)	(1,410)
Housing, Health & Environment	410		2,851	3,262
Communities, Leisure & Arts	1,102		2,604	3,706
Planning, Infrastructure & Economic Development	117		1,520	1,637
Net Cost of Services	3,146	1,248	2,799	7,193
Other income and expenditure from the Expenditure & Funding Analysis	(3,146)	(1,248)	(3,256)	(7,650)
surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	0	0	(456)	(457)

Note i – Adjustments for Capital Purposes

- This column adjusts the service committees for the statutory adjustments put through in respect of depreciation, amortisation of intangible assets, revenue funding from capital under statute, and other capital charges.

Note ii – Net Charge for Pensions Adjustments

- This column adjusts the service committees for the statutory adjustments put through in respect of IAS 19 Employee Benefits pension related income and expenditure.

Note iii – Other Differences

- This column adjusts the service committees for various recharges such as accommodation, telephones, staff recharges and IT recharges as when they are reported they only include direct costs.

EXPENDITURE AND INCOME ANALYSED BY NATURE

	2022/23	2023/24
	£000	£000
Expenditure		
Employee Benefit Expenses	24,104	23,864
Other Services Expenses	89,071	95,197
Depreciation, Amortisation, Impairment	4,640	5,305
Interest Payments	147	421
Precepts & Levies	2,441	2,717
Total Expenditure	120,404	127,503
Income		
Fees, Charges & Other Service Income	(28,067)	(30,992)
Interest & Investment Income	(601)	(1,079)
Income from Council Tax & NDR	(48,602)	(51,080)
Government Grants & Contributions	(40,423)	(41,676)
Gain/(Loss) on the Disposal of Assets & Revaluations	(5,649)	(2,974)
Total Income	(123,344)	(127,801)
(Surplus) or Deficit on the Provision of Services	(2,941)	(298)

Within the line for Fees, Charges & Other Service Income there are some receipts accounted for under IFRS 15, which recognises revenue from contracts with service recipients. The amount recognised within this line is as follows:

Service Area	2022/23 £000	2023/24 £000
Accommodation	(378)	(389)
Central Services	(547)	(455)
Cultural & Related Services	(774)	(864)
Environment & Regulatory Services	(2,778)	(2,647)
Housing Services	(2,473)	(3,283)
Other Services	(1,123)	(1,128)
Other Support Services	(2,508)	(2,389)
Parking Services	(3,722)	(3,764)
Planning & Economic Development	(8,906)	(8,715)
Property Services	(2,944)	(3,029)
Fees, Charges & Other Service Income	(26,152)	(26,662)

2 - ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts & Audit Regulations (England) 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the UK 2023/24, supported by International Financial Reporting Standards (IFRS).

The following accounting concepts have been given precedence in the preparation of the accounts:

- Going concern
- Primacy of legislative requirements

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Revenue Recognition

In accordance with IFRS 15, revenue is accounted for at the point at which services are delivered to service recipients, not necessarily 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.

- 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 for the income that might not be collected.
- Accruals are recognised where the value exceeds £5,000 in the revenue accounts, and £10,000 in the capital accounts.

Income from Council Tax and Non-Domestic (Business) Rates:

Revenue relating to council tax and business rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions. Revenue is recognised when it is probable that the economic benefits of the transaction will flow to the Council and the amount of revenue can be measured reliably.

The council tax and business rate income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, which consists of:

- The Council's council tax precept and business rate share from the Collection Fund i.e. the amount billed for the year; and
- The Council's share of the actual council tax and business rate surplus or deficit on the Collection Fund at the end of the current year, adjusted for the Council's share of the surplus or deficit on the fund at the preceding year end that has not been distributed or recovered in the current year.

The latter is not required by regulation to be credited to the General Fund and so is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement on the General Fund balance.

The Council as billing authority recognises a creditor in its balance sheet for cash collected from taxpayers and businesses on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors.

Overheads & Support Services

The costs of support services and overheads are charged to those that benefit from the supply or service in accordance with the absorption costing principle. The full cost of overheads and support services is shared between users in proportion to the benefits received.

Prior Period Adjustments, Changes in Accounting Policies and Estimates & Errors

Prior period adjustments may arise as result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current or financial years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue & Customs. VAT receivable is excluded from income.

Further accounting policies can be found throughout these accounts with the notes to which they relate.

ROUNDING

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

3 - CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- A comprehensive review of all property leases was undertaken at the end of 2017/18 to determine whether they should be classified as an operating lease (which are off-Balance Sheet), or a finance lease (which is on Balance Sheet). The result of this review is that the Council currently has no property leases which need to be classified as finance leases. The acquisition of Maidstone House did meet the criteria of a finance lease, but due to the nature of the arrangement it is accounted for as an operational asset.
- It has been determined that an arrangement between the Council and the managing contractor of the Leisure Centre is classified as a service concession arrangement. Under the terms of the arrangement the Council makes regular payments over a 15 year period to cover the costs of major refurbishment works which have been undertaken by the contractor.
- A judgement has been made as to which of the Council's assets fall under the category of Heritage Assets, and the appropriate basis for valuation and disclosure. The outcome of this judgement is reflected in the Heritage Assets note.
- A review of operational assets (with a value of greater than £100,000) not revalued this year has been undertaken to determine whether or not there could have been a material movement in the asset values. Using guidance from the external valuer, it has been concluded that the assets are materially fairly stated.
- A review of our componentisation policy has been undertaken and we have revalued our material properties on this basis. These are the museum, the leisure centre, the Innovation Centre, the Lockmeadow Entertainment Complex and Maidstone House.
- As a wholly owned subsidiary of the Council, Maidstone Property Holdings Limited falls within the group boundary on the grounds of control and significant influence in line with the Code. However, the Council's interests in aggregate are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. For this reason, group accounts are not deemed necessary within these statements.
- The Council has determined that it does not need to prepare group accounts to include Cobtree Manor Estate Trust, on the grounds that the Council neither controls, jointly controls, nor has significant influence over the Trust. Councillors who sit on the Cobtree Manor Estate Charity Committee act on behalf of the Trust in their decision making, rather than in the interests of Maidstone Borough Council. The objectives of the Trust derive from a separate trust, the Cobtree Charity Trust, and cannot be

influenced by the Council's objectives. The Council does not control the Trust in its capacity as an investor, it is not exposed to variable returns from its involvement with the Trust, and the Trust does not provide any services which the Council would otherwise be obliged to provide. The Council provides services to the Trust in terms of the day to day administration of its affairs and grounds maintenance of Cobtree Manor Park. The Council recharges the cost of providing these services to Cobtree Manor Park but does not seek to generate a surplus from the arrangement.

4 - ASSUMPTIONS MADE ABOUT THE FUTURE & OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. 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 items in the Council’s financial statements at 31st March 2024 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
Property valuations	<p>Property valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets and investment properties.</p> <p>The Council’s external valuers provided valuations for the Council’s entire investment portfolio and a proportion of its operational portfolio. The remaining balance of operational properties was also reviewed to ensure values were reflective of current appropriate values.</p> <p>Valuations have been undertaken in accordance with the latest professional guidance. These valuation use indices to support the latest valuation. The indices used are BCIS Average Cost and the Investment method that’s uses potential income levels. These do fluctuate during the year and</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement (CIES). If the value of the Council’s property portfolio were to reduce by 10%, this would result in a change of approximately £9.9m. This would not impact on the general fund balance.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	<p>therefore may change over the next 12 months.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	
Fair Value of Investment Property	<p>The Council’s external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>These valuations use indices to support the latest valuation figures. The indices used in the main are the Investment method that’s uses potential income levels. These do fluctuate during the year and therefore may change over the next 12 months.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm’s length transaction at the reporting date.</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement (CIES). If the value of the Council’s property portfolio were to reduce by 10%, this would result in a change of approximately £4.1m. This would not impact on the general fund balance.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate</p>	<ul style="list-style-type: none"> • A 0.1% increase in the discount rate will reduce the net pension liability by £2.3m; • A 0.1% increase in the assumed level of pension increases and deferred revaluation will increase the net pension liability by £2.2m;

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	<p>used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Barnett Waddingham as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<ul style="list-style-type: none"> • An increase of one year in longevity will increase the net pension liability by £6.5m.
Sundry Debtors	<p>At 31st March 2024 the Council had a balance of sundry debtors for £15m. A review of significant balances suggested that an impairment allowance for bad debts of £5.0m was appropriate. The calculation of this estimate is specific to the different classes of debtor but is generally based on the age of the debt and likelihood of recoverability. Uncertainty remains as to whether or not such an allowance will be sufficient to cover non-payment of these debts.</p>	<p>If collection rates were to deteriorate, a 50% increase in the level of impairment required for doubtful debts would require an additional £2.5m to be set aside as an allowance.</p>
Non-Domestic Rates Appeals	<p>The Collection Fund is liable for potential losses arising from appeals against the rateable value of business premises. A provision of £5.2m has therefore been created to recognise current and backdated appeals. The Council's share of the provision of £2.1m is reflected on the balance sheet. This is deemed to be appropriate as it is based on a detailed analysis</p>	<p>If the yield losses from successful appeals were to increase by 10%, an additional provision of £0.52m would be required overall, and the Council's share of the provision would increase by £0.21m.</p>

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	<p>of information provided by the Valuation Office Agency.</p> <p>There is uncertainty regarding the value of potential losses against the 2023 valuation list. A provision of 2.1p per pound of rateable value is reflected in the above total.</p> <p>These calculations are made with reference to information supplied by an external advisor, Analyse Local.</p> <p>Uncertainty exists as to whether or not the provision will be sufficient to cover refunds made following successful rateable value appeals, or whether the current provision is excessive.</p>	

5 - ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. An authority is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year. The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements are:

- IFRS 16 Leases issued in January 2016
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

Apart from IFRS 16 Leases, the new standards issued above but not yet adopted, are not expected to have a material impact on the Council's financial statements.

In 2021/22 the CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) agreed to defer the implementation of IFRS 16 Leases by a further two years. This means the effective date for implementation is now 1 April 2024, which will impact the statements in 2024/25.

Whilst the new Standard is effective from 1 April 2024, authorities are required by the Code to 'disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted'. This requirement of the Code (3.3.4.3) reflects the requirements of paragraph 30 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IFRS 16 extends the current definition of a finance lease to cover all leases, from the lessee's position. IFRS 16 does not affect the statements of the Lessor.

IFRS 16 requires that a Lessee should recognise all leases on their Balance Sheet unless they are of very low value or for less than 12 months in duration. An operational lease will no longer exist from a lessee's perspective.

IFRS 16 has significant accounting implications as the value of the lease needs to be capitalised and recorded as a 'Right of Use' asset on the Lessee's balance sheet. A corresponding liability must also be recognised on the balance sheet, extending over the life of the lease, to reflect the lease payments still to be made.

IFRS 16 will have an impact on all the main statements in the Annual Financial Report including the balance sheet, comprehensive income and expenditure

statement and cash flow statement. A number of new disclosure notes will be required to explain the Council's policy, and key decisions and judgements will be needed on, for example, consideration of the de minimis level of any leases, treatment of rolling leases and options to break or extend, short-term leases, embedded leases and the impact of peppercorn leases. Key Estimates will also be needed to determine the discount rate to be adopted at transition.

Additional valuations will need to be undertaken to determine the Fair Value of those properties leased by the Council at a peppercorn rent.

The Council has chosen to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. Implementation will use the "modified retrospective approach", where a Council applies the new standard from the beginning of the current period and is not required to restate its prior-period. Instead, the transition adjustments will be reflected through the opening reserves.

Under IFRS 16, Right-of-use assets should be measured at either fair value or current value in existing use, including assets with peppercorn leases. Initial work has shown that the impact of IFRS 16 on the 2024/25 statements will be material.

6 - ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which it can take place.

Statement of Accounts 2023/24 (Draft – Subject to External Audit)

2023/24	Usable Reserves		
	General Fund balance £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from the year calculated in accordance with statutory requirements:			
Pensions Costs (transferred to (or from) the Pensions Reserve)	(770)		
Council Tax and NDR (transfers to or from the Collection Fund Adjustment Account)	258		
Holiday Pay (transferred to the Accumulated Absences Account)	(5)		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	13,949		
Total Adjustments to Revenue Resources	13,431	0	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(244)		248
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,917)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,284)		
Total Adjustments between Revenue and Capital Resources	(3,445)	0	248
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure			(400)
Application of capital grants to finance capital expenditure	(4,069)	(1,172)	
Total Adjustments to Capital Resources	(4,069)	(1,172)	(400)
Total Adjustments	5,917	(1,172)	(152)

2022/23 Comparative Figures	Usable Reserves		
	General Fund balance £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from the year calculated in accordance with statutory requirements:			
Pensions Costs (transferred to (or from) the Pensions Reserve)	1,998		
Council Tax and NDR (transfers to or from the Collection Fund Adjustment Account)	(6,133)		
Holiday Pay (transferred to the Accumulated Absences Account)	(5)		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	10,467	(95)	
Total Adjustments to Revenue Resources	6,325	(95)	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,226)		1,268
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,746)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,338)		
Total Adjustments between Revenue and Capital Resources	(4,310)	0	1,268
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure			(1,282)
Application of capital grants to finance capital expenditure	(1,560)		
Total Adjustments to Capital Resources	(1,560)	0	(1,282)
Total Adjustments	456	(95)	(14)

Accounting Policy Charges to Revenue for Non Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation & impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation.

7 – EARMARKED RESERVES

Within the General Fund balance at the end of the year the Council maintains a number of Earmarked Reserves for specific purposes as follows:

	31st March 2023 £000	Contributions to/from Balances 2023/24 £000	31st March 2024 £000
Spatial Planning	558	(57)	501
Neighbourhood Planning	77	(20)	57
Planning Appeals	229		229
Civil Parking Enforcement	370	126	495
Future Capital Expenditure	2,455		2,455
Future Funding Pressures	2,481	500	2,981
Homelessness Prevention & Temporary Accommodation	1,124	(135)	989
Business Rates Earmarked Balances	4,303	(366)	3,936
Funding for Future Collection Fund Deficits	2,504	1,037	3,541
Commercial Risk	500		500
Invest to Save	500		500
Recovery and Renewal Reserve	575	(270)	305
Renewable Energy	188	67	255
Enterprise Zone	0	241	241
Major Works Sinking Fund	213	200	413
Housing Investment Fund	3,216	3,961	7,177
Grants-DWP		290	290
Total Earmarked Reserves	19,294	5,572	24,867
Unallocated Balances	15,933	651	16,583
Total General Fund Reserves	35,227	6,223	41,449

Description of Earmarked Reserves:

Spatial Planning – This reserve has been created to provide additional funding if required to support the spatial planning process.

Neighbourhood Planning – This is funding from central government to support the production of local Neighbourhood Plans.

Planning Appeals – This reserve was created as a contingency for potential costs of future planning appeals. This is in addition to the provision held for costs relating to known appeals.

Civil Parking Enforcement – These are ring-fenced surpluses from the on-street parking for re-investment within parking services.

Future Capital Expenditure – These are funds set-aside from balances for use on future capital projects.

Future Funding Pressures – This reserve holds funds set aside as contingency for future local government funding reforms.

Housing Prevention & Temporary Accommodation – These are government grants will be used to fund homelessness prevention initiatives and a sinking fund for temporary accommodation repairs and maintenance.

Business Rates Earmarked Balances – These are locally retained rates from the Kent Business Rates Pool and 2018/19 100% Pilot, which will be used to support local initiatives including the delivery of economic development activity.

Funding for Future Collection Fund Deficits – These are sums that were set aside from government funding received during Covid-19 pandemic. It was anticipated that the pandemic would have a negative effect on the Collection Fund so this reserve will help smooth that impact.

Commercial Risk & Invest to Save – These amounts were previously set aside within the general fund balance, but not formally earmarked. The Commercial Risk reserve is an allowance intended to preserve the general fund balance in the event of major contract failure. The Invest to Save reserve is a fund to enable projects which will unlock future revenue savings to be delivered. It is intended that the savings would first be used to replenish the reserve before being recognised within the budget.

Recovery & Renewal Reserve – These are sums aside from government funding to support various initiatives across the Borough in recovering from the after-effects of the Covid-19 pandemic.

Renewable Energy – This reserve uses funding from retained business rates to support the development of renewable energy sources to support the Council's climate change initiatives.

Enterprise Zone - This reserve uses funding from retained business rates to support the development of the Kent Medical Campus.

Major Works Sinking Fund – This represents money set aside to fund major works scheduled for the Council's property assets.

Housing Investment Fund – This represents money set aside from revenue in order to subsidise the Affordable Housing programme.

Grants (Department of Works & Pension) – This is funding that will be used in the future for providing the revenues and benefits service.

Accounting Policy Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The Council has created a series of Earmarked Reserves to manage more effectively the resources set aside for specific activities.

Certain reserves are kept to manage the accounting process for non-current assets, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

8 - MATERIAL ITEMS OF INCOME & EXPENSE

There are no material items of income and expenditure that are not detailed in the notes below. Materiality is defined as 2% of prior gross year expenditure for the Council, which is broadly consistent with the materiality calculation used as part of the annual external audit of the Statement of Accounts. The figure used for the purpose of this note is £1.865m for 2023/24.

9 - OTHER OPERATING EXPENDITURE

These are corporate items of income and expenditure that cannot reasonably be allocated or apportioned to services.

	2022/23	2023/24
	£000	£000
Parish Council precepts	2,441	2,717
Levies	128	135
(Gains)/losses on the disposal of non-current assets	(1,226)	(244)
	1,345	2,608

10 - FINANCING AND INVESTMENT INCOME & EXPENDITURE

These are corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest and investment properties.

	2022/23 £000	2023/24 £000
Interest payable and similar charges	147	421
Net Interest on the Net Defined Benefit Liability	962	428
Interest receivable and similar income	(601)	(1,079)
Income & Expenditure in relation to Investment properties and changes in their fair value:		
Income	(5,536)	(2,888)
Expenditure	3,772	4,195
	(1,256)	1,077

11 - TAXATION & NON-SPECIFIC GRANT INCOMES

This note consolidates all the grants and contributions receivable, including those that cannot be identified to particular service expenditure.

Credited to Taxation & Non Specific Grant Income	2022/23 £000	2023/24 £000
Council tax income	20,990	21,998
Income from Retained Business Rates	27,184	29,333
Tariff Payable	(19,339)	(21,551)
Non-ringfenced Government Grants	4,676	4,720
Total	33,512	34,500
Credited to Services		
Housing Benefit Subsidy	31,538	31,422
Non-Domestic Rates - Cost of Collection	228	239
Council Tax Administration	494	591
Covid-19 Grants	188	0
Other Grants	3,631	7,155
Total	36,080	39,407

In 2022/23 and 2023/24 Income from retained business rates has benefited from the Council's participation in the Kent Business Rates Pool, as explained in note 2 to the Collection Fund Statement.

Accounting Policy Government Grants & Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council when there is a reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants and contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income & Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or condition are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation & Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Receipts in Advance Reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

12 - MEMBERS' ALLOWANCES

The amount of Members Allowances paid during 2023/24 totalled £476,930 (£453,082 in 2022/23).

The Council also produces a statement, in accordance with provision 1021 – 15(3) of the Local Authorities (Members Allowance) (England) Regulations 2003, giving details of allowances paid to Members for the year. This can be viewed on the Council's website:

http://www.maidstone.gov.uk/home/primary-services/council-and-democracy/additional-areas/budgets-and-spending/tier-3/councillor-allowances#councillor_allowances

13 – OFFICERS REMUNERATION

The remuneration paid to the Council’s senior employees is as follows:

2023/24	Salary (Including Fees)	Other Payments, Allowances & Benefits in Kind	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£000	£000	£000	£000	£000
Chief Executive (Alison Broom)	139	4	143	28	170
Director of Finance, Resources & Business Improvement	112	1	113	22	135
Director of Regeneration & Place	112	0	112	22	134
Director of Mid-Kent Services	101	0	101	20	122
Director of Strategy, Governance & Oversight	89	9	98	19	118

2022/23	Salary (Including Fees)	Other Payments, Allowances & Benefits in Kind	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£000	£000	£000	£000	£000
Chief Executive (Alison Broom)	142	10	152	25	177
Director of Finance, Resources & Business Improvement	108	1	109	19	128
Director of Regeneration & Place	108	1	109	19	128
Director of Mid-Kent Services	91	0	91	16	107
Director of Strategy, Governance & Oversight	84	5	89	15	104

Senior Officers are defined as those who sit on the Corporate Leadership Team. There are no other officers who report directly to the Chief Executive and receive more than £50,000 remuneration for the year.

The Director of Strategy, Governance & Oversight receives additional remuneration to reflect their role as the Council’s Returning Officer during elections.

The Director of Mid-Kent Services is jointly funded with Swale and Tunbridge Wells Borough Councils, each making equal contributions. Therefore, Maidstone’s share of the salary is one-third of the value above (£41,000).

The Monitoring Officer (Deputy Head of Mid Kent Legal Services) also sits on the Corporate Leadership Team but is paid by Swale Borough Council. Details of their remuneration are therefore within their accounts.

The Council’s other employees receiving more than £50,000 remuneration for the year (excluding employer’s pension contributions) were paid the following amounts:

Remuneration Banding	2022/23 No. of Employees	2023/24 No. of Employees
£50,000 - £54,999	7	20
£55,000 - £59,999	1	5
£60,000 - £64,999	6	5
£65,000 - £69,999	1	3
£70,000 - £74,999	1	2
£75,000 - £79,999	1	2
£80,000 - £84,999	2	2
£85,000 - £89,999	1	6

The increase in employees in the £50,000 - £54,999 range reflects the fact that the 23/24 pay award meant that a number of unit managers in the Council have now been included for the first time.

Exit Packages

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	0	0	3	8	3	8	£000	£000
£20,001 - £40,000	0	1	2	0	2	1	18	19
£40,001 - £80,000	0	1	0	1	0	2	59	29
£80,001 - £100,000	0	0	0	0	0	0	0	123
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	0	2	5	9	5	11	77	171

14 - EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors, Grant Thornton UK LLP.

	2022/23 £000	2023/24 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	65	166
Fees payable for the certification of grant claims and returns during the year	31	42
Total	96	208

15 – CAPITAL GRANTS

Receipts in Advance

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the donor organisation. The balances at the year-end are as follows:

	2022/23 £000	2023/24 £000
Balance at start of year:	7,832	8,493
Grants Received	2,915	10,371
Transfers	(540)	(258)
Funding used for capital expenditure	(1,717)	(4,184)
Balance at end of year:	8,493	14,422

On the Balance Sheet the year-end figure is split between short-term (expected to be used by 31st March 2025) £12.077m and long-term (expected to be used after 1st April 2026) £2.345m.

A significant element of the balance (£4.627m) relates to Section 106 monies held by the Council for future use. There is also £2.327m held for disabled facilities grants which is an ongoing area of work for the Council, and a further £7.190m to facilitate the development of a number of housing schemes.

Unapplied – This is for grants and contributions received where conditions have been met but expenditure has yet to be incurred.

	2022/23	2023/24
	£000	£000
Balance at start of year:	1,172	1,267
Grants Received	0	0
Transfers	95	0
Funding used for capital expenditure	0	(1,172)
Balance at end of year:	1,267	95

16 - RELATED PARTIES

The Council 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. Disclosure of these transactions allows 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.

Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, 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 set out in the subjective analysis in Note 1 – the Expenditure & Funding Analysis.

Members and Senior Officers

Members of the Council have direct control over the Council’s financial and operating policies. The total of Members’ Allowances paid in 2023/24 is shown in Note 12.

All Members and Senior Officers were required to complete a declaration of interests that included details of any finance-related transactions with the Council. There were no declarations of significance.

The following officers are Directors of Maidstone Property Holdings Limited, which is a wholly owned subsidiary of the Council.

- Director of Mid-Kent Services
- Principal Lawyer – Commercial
- Head of Finance
- Head of Property & Leisure

The Balance Sheet as at 31st March 2024, reflects £758,783 (2022/23, £653,421) which is payable from Maidstone Property Holdings Limited to Maidstone Borough Council, relating to income and expenditure for the 2023/24 financial year.

17 - PROPERTY, PLANT & EQUIPMENT**Movements on Balances**

Movements in 2023/24	Infrastructure Assets £000	Land & Buildings £000	Plant, Machinery & Equipment £000	Vehicles £000	IT & Office Equipment £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuations								
At 1st April 2023	6,818	119,152	20,347	2,759	4,625	4,561	7,028	165,293
Additions	91	17,799	702	3,436	68	309	5,937	28,342
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5)	(4,193)	0	0	0	0	0	(4,198)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(7,160)	0	0	0	0	0	(7,160)
Derecognition of assets	0	(43)	(7)	(249)	0	0	0	(299)
Other movements in cost or valuation	0	(12,570)	5,465	0	0	112	6,830	(163)
At 31st March 2024	6,904	112,985	26,507	5,946	4,693	4,982	19,795	181,815
Accumulated Depreciation & Impairment								
At 1st April 2023	(2,487)	(1,034)	(9,386)	(1,538)	(4,465)	0	0	(18,910)
Depreciation charge	(231)	(1,919)	(1,760)	(1,140)	(95)	0	0	(5,145)
Depreciation written out to the Revaluation Reserve	0	2,418	0	0	0	0	0	2,418
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition of assets	0	0	0	207	0	0	0	207
At 31st March 2024	(2,718)	(535)	(11,146)	(2,471)	(4,560)	0	0	(21,430)
Net Book Value								
At 31st March 2024	4,186	112,450	15,361	3,475	133	4,982	19,795	160,382
At 31st March 2023	4,331	118,116	10,961	1,220	160	4,561	7,028	146,378

Statement of Accounts 2023/24 (Draft – Subject to External Audit)

Movements in 2022/23	Infrastructure Assets £000	Land & Buildings £000	Plant, Machinery & Equipment £000	Vehicles £000	IT & Office Equipment £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuations								
At 1st April 2022	6,455	114,653	20,531	2,283	4,609	4,289	3,122	155,943
Additions	341	3,873	753	816	72	272	7,843	13,970
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	5,951	0	0	0	0	0	5,951
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(4,478)	0	0	0	0	0	(4,478)
Derecognition of assets	22	(389)	(937)	(340)	(55)	0	(1,544)	(3,243)
Other movements in cost or valuation	0	(458)	0	0	0	0	(2,393)	(2,851)
At 31st March 2023	6,818	119,151	20,347	2,759	4,626	4,561	7,028	165,291
Accumulated Depreciation & Impairment								
At 1st April 2022	(2,257)	(472)	(9,108)	(1,384)	(4,110)	0	0	(17,332)
Depreciation charge	(230)	(2,290)	(1,209)	(452)	(411)	0	0	(4,592)
Depreciation written out to the Revaluation Reserve	0	1,656	0	0	0	0	0	1,656
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition of assets	0	72	932	298	55	0	0	1,357
At 31st March 2023	(2,487)	(1,034)	(9,386)	(1,538)	(4,466)	0	0	(18,911)
Net Book Value								
At 31st March 2023	4,331	118,116	10,961	1,220	160	4,561	7,028	146,378
At 31st March 2022	4,198	111,385	11,422	898	499	4,281	3,122	135,805

As Land & Buildings form the most significant element of Property, Plant & Equipment a more detailed analysis of the assets is shown in the table below, sub-totalled by asset class.

Statement of Accounts 2023/24 (Draft – Subject to External Audit)

Analysis of Land & Buildings Movements 2023/24	Car Parks	Cemetery & Crematorium	Depots, Workshops & Toolsheds	Entertainment Complex	Halls & Pavilions	Housing	Land	Leisure Centres & Pools	Markets	Museums & Galleries	Offices	Parks & Open Spaces	Public Conveniences	Residential / Commercial	Theatres	Town Hall	Total Land & Buildings
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuations																	
At 1st April 2023	13,837	5,150	1,999	22,320	4,582	16,773	990	7,375	5,706	8,910	7,569	2,105	1,103	14,073	5,433	1,225	119,150
Additions	4	49	15	249	798	12,747	210		26	591	348	2	77	2,613	60	11	17,799
Revaluation increases/(decreases) recognised in the Revaluation Reserve		(605)		(784)		(240)		(6)	(285)	(1,141)	(258)	(2)		(1,212)	271	69	(4,193)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(349)	1,085	(1,099)		(1,877)				80	(1,719)			(3,281)			(7,160)
Derecognition of Assets														(43)			(43)
Other movements in cost or valuation	(619)			(1,784)	(1,653)	1,020					(1,769)	128		(7,893)			(12,570)
At 31st March 2024	13,221	4,244	3,099	18,902	3,727	28,422	1,200	7,369	5,446	8,440	4,171	2,234	1,180	4,256	5,764	1,305	112,983
Accumulated Depreciation & Impairment																	
At 1st April 2023	(495)	(55)	(21)	(12)	379	(720)	(26)	(5)	(11)	(8)	0	(150)	40	(62)	94	20	(1,034)
Depreciation charge		(41)	(23)	(286)	(364)	(412)		(113)	(39)	(164)	(92)	(18)	(102)	(137)	(105)	(22)	(1,919)
Depreciation written out to the Revaluation Reserve		41	64	733		716		113	33	164	92	222		113	105	22	2,418
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services																	0
Other movements in cost or valuation																	0
At 31st March 2024	(495)	(55)	20	434	15	(417)	(26)	(5)	(16)	(8)		54	(62)	(86)	94	20	(534)
Net Book Value																	
At 31st March 2024	12,726	4,190	3,119	19,336	3,741	28,006	1,174	7,364	5,430	8,432	4,171	2,288	1,118	4,170	5,858	1,325	112,449
At 31st March 2023	13,342	5,096	1,978	22,308	4,961	16,071	964	7,370	5,695	8,902	7,569	1,955	1,143	14,011	5,527	1,245	118,115

Statement of Accounts 2023/24 (Draft – Subject to External Audit)

Analysis of Land & Buildings Movements 2022/23	Car Parks	Cemetery & Crematorium	Depots, Workshops & Toolsheds	Entertainment Complex	Halls & Pavilions	Housing	Land	Leisure Centres & Pools	Markets	Museums & Galleries	Offices	Parks & Open Spaces	Public Conveniences	Residential / Commercial	Theatres	Town Hall	Total Land & Buildings
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuations																	
At 1st April 2022	14,281	2,483	1,993	22,320	4,349	16,400	907	7,358	1,721	11,710	7,569	2,134	1,495	13,520	5,130	1,280	114,650
Additions	38	1,908	6	0	0	698	0	0	375	0	0	14	643	165	27	0	3,874
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(528)	431	0	0	233	185	(9)	7	3,574	0	0	1,188	197	497	276	(101)	5,951
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	(453)	91889	10	27	0	0	(2,920)	(1,232)	0	0	0	(4,476)
Derecognition of Assets	0	0	0	0	0	(325)	0	0	0	0	0	0	0	(110)	0	46	(389)
Other movements in cost or valuation	46	328	0	0	0	269	0	0	9	(2,800)	0	1,689	0	0	0	0	(459)
At 31st March 2023	13,837	5,150	1,999	22,320	4,582	16,773	990	7,375	5,706	8,910	7,569	2,105	1,103	14,073	5,433	1,225	119,150
Accumulated Depreciation & Impairment																	
At 1st April 2022	0	(96)	0	0	5	0	0	0	(68)	(0)	(7)	(150)	(101)	(55)	0	0	(473)
Depreciation charge	(628)	(93)	(21)	(12)	(41)	(952)	(26)	(5)	(45)	(8)	(17)	(5)	(210)	(220)	(7)	0	(2,290)
Depreciation written out to the Revaluation Reserve	133	134	0	0	415	177	0	0	101	0	0	5	351	214	100	20	1,650
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	78	0	0	0	0	0	0	0	0	0	0	78
At 31st March 2023	(495)	(55)	(21)	(12)	379	(697)	(26)	(5)	(11)	(8)	0	(150)	40	(62)	94	20	(1,035)
Net Book Value																	
At 31st March 2023	13,342	5,096	1,978	22,308	4,961	16,076	964	7,370	5,695	8,902	7,569	1,955	1,143	14,011	5,527	1,245	118,115
At 31st March 2022	14,266	2,384	2,024	22,323	4,346	11,735	867	7,357	1,650	8,916	7,584	1,984	1,400	18,137	5,133	1,279	111,385

Community Assets have all previously been revalued at £1 each, in accordance with the accounting policy set out below. The Code of Practice on Local Authority Accounting requires Community Assets to be recorded on the Balance Sheet at Historic Cost. Due to the age and nature of many of the Community Assets it is not possible to ascertain an accurate historical cost, but expenditure incurred is now added to the value of the asset. Any expenditure on Community Assets was previously written off as Revenue Expenditure charged to Capital under Statute.

The Code of Practice also requires that material classes of assets within Property, Plant & Equipment are now valued together and disclosed separately within the Statement, and this analysis is shown in the table on the previous page.

Capital Commitments

As at 31st March 2024 the Council had the following capital commitments:

2022/23		2023/24
£000	Project	£000
41	Mote Park Café/Visitor Centre	
355	Temporary Accommodation	
209	Maidstone House Lift Refurbishment	
2,471	Granada House Refurbishment	2,230
	Former Royal Mail Sorting Office demolition	653
	Heather House	5,463
3,076		8,345

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant & Equipment required to be measured at current value is revalued at least every 5 years. All valuations were carried out externally by Harrison's Chartered Surveyors. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS. The latest revaluations were carried out as at 31st March 2024 in accordance with the requirements of the Code of Practice and are considered to be materially accurate at the Balance Sheet date. Where assets have a relatively low value, valuations are not carried out and the assets are instead carried at historical cost. The de minimis level below which we do not carry out valuations is £100k.

The table also shows the historic cost values of the various asset classes, which were established at 1st April 2007 when the current capital accounting requirements came into force.

	Infrastructure Assets £000	Community Assets £000	Land & Buildings £000	Plant, Machinery & Equipment £000	Vehicles £000	IT & Office Equipment £000	Assets Under Construction £000	Total £000
Carried at historical cost	6,904	4,982	(20,334)	26,507	5,946	4,694	19,795	48,493
Valued at current value as at:								
31st March 2020			2,815					2,815
31st March 2021			322					322
31st March 2022			36,593					36,593
31st March 2023			75,790					75,790
31st March 2024			17,799					17,799
Total Cost or Valuation	6,904	4,982	112,985	26,507	5,946	4,694	19,795	181,812

Accounting Policy Property, Plant & Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis in the accounts, provided that the asset value is over £10,000 and yields benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets which is charged directly to service revenue accounts.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in manner intended by management.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, Community Assets and Assets Under Construction - Depreciated Historical Cost
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income & Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income & Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income & Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income & Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss has not been recognised.

Accounting Policy Componentisation

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. Following a review of the property, plant and equipment asset registers it has been decided that the following properties 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.

- Leisure Centre
- Museum
- Lockmeadow Entertainment Complex
- Maidstone House
- Innovation Centre

Depreciation

Depreciation is provided for on all Property, Plant & Equipment assets by the systematic allocation of depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by a suitably qualified officer. The useful lives range from 4 to 50 years.
- Vehicles, Plant, Furniture & Equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer.
- Infrastructure – straight-line allocation over 20 years with the exception of pedestrian footbridges which are over 50 years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been charged based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

18 – INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement:

	2022/23 £000	2023/24 £000
Rental income from investment property	(2,581)	(2,728)
Direct operating expenses arising from investment property	404	686
Net (gain)/loss	(2,177)	(2,041)

The following table summarises the movement in the fair value of investment properties over the year:

	Investment Properties £000	Assets Under Construction £000	2022/23 £000	Investment Properties £000	Assets Under Construction £000	2023/24 £000
Balance at start of the year	40,802	2,581	43,383	44,193	0	44,193
Additions	287	788	1,075	15		15
Transfers	3,369	(3,369)	0	75		75
Asset Register Adjustments	(380)		(380)			0
Net gains/losses from fair value adjustments	115		115	(765)		(765)
Balance at end of year	44,193	0	44,193	43,518	0	43,518

Accounting Policy Investment Properties

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, based on the highest and best use value of the asset from the market participant's perspective. Investment properties are not depreciated and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. 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 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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Accounting Policy Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council’s fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

19 – HERITAGE ASSETS: RECONCILIATION OF THE CARRYING VALUE HELD BY THE COUNCIL

Cost or Valuation	Museum Exhibits £000	War Memorials £000	Statues & Sculptures £000	Other Items £000	Total Assets £000
1st April 2023	12,006	480	515	1,001	14,002
Additions				120	120
Disposals					0
31st March 2024	12,006	480	515	1,121	14,122
1st April 2022	12,006	480	515	348	13,349
Additions				653	653
Disposals					0
31st March 2023	12,006	480	515	1,001	14,002

Museum Exhibits

The exhibits are held in two main locations, the Maidstone Museum & Bentrif Art Gallery, and the Carriage Museum. Further information on the museums and their collections can be seen on their dedicated website:

<https://museum.maidstone.gov.uk/>

The total of £12.006m represents those items that have been valued to date as part of an ongoing cataloguing exercise. The value of the total collection is likely to be far higher, and is valued for insurance purposes at £17.0m (which includes items on loan to the Council, and those held in Trust at the Museum), but it is considered that it would not be cost-effective or of any significant benefit to formally value the entire collection. The value is reviewed on an annual basis for insurance purposes, and the cataloguing exercise will continue.

War Memorials

The Council is responsible for two war memorials, one in the Broadway and the other in Brenchley Gardens. A local stone mason has provided a replacement value for the two memorials. Upkeep and maintenance of the memorials is the responsibility of the Council's Property Services section.

Statues and Sculptures

There are a number of statues and sculptures throughout the borough that the Council are responsible for. These are in a number of locations, and have been valued at their purchase cost, where this is known, although none of them individually have a significant value.

Other Items

This relates to three items, the civic regalia used by the Mayor, the 'Elemental' art installation on the bridge across the River Medway, and a piece of public art (a metal sculpture of a dinosaur) installed outside Maidstone East station as part of a public realm project. The civic regalia have been valued by a local jeweller for insurance purposes, and the art installation and the new installation have been valued at purchase cost.

Listed Buildings and Other Heritage Assets

The Old College complex, comprising the Gateway, the Master's Tower and the Quarterdeck has been classified as a heritage asset. However due to the age and nature of the buildings it is not possible to ascertain an accurate valuation.

In addition the Council owns a number of other assets. These have not been valued as it would not be cost-effective in terms of time and financial resources to do so. These include the balance of the museum exhibits referenced earlier in this note.

Accounting Policy Heritage Assets

Tangible Heritage Assets (described in this summary of significant accounting policies as heritage assets)

The Council's Heritage Assets are held principally for their contribution to knowledge and/or culture. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses and impairments) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets, and the valuation methods applied are as follows:

- Replacement Cost
- Purchase Cost
- Insurance Valuation

Where it is considered impractical (in terms of cost and/or benefit) to obtain a valuation there is no requirement to do so, but any assets that are treated in this way must be disclosed in the Heritage Assets note.

20 – FINANCIAL INSTRUMENTS

Financial Instruments – Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities:

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Interest is charged to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement.

Financial Assets:

The Council regularly holds the following financial instruments at amortised cost:

- Deposits with financial institutions and local authorities
- Money Market Funds;
- Call Accounts and
- Service Loans.

The Council also maintains a continuously 'rolling' portfolio of Debtors (also held at amortised cost).

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The following categories of financial instrument are carried in the Balance Sheet:

Statement of Accounts 2023/24 (Draft – Subject to External Audit)

	Long-term		Short-Term	
	31st March 2023 £000	31st March 2024 £000	31st March 2023 £000	31st March 2024 £000
Treasury Investments				
Financial assets at amortised cost	0	0	8,540	33,240
Debtors				
Financial assets at amortised cost	25	25	8,359	11,096
Loans				
Financial liabilities at amortised cost	5,000	45,000	5,000	0
Creditors				
Financial liabilities at amortised cost	0	0	7,042	12,491
Other Long Term Liabilities				
Finance Lease Liabilities at amortised cost	308	0	597	309

On the face of the Balance Sheet, Financial Assets are held at Amortised Cost where the business model for the Council is to collect contractual cash flows.

All investments are held in short dated money market funds, call accounts and fixed term deposits with other local authorities. The Council has no long-term treasury funds invested at the year end. Debtors includes a service loans to third parties, Kent Savers £25k Long Term. The Council has no other long-term debtors, and the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The Council's treasury management long term loan balance of £45m is made up of £5m from Public Works Loans Board (PWLb) and £40m from Aviva Life and Pensions.

Other Long-Term Liabilities relates to the services concession arrangement between the Council and Serco, the managing contractor of Maidstone Leisure Centre. Details of this arrangement are discussed within 28 – Private Finance Initiatives & Similar Contracts.

The current financial liabilities are all due to be settled within one year.

Income & Expense

	Long-term		Short-Term	
	31st March 2023 £000	31st March 2024 £000	31st March 2023 £000	31st March 2024 £000
Income:				
Financial assets at amortised cost	0	0	594	1,072
Other Interest	0	0	0	7
Total	0	0	594	1,079
Expenditure:				
Financial liabilities at amortised cost	81	230	20	157
Total	81	230	20	157

Accounting Policy Expected Credit Loss Model

The Council considers the potential for credit losses on financial assets held at amortised cost either on a 12-month basis, where risk has not increased significantly or remains low, or lifetime basis, where risk has increased significantly (Simplified model - Debtors only). An exception is:

- Deposits with local authorities – credit losses are not recognised for deposits held with central government or other local authorities due to statutory provisions (the Local Government Act 2003), which prevent default.
- Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default (triggering a credit loss) on their obligations.
- With regard to Debtors, an Impairment Allowance for Bad Debts (IABD) is applied annually based on a set of assumptions on the collectability of external debts based on past experience and future expectations.

Inputs to the measurement techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities
- Level 2 – fair value is calculated from inputs other than those quoted prices, that are observable for the asset or liability
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Valuations on Council's financial assets and liabilities are as follows:

- Short term investments – Level 1.
- Long term loans – Level 2.

The accounts are required to show the fair value of the financial assets and liabilities 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.

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

	31st March 2023		Fair Value Level	31st March 2024	
	Book Value £000	Fair Value £000		Book Value £000	Fair Value £000
Financial Assets					
Long Term Investments	0	0			
Short Term Investments (less than 1 yr)	8,583	8,583	1	34,312	34,312
Financial Liabilities					
Long Term Loans	5,025	2,243	2	45,230	29,436
Short Term Loans (less than 1 yr)	5,017	5,017	1	0	0

The fair value of the long term loans of £29.436m measures the economic effect of terms agreed compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The fair value amount is lower than the balance sheet current value is due to the loans being at a lower rate to what would be paid if the loan was at the current new loan rate.

Fair value of short term assets are not materially different to their carrying values so are shown as being the same.

21 - NATURE & EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash. These are set out in the Council’s Treasury Management Practices, which are a requirement of CIPFA’s Treasury Management Code of Practice, which has been adopted by the Council. Treasury Management indicators have also been set to control key financial instruments risks in accordance with CIPFA’s Prudential Code. The Treasury Management Practices can also be viewed on the Council’s website.

Treasury Management Strategy 2023/24

A summary of the main points of the strategy is as follows:

- to utilise cash balances rather than loan debt to finance the capital programme in the short term, due to low investment returns and high counterparty risk in the current economic climate;
- to further diversify its portfolio, as far as is operationally feasible, ensuring that a combination of secured and unsecured investments are considered;
- Keeping investments short term to meet demand of liabilities when due.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council’s customers. The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice.

There are no credit limits set on the Council’s customers, as the amounts involved are not considered sufficiently material to warrant the setting of such limits.

As at 31st March 2024 investments were held with the following institutions:

	31st March 2023 £000	31st March 2024 £000
AAA rated Institutions	8,540	12,410
AA+ rated Institutions	0	0
AA rated Institutions	0	0
AA- rated Institutions	0	0
A+ rated Institutions	0	830
A rated Institutions	0	0
A- rated Institutions	0	0
BBB+ rated Institutions	0	0
Unrated Local Authorities	0	20,000
UK Government	0	0
Total	8,540	33,240

Liquidity Risk

Liquidity risk arises from the Council having insufficient resources to meet its on-going commitments. The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money market, other local authorities and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. A borrowing provision of £4m exists for short term cash flow purposes. However, provision has also been made with the current Treasury Management Strategy to have an authorised debt limit of £66.68m to fund on-going schemes in the event of projected capital receipts not being realised.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments to provide stability of maturities and returns in relation to the longer term cash flow needs.

Market Risk – Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator

is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk exposure is summarised in the table below:

	31st March 2023 £000	31st March 2024 £000
<u>Investments</u>		
Notice accounts/Money market funds	8,540	13,240
Fixed term deposits	0	20,000
	8,540	33,240
<u>Borrowings</u>		
Short term loans with local authorities	5,000	0
Long Term Borrowings with PWLB	5,000	5,000
Long Term Borrowings through Markets	0	40,000
	10,000	45,000

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

22 – INVENTORIES

	Property acquired or constructed for sale		Other inventory items		Total	
	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000
Balance outstanding at start of year			188	117	188	117
Recognised as an expense in the year			(71)	(37)	(71)	(37)
Balance outstanding at year-end	0	0	117	80	117	80

23 – SHORT AND LONG TERM DEBTORS

Short Term Debtors

	2022/23 (Restated) £000	2023/24 £000
Central government bodies	2,460	2,313
Other local authorities	13,278	22,917
Other entities and individuals	12,753	15,429
Total	28,491	40,660

The Other local authorities figure for 2022/23 has been restated following a review of the figures that been included for the Kent Business Rates Pool. It was determined that the figures shown in this and the Creditors note had been understated.

Allowance for Bad Debts

	2022/23 £000	2023/24 £000
Excess Charges Impairment Allowance	1,016	1,328
Sundry Bad Debts Impairment Allowance	4,610	5,025
Total	5,627	6,353

The figure on the balance sheet represents Debtors less Provision for Bad Debts, which totals £34.307m.

Other entities and individuals within Short Term Debtors are broken down as follows:

	2022/23 £000	2023/24 £000
Council Tax payers	2,006	2,234
Business Rate payers	1,872	1,551
Capital debtors	71	190
General debtors	6,938	9,248
Payments in Advance	516	548
Other miscellaneous amounts	1,351	1,658
Total	12,753	15,429

24 - CASH & CASH EQUIVALENTS

The balance of Cash & Cash Equivalents is made up of the following elements:

	2022/23 £000	2023/24 £000
Cash held by the Council	3	0
Bank current accounts (Overdraft)	55	(2,649)
Short-term deposits	8,540	23,240
Total	8,598	20,591

Accounting Policy Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Currently, due to the requirement of funding for its liabilities, £8.6m of Council investments are classified as cash and cash equivalents.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

25 – CREDITORS

Short Term

	2022/23 (Restated) £000	2023/24 £000
Central government bodies	7,855	4,299
Other public sector bodies	22,436	27,128
Other entities and individuals	15,606	22,728
Total	45,896	54,155

The Other local authorities figure for 2022/23 has been restated following a review of the figures that been included for the Kent Business Rates Pool. It was determined that the figures shown in this and the Debtors note had been understated.

Other entities and individuals are broken down as follows:

	2022/23 £000	2023/24 £000
General creditors	4,738	7,175
Capital creditors	415	4,342
Council tax payers	341	321
Business Rate payers	638	508
Receipts in advance	8,242	9,256
Deposits	654	703
Retentions	578	421
Total	15,606	22,728

26 - PROVISIONS

	2022/23 £000	2023/24 £000
Business Rates Appeals - Current	728	1,160
Business Rates Appeals - Backdated	913	946
Planning Appeals	261	261
Other Provisions	159	154
Total	2,060	2,521

The Council is required to account for the effect of business rates appeals which were previously borne by the national pool. The balance represents the Council's 40% share of the estimated current and backdated appeals.

A provision has also been established to allow for costs that could arise from potential planning appeals.

The provision is split between long-term (£0.946m) and short-term (£1.575m) liabilities on the Balance Sheet.

Accounting Policy Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each year – where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant area.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

27 - TRUST FUNDS

The Council is required to set out details of the nature and amount of trust funds where it acts as sole trustee, the only one of which is the Cobtree Manor Estate. The object of this trust is to hold Cobtree Manor and Cobtree Manor Estate for the benefit of the inhabitants of Maidstone and other members of the general public.

The assets and liabilities of the Trust as at 31st March 2024 are summarised in the following table. The figures for 2023/24 are the un-audited figures, as the accounts of the Trust are subject to a separate external audit, which is currently in progress.

Gross expenditure in 2023/24 totalled £420,493 (£485,385 in 2022/23). Gross income in 2023/24 totalled £430,399 (£476,455 in 2022/23).

	2022/23	2023/24
	£000	£000
Fixed Assets:		
Tangible Assets	2,177	2,177
Investment Property	968	968
Investments	831	816
	3,976	3,960
Current Assets	504	576
Current Liabilities	140	71
Creditors: Amounts falling due after more than one year	69	0
Total assets less total liabilities	4,271	4,465
Total Charitable Funds	4,271	4,465

28 - PRIVATE FINANCE INITIATIVES & SIMILAR CONTRACTS

The Council has no Private Finance Initiative Schemes, but the following scheme is a similar contract as it is defined as a service concession arrangement.

The Council entered into an agreement during 2009/10 with Serco, the managing contractor of Maidstone Leisure Centre, to undertake a major refurbishment of the centre. Under the terms of the agreement Serco have initially funded the cost of the works through a loan, and the Council are then repaying this loan over a 15 year term, by equal monthly instalments. The principal element of this loan is reflected on the Balance Sheet and will be written down annually by the amount of principal repaid. Interest paid on the loan is charged to the Comprehensive Income & Expenditure Statement.

The annual principal repayments are credited to the Comprehensive Income & Expenditure Statement, and then reversed out of the Movement in Reserves Statement to the Capital Adjustment Account to reflect the fact that this is a repayment of debt, as this arrangement is classed as borrowing under the terms of the CIPFA Prudential Code for Capital.

Payments

	2022/23	2023/24
	£000	£000
Balance outstanding at start of year	1,482	915
Repayment of principal	(567)	(597)
Balance outstanding at end of year	915	318

These figures are shown on the face of the Balance Sheet as Deferred Liabilities and is recognised in Net Cost of Services and written out to the Capital Adjustment Account via the Movement in Reserves Statement.

Accounting Policy Deferred Liability

Deferred Liabilities are recognised under the terms of IFRIC 12 (IFRS Interpretations Committee) and the arrangement is recognised as a service concession and accounted for accordingly. This generally involves the grantor (the Council) conveying to the operator (Serco) for the period of the concession the right to provide services that give the public access to major economic and social facilities, in this instance Maidstone Leisure Centre.

29 – CAPITAL RECEIPTS RESERVE

This reserve contains the proceeds from the sale of non-current assets, which are used to fund capital expenditure, and forms part of the Usable Reserves section of the Movement in Reserves Statement. This section also includes Earmarked Reserves and the General Fund Balance.

	31st March 2023 £000	31st March 2024 £000
Balance at 1st April	288	273
Capital Receipts Received	1,268	248
Capital Receipts Applied	(1,282)	(400)
Balance at 31st March	273	121

30 - UNUSABLE RESERVES

	31st March 2023 £000	31st March 2024 £000
Revaluation Reserve	60,234	58,579
Capital Adjustment Account	72,631	67,534
Deferred Capital Receipts Reserve	7	2
Pensions Reserve	(12,284)	(10,290)
Collection Fund Adjustment Account	490	232
Accumulated Absences Account	(159)	(154)
Total Unusable Reserves	120,918	115,903

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant & Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only the revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	31st March 2022 £000	31st March 2023 £000
Balance at 1st April	54,202	60,234
Upward revaluation of assets	7,634	3,281
Downward revaluation of assets	(34)	(4,936)
Asset Register Adjustments	(1,558)	0
Difference between fair value depreciation and historical cost depreciation	(10)	0
Balance at 31st March	60,234	58,579

The Asset Register Adjustments line reflects the removal of duplicate properties from the Asset Register, along with the addition of a number of Heritage Assets that had not previously been accounted for.

b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income & Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant & Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

	31st March 2023 £000	31st March 2024 £000
Balance at 1st April	75,263	72,631
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
Charges for depreciation of non-current assets	(4,592)	(5,157)
Amortisation of intangible assets	(130)	(147)
Revaluation Gains/Losses on Property, Plant & Equipment	(4,438)	(7,164)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	115	(765)
Revenue expenditure funded from capital under statute	(1,416)	(1,439)
Asset Register Adjustments	0	860
Write-off of non-enhancing capital expenditure	(140)	(131)
	(10,599)	(13,943)
Adjusting amounts written out of the Revaluation Reserve	10	0
Net written out amount of the cost of non-current assets consumed in the year	(10,589)	(13,943)
Capital financing applied in the year:		
Minimum Revenue Provision	1,179	1,321
Sums set aside for Debt Repayment	567	597
Use of the Capital Receipts Reserve to finance new capital expenditure	1,282	400
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	1,560	5,242
Capital expenditure charged against the General Fund balance	3,369	1,288
	7,957	8,847
Balance at 31st March	72,631	67,534

c) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income & Expenditure Statement as

benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23	2023/24
	£000	£000
Opening balance at 1 April	77,890	12,284
Remeasurements of the net defined liability	(67,687)	(1,348)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,054	3,507
Employer's pensions contributions	(3,973)	(4,153)
Closing balance at 31 March	12,284	10,290

d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31st March	31st March
	2023	2024
	£000	£000
Balance at 1st April	5,640	(490)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements		
- Council Tax	118	746
- Non-domestic Rates	(6,248)	(488)
Balance at 31st March	(490)	(232)

31 - CAPITAL EXPENDITURE & CAPITAL FUNDING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2022/23 £000	2023/24 £000
Opening Capital Finance Requirement	63,967	72,591
Capital Investment		
Property, Plant & Equipment	13,936	28,258
Non-enhancing capital expenditure	140	
Investment Properties	963	10
Intangible Assets	127	239
Revenue Expenditure Funded from Capital Under Statute	1,416	1,436
	16,581	29,943
Sources of Finance		
Capital receipts	(1,282)	(400)
Government grants & other contributions	(1,560)	(5,245)
Other Revenue Contributions	(3,369)	(1,284)
	(6,211)	(6,929)
Increase in Capital Financing Requirement	10,370	23,013
Minimum Revenue Provision Set-aside	(1,746)	(1,917)
Closing Capital Finance Requirement	72,591	93,687

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. In this instance the funding will come from a combination of internal borrowing using existing cash balances and external funding, in accordance with the agreed Treasury Management Strategy for 2023/24.

Accounting Policy Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutory charge relating to the repayment of debt. It represents the Council's underlying need to borrow for capital expenditure. There is a general duty upon the Council to make an amount of MRP which it considers 'prudent'.

Accounting Policy Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

32 - DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered locally by Kent County Council – this is a funded defined benefit Career Average Revalued Earnings (CARE) pension 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.

Due to the adoption of the 2011 amendments to the International Accounting Standard (IAS) 19 Employee Benefits, there are now classes of components of defined benefit cost to be included in the financial statements, i.e. net interest on the net defined benefit liability and re-measurements of the net defined benefit liability.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2022/23 £000	2023/24 £000
Comprehensive Income & Expenditure Statement (CIES)		
Cost of Services:		
Service cost comprising:		
- Current service cost	4,994	2,908
- Past service costs including curtailments	15	47
Financing and Investment Income & Expenditure:		
- Net interest expense	962	428
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	5,971	3,383
Other Post Employment Benefit Charged to the CI&ES		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in net interest expense)	(3,240)	(1,599)
- Actuarial gains and losses arising on changes in financial assumptions	88,152	1,183
- Actuarial gains and losses arising on changes in demographic assumptions		2,091
- Experience gains and losses on defined benefit obligation	(17,308)	(451)
Total Post Employment Benefit Charged to the CIES	73,575	4,607
Movement in Reserves Statement:		
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	5,971	3,383
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to the scheme	(3,973)	(4,153)
	1,998	(770)

Curtailments

There was one curtailment payment of £47,000 during 2023/24.

Settlements

There were no liabilities settled at a cost materially different to the accounting reserve as a result of members transferring to / from another employer over the year (2022/23 £nil).

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2022/23 £000	2023/24 £000
Present value of funded obligation	148,477	149,390
Fair value of plan assets	(137,416)	(140,214)
Contributions by scheme participants	11,061	9,176
Present value of unfunded obligation	1,223	1,114
Net liability arising from defined benefit obligation	12,284	10,290

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2022/23	2023/24
	£000	£000
Opening fair value of Scheme assets	136,412	137,415
Interest on assets	4,926	6,598
Return on assets less interest	(3,157)	(1,475)
Administration expenses	(82)	(124)
Contributions by employer including unfunded	3,973	4,153
Contributions paid by scheme participants	1,000	1,136
Estimated benefits paid plus unfunded net of transfers in	(5,656)	(7,489)
Other actuarial gains/(losses)	0	0
Closing fair value of Scheme assets	137,416	140,214

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

	2022/23	2023/24
	£000	£000
Opening balance at 1 April	214,302	149,699
Current Service cost	4,994	2,908
Interest cost	5,888	7,026
Change in financial assumptions	(88,152)	(1,183)
Changes in demographic assumptions	0	(2,091)
Experience loss/(gain) on defined benefit obligation	17,308	451
Past service costs, including curtailments	15	47
Estimated benefits paid net of transfers in	(5,522)	(7,348)
Contributions by Scheme participants	1,000	1,136
Unfunded pension payments	(134)	(141)
Closing balance at 31 March	149,699	150,504

Local Government Pension Scheme Assets

	31st March 2023		31st March 2024	
	£000	%	£000	%
Equities	87,686	64%	81,566	59%
Gilts	753	1%	10,274	7%
Other Bonds	18,048	13%	20,189	14%
Property	13,716	10%	12,580	9%
Cash	2,465	2%	2,233	2%
Absolute return fund	10,066	7%	7,085	5%
Infrastructure	4,681	3%	6,287	4%
Total	137,415	100%	140,214	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Kent County Council Pension Fund are based on the full valuation of the scheme as at 31st March 2024.

The principal assumptions used by the actuary have been:

	2022/23	2023/24
Long-term expected rate of return of assets in the scheme		
Mortality Assumptions		
Longevity at 65 for current pensioners		
- Men	21.1	20.8
- Women	23.5	23.3
Longevity at 65 for future pensioners		
- Men	22.3	22.0
- Women	25.0	24.7
Financial Assumptions		
RPI increases	3.25%	3.25%
CPI increases	2.90%	2.95%
Salary increases	3.90%	3.95%
Pension increases	2.90%	2.95%
Discount Rate	4.80%	4.90%

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have

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been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases similarly for men and women. In practice, this is unlikely to occur. Changes in some of the assumptions may also be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumption used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
- Present Value of Total Obligation	148,188	150,504	152,881
- Projected Service Cost	2,768	2,871	2,978
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
- Present Value of Total Obligation	150,711	150,504	150,299
- Projected Service Cost	2,873	2,871	2,869
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
- Present Value of Total Obligation	152,717	150,504	148,348
- Projected Service Cost	2,979	2,871	2,767
Adjustment to life expectancy assumptions	+1 year	None	-1 Year
- Present Value of Total Obligation	157,019	150,504	144,300
- Projected Service Cost	2,983	2,871	2,762

Scheme History

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Present value of defined benefit obligation in the Local Government Pension Scheme	(175,391)	(221,430)	(212,828)	(148,477)	(149,390)
Fair value of assets in the Local Government Pension Scheme	103,305	133,210	136,412	137,416	140,214
Present value of unfunded obligation	(1,591)	(1,563)	(1,474)	(1,223)	(1,114)
Surplus/(Deficit) in the scheme	(73,677)	(89,783)	(77,890)	(12,284)	(10,290)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £10.290m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over

the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The total employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2025 are £4.001m.

The significant reduction in the liability figure this year is due to a change in the discount rate assumption, which in turn reflects current interest rates.

Accounting Policy Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any type of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Kent County Council (KCC). The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the KCC pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate specified by the actuaries (based on the indicative rate of return on high quality corporate bonds.)
- The assets of the KCC pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

- The change in net pensions liability is analysed into the following components:
 - Service cost which comprises:
 - Current service cost – the increase in liabilities as a result of years of service earned in the current year – allocated in the Comprehensive Income & Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement.
 - Net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing & Investment Income & Expenditure line of the Comprehensive Income & Expenditure Statement.
 - Re-measurements comprising:
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This charged to the Pensions Reserve as Other Comprehensive Income & Expenditure.
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability. This charged to the Pensions Reserve as Other Comprehensive Income & Expenditure.
 - Contributions paid to the Kent County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Contributions to the pension scheme are determined by the Fund’s actuary on a triennial basis. The most recent actuarial valuation to determine contributions was on 31 March 2022.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Accounting Policy Leases

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

33 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Director of Finance & Business Improvement on 28th March 2024. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31st March 2023 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Accounting Policy Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

34 – CASH FLOW STATEMENT - ADJUSTMENTS MADE TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

	2022/23	2023/24
	£000	£000
Depreciation	(4,592)	(5,157)
Revaluation Gains & Losses	(4,442)	(6,304)
Amortisation of Intangible Assets	(130)	(147)
Movement in Creditors	2,734	480
Movement in Debtors	1,366	12,405
Movement in Inventories	(78)	(37)
Movement in Pension Liabilities	(2,081)	770
Other Non-Cash items	1,421	(1,226)
	(5,801)	783

35 – CASH FLOW STATEMENT - ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING & FINANCING ACTIVITIES

	2022/23	2023/24
	£000	£000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	5,000	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,226)	(244)
Any other items for which the cash effects are investing or financing cash flows	(1,655)	(4,069)
	2,119	(4,313)

36 - CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2022/23 £000	2023/24 £000
Purchase of property, plant & equipment, investment property and intangible assets	17,508	26,015
Purchase of short-term and long-term investments	0	10,000
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(1,226)	(244)
Other payments for investing activities	(95)	0
Other receipts for investing activities (Grants)	(3,022)	(10,252)
Net cash flows from investing activities	13,165	25,520

37 - CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2022/23 £000	2023/24 £000
Cash receipts of short- and long-term borrowing	(1,000)	(35,000)
Repayments of short & long-term borrowing	567	597
Other payments/receipts for financing activities	23,180	(7,907)
Net cash flows from financing activities	22,747	(42,310)

COLLECTION FUND STATEMENT & NOTES

2022/23 £000		2023/24	
		£000	£000
	INCOME		
139,905	Income From Council Tax	148,910	
54,634	Income From Business Rates (Note 2)	60,256	
194,539	Total Income		209,167
	EXPENDITURE		
	Precepts and Demands - Council Tax		
97,786	Kent County Council	105,938	
15,267	Kent Police & Crime Commissioner	16,787	
20,967	Maidstone Borough Council	22,440	
5,510	Kent Fire & Rescue Authority	6,025	
	Shares of Business Rates		
20,864	Central Government	28,258	
3,755	Kent County Council	5,087	
16,691	Maidstone Borough Council	22,607	
417	Kent Fire & Rescue Authority	565	
246	Transitional Protection Payments - Business Rates		
411	Disregarded Amounts - Business Rates	448	
	Impairment of Debts - Council Tax		
426	Write offs of uncollectable amounts	430	
735	Additional / (Reduced) Impairment of Aged Debt	1,994	
	Impairment of Debts/Appeals - Business Rates		
4	Write offs of uncollectable amounts		
(57)	Additional / (Reduced) Impairment of Aged Debt	742	
(1,625)	Losses on appeal	(2,081)	
(1,501)	Additional / (Reduced) Provision For Appeals	3,245	
205	Cost of Collection Allowance - Business Rates	208	
180,102	Total Expenditure		212,690
14,437	Surplus/(Deficit) For Year		(3,523)
(11,839)	Surplus/(Deficit) Brought Forward From Previous Years		2,597
3,355	Surplus/(Deficit) on Council Tax		(1,347)
(758)	Surplus/(Deficit) on Business Rates		421
2,597	Surplus/(Deficit) as at 31st March 2024		(926)

The Collection Fund 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 this Council in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-

domestic rates. Respective shares of Balance Sheet items are consolidated into the accounts of billing and precepting authorities.

National Non-Domestic Rates collection improved in 2023-24 and was back to the pre Covid-19 levels. Retail, Leisure and Hospitality relief was awarded for 75% of the rates due to businesses in these sectors helping the collection rate.

'Low income' Council Tax Support cases started to be included again in liability order hearings. The reintroduction was staggered over the second half of 2023-24, there are still fewer courts than there were prior to the Covid Pandemic ,this is due to a shortage of court time as a backlog of cases is being cleared.

The impact of the 'Cost of Living' crisis continues to impact council tax collection and, in either case, both council tax and business rates collection rate targets have again been carried across from the previous financial year targets.

Notes to the Collection Fund

Note 1 – Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimating, for this specific purpose, 1st April 1991 values. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Kent County Council, the Kent Police & Crime Commissioner, Kent Fire & Rescue Authority and this Council for the forthcoming year and dividing this by the council tax base which is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts: 67,161.7 for 2023/24 (65,896.2 for 2022/23) (see table below.) This basic amount of council tax for a Band D property, £2,149.17 for 2023/24 (£2,048.04 for 2022/23), is multiplied by the proportion specified for the particular band to give an individual amount due. Parish Precepts are added to this basic amount.

The bands, number of dwellings in each, the multiplier for each and the resultant tax base are detailed in the table below.

Band	Number of Dwellings	Multiplier	Council Tax Base
Band A (incl disabled relief)	3.1	5/9	1.7
Band A	2,693	6/9	1,795.6
Band B	6,537	7/9	5,084.6
Band C	16,269	8/9	14,461.5
Band D	17,339	9/9	17,338.9
Band E	9,780	11/9	11,953.7
Band F	5,869	13/9	8,477.0
Band G	4,302	15/9	7,169.6
Band H	354	18/9	707.5
Other	0		171.8
			67,161.7

Note 2 - Business (Non-domestic) Rates

The Council collects business rates for its area based on rateable values (as determined by the Valuation Office Agency) and multipliers set by central government. There are two multipliers:

- Standard Multiplier 51.2p / £ Rateable Value (51.2p in 2022/23)
- Small Business Multiplier 49.9p / £ Rateable Value (49.9p in 2022/23)

The rateable value at 31st March 2024 was £168.059m (£149.209m at 31st March 2023).

For 2023/24, it was calculated that the Council would receive £22.607m in business rates (£16.691m in 2022/23).

A system of Tariff and Top-Up payments operates on the localised shares distributed to local government bodies. A significant proportion of Maidstone's retained share £21.551m in 2023/24, (£19.339m in 2022/23) is subsequently 'top-sliced' and returned to the government for redistribution across local government.

A further Safety Net or Levy system acts to ensure that any local authority is protected from a net localised business rate yield of less than 92.5% of its Baseline Funding level set by the government. In these circumstances a local authority will receive a Safety Net grant. This grant is paid for by imposing a 50% levy on localised business rate receipts in excess of their Baseline Funding level.

Since April 2013, the Council has participated in a pooled arrangement with Kent County Council, Kent Fire and Rescue Authority and other district councils in Kent in order to minimise the levy payment due to central government and thereby maximise the retention of locally generated business rates.

Business rates surpluses/deficits declared by the Billing Authority in relation to the Collection Fund are apportioned to the relevant precepting bodies and government in the subsequent financial year in their respective proportions.

INDEPENDENT AUDITOR'S REPORT

To follow