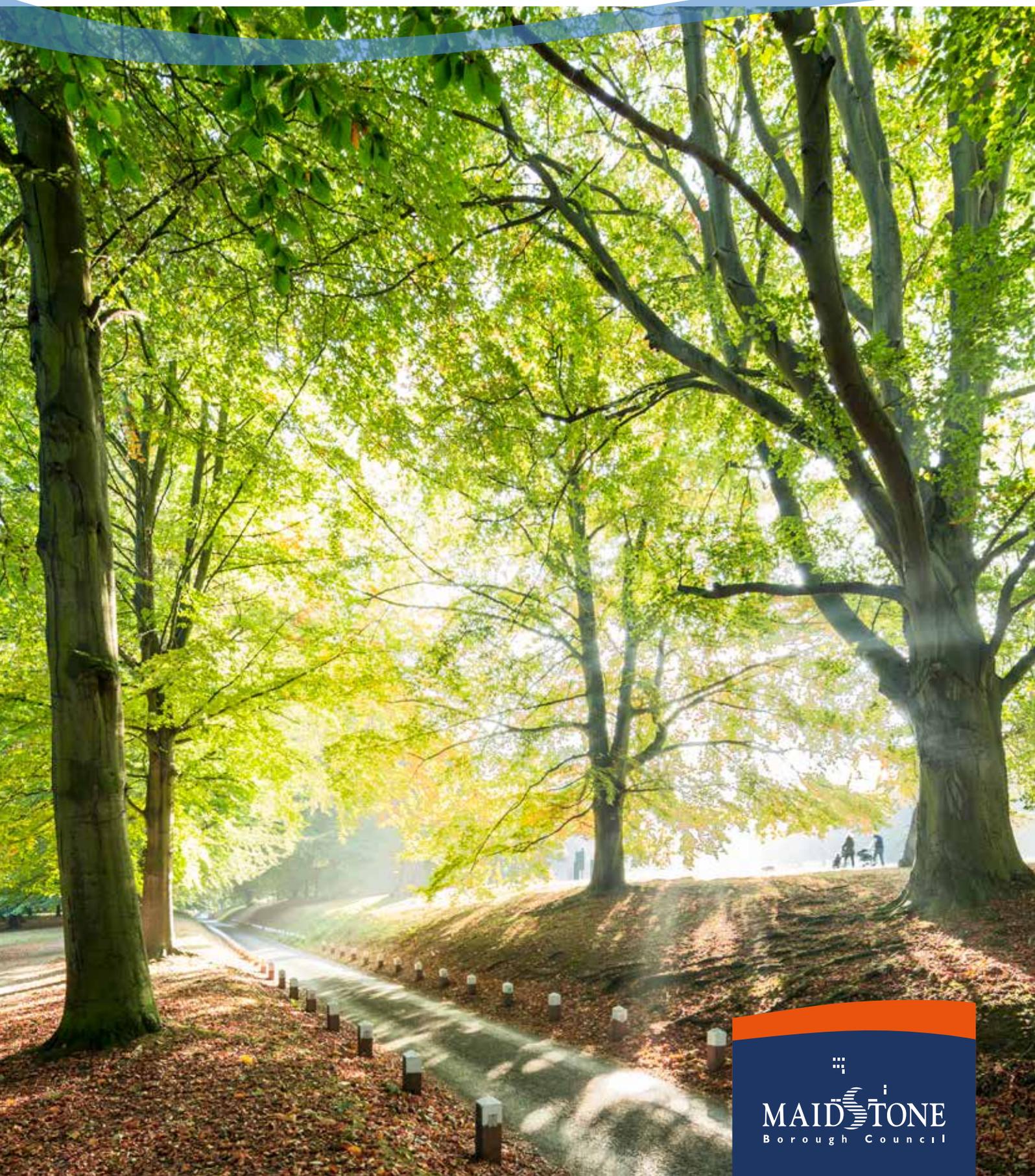


NARRATIVE REPORT 2024-25



OVERVIEW

In the year ended 31 March 2025 Maidstone Borough Council managed its day-to-day operations within the agreed budget and maintained a healthy financial position, whilst investing for the future through its Quality Homes programme and other capital projects. This was in spite of significant cost pressures, particularly in the provision of temporary accommodation.

Construction of five new housing schemes was in progress at year end and will deliver 90 new homes for rent as social housing in early 2026. Planning permission is in place for two further major housing schemes at Maidstone East and the former Springfield Library site, with contractors due to be appointed on both schemes in the coming months.

The main source of funding for capital investment has been an £80 million funding line from Aviva, arranged in April 2022, of which £60 million has been drawn down. Investment has been in line with the council's 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.

Along with other Kent authorities, the Council has been invited to submit reorganisation plans to the government, which if implemented in line with the projected timetable would mean that the Council will be subsumed into a new Unitary Authority in 2028.

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

- ✓ Key facts about Maidstone
- ✓ Background information about Maidstone Borough and the Council
- ✓ Maidstone's Strategic Plan and Medium Term Financial Strategy
- ✓ Key achievements in 2024/25
- ✓ Performance against key indicators
- ✓ Summary of financial performance
- ✓ Risk management
- ✓ Future plans

KEY FACTS ABOUT MAIDSTONE

Population of Maidstone Borough

2024 **187,800**
2023 **184,500**



Council Gross Revenue

2024/25 **£122.9 million**
2023/24 **£104.1 million**



Unemployment in Borough

2024 **3.3%**
2023 **3.0%**



Council Revenue generated locally

2024/25 **94.2%**
2023/24 **92.9%**



Gross value added

2024 **£5,550 million**
2023 **£5,151 million**



Council Core Spending Power

2024/25 **£29.6 million**
2023/24 **£28.0 million**

Business rates generated

2024/25 **£62.6 million**
2023/24 **£60.3 million**



Council Investment in Long Term Assets

2024/25 **£264.4 million**
2023/24 **£225.7 million**



Weekly pay for a full-time worker

2024 **£692.00**
2023 **£668.70**



Council's Usable Reserves

2024/25 **£46.3 million**
2023/24 **£41.6 million**

Sources: Population, GVA – ONS; Unemployment, Weekly Pay – Kent Analytics; Core Spending Power – MHCLG; All Others – MBC Statement of Accounts

ABOUT MAIDSTONE

Maidstone is the largest borough council district in Kent, with an estimated 188,000 residents in mid-2024. 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, Coxheath, Lenham and Harrietsham and many smaller villages.

Maidstone has the largest economy of any Kent borough, generating an estimated £5.5 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. Thirteen railway stations serve Maidstone town and surrounding rural communities.



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 several decades 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 was:

- 14 GREEN INDEPENDENT ALLIANCE
- 13 CONSERVATIVE
- 12 LIBERAL DEMOCRAT
- 6 LABOUR
- 4 INDEPENDENT AND FANT & OAKWOOD GROUP

The Council operates a Cabinet system, with decisions being made by eight Cabinet members, appointed by the Leader of the Council. The Council elects a Leader for a four-yearly term. 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 576 people (530 full time equivalent) including shared service employees at 31 March 2025, 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 CORPORATE STRATEGY AND MEDIUM TERM FINANCIAL STRATEGY

Following the local election in May 2024 and a change of political control, the Council has developed a new Corporate Strategy covering the period 2025-2035. The Corporate Strategy incorporates four priorities: a high quality place, adapted for a changing climate; resilient communities; quality homes for all; and a fairer economy for people and planet. Key performance indicators reflecting these priorities have been set for 2025/26. Performance in 2024/25 against the previous key performance indicators is shown in the following section.

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 2024/25, the Council allocated £5 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 2025/26 budget anticipates a further contribution of £4 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 2024/25.



KEY ACHIEVEMENTS



A high quality place, adapted for a changing climate

Biodiversity and Climate Change Action Plan

Amongst actions delivered this year have been an increase in LED lighting coverage in our car parks to over 80%, 1,203 visitors to our ecohub promoting climate change and biodiversity actions, 27 businesses now listed in our Sustainable Business Directory, 5,000 trees planted, and £404,796 awarded to 19 community hubs to green and improve facilities under the Rural England Prosperity Fund.

New Waste & Recycling Contract

Suez and the Council established a reliable waste, recycling, and garden waste collection service, implemented in April 2024, which is already outperforming the previous contractor. Highlights include: -

- 8.5 million collections have been completed across all services in the past 12 months
- Missed collections have fallen by nearly 90% since the start of the contract, with 10,000 reported in April 2024 down to only 1,000 in March 2025.
- Suez have collected over 33,500 tonnes of refuse in the past 12 months
- Suez have collected over 15,000 tonnes of recycling and nearly 10,000 tonnes of garden waste
- 30,000 residents subscribe to the garden waste service
- 16,660 bulky items have been collected
- 2,788 clinical collections have been completed
- 16,478 bin deliveries or removals have been carried out
- The Partnership and Community Engagement Officer has organised several volunteering initiatives within local reuse charities and food bank donations.



Maidstone Leisure Centre

Maidstone Leisure Centre at Mote Park was refurbished thanks to a Council investment of £2.5 million. Works included the addition of an Aztec-themed Splash Pad, featuring a variety of interactive water elements including slides and water cannons. A new Amazon Adventure Soft Play has also opened at the centre, a purpose-built three-storey attraction, designed for children aged 12 years and under. The quality of the improvements led to the Leisure Centre being named 'Water Leisure Venue of the Year for 2024' in the UK Pool & Spa Awards.

Cemetery chapel refurbishment

The beautiful Grade II listed Maidstone Cemetery Chapel has been restored to its former glory and was officially reopened for services to take place in March 2025. Extensive work was carried out on the Gothic style chapel at the Sutton Road Cemetery over three years with repairs to the building and grounds. The Cemetery carries out approximately 130 burials per year and reopening the Chapel allows mourners to hold services once again for their loved ones in Maidstone.



Lives in our Landscape

A new gallery, Lives In Our Landscape, was opened at Maidstone Museum in July 2024 by comedian and 'Great British Dig' presenter Hugh Dennis. 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.



Resilient Communities

Healthy Alliance Partnership

The Council has brought together key bodies in Maidstone who impact, move and work in the space of improving people's health outcomes, including the wider social determinants of health. The Partnership will develop and deliver a local action plan, with a focus on addressing the intersection of poverty, financial exclusion and poor health within the borough, enabling targeted interventions to address health inequalities. The Council has positively contributed to the West Kent Health and Care partnership including development of the Integrated Neighbourhood Team model.

Consultation and Engagement

We have had over 26,000 visitors to our 'Let's Talk' website and received over 10,000 responses to survey

and consultation activities this year. Surveys included our resident survey, which included questions on our budget, a crime survey and a youth crime survey as well as consultations on strategies and plans. Stakeholder Groups have been established to inform the development of Supplementary Planning Documents for three strategic site allocations in the borough at Heathlands, Invicta and Lidsing contributing to the planning of resilient communities for the future.



Quality Homes for All

Provision of housing by the Council

The Council has a growing residential portfolio that now stands at around 350 homes. This portfolio comprises a range of tenures: affordable housing, market rent housing, and temporary accommodation (both owned and leased) utilised to alleviate homelessness. During the course of the year we achieved the following: -

- 83 social rented homes started on site, across four different sites.
- The council also entered into a long-term funding agreement with Homes England for its first tranche of affordable housing schemes, securing upwards of £11m of Social Housing Grant Funding.
- 74 Temporary Accommodation homes acquired.
- 11 Temporary Accommodation homes leased.
- Two significant planning permissions secured on two large sites previously acquired, for 180 homes at Maidstone East and 103 homes at Springfield Library.



Maidstone Local Plan Review

The Council is committed to having its Local Plan in place to ensure that growth occurs in a planned and controlled manner, with associated infrastructure being delivered. Maidstone's previous Local Plan was adopted in 2017 for the period 2011-2031, and the Council completed and adopted a successful Local Plan Review on 24th March 2024 for the period 2021 to 2038, which plans a further 19,000 plus homes across the borough. Benefits of this plan-making approach are: -

- The borough can resist speculative planning applications successfully, and so is not vulnerable to high costs should planning appeals be made on larger scale proposals.
- Larger sites allocated for development within the plan have well-developed and detailed site policies, for sustainable development, that makes planning applications, when they are eventually made, more cost effective and faster to determine.
- The forward allocation of adequate development sites enables the council to maintain a Five-Year Housing Land Supply and to perform strongly in terms of the Housing Delivery Test, both of which bring indirect financial benefits to the council.



- The plan also includes a range of strategic (as well as site specific) policies that enable the council to deliver its broader strategic objectives through sustainable growth.

Public Sector led Garden Community

The Council and Homes England have a joint venture agreement in place, to collaborate to bring forward the Heathlands Garden Community proposal, in the east of the borough. Heathlands will deliver 5,000 homes and jobs and will likely commence in 2030 and will continue to be delivered over the subsequent 25 years. The project continues to advance, with the following successes achieved.

- The site is now allocated for development in the Maidstone 2021-2038 Local Plan Review.
- The Supplementary Planning Document is now in production, being led by the Local Planning Authority arm of the council, to inform the eventual planning application.
- The strategic outline business case for the new railway station is advancing.



- The co-promoters are developing their master-developer business plan that will eventually mean that the project can be substantially delivered and funded by the private sector once it reaches the delivery phase.

A fairer economy for people and planet

UK Shared Prosperity Fund

The Council has used invested £762,632 of government funding to deliver a number of initiatives to improve the town centre and to diversify activity in the town centre and support economic resilience, including:

- Delivery of £30,000 in community grants for creative projects
- Green spaces volunteering project with our partners Involve working across 16 town centre sites
- Creative Maidstone - renovation of a space for a creative arts hub in the town centre
- Delivery Partner for Shaun the Sheep art trail in the town centre with Heart of Kent Hospice
- Renovation of all council owned lighting assets in the town centre
- Greening of Earl Street and Introduction of 19 garden pillars
- Funding for various events including the Lunar Festival and Literature Festival



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.

RAG Rating

-  Date only
-  Target met
-  Target slightly missed (within 10%)
-  Target not achieved

Direction

-  Performance has improved
-  Performance has been sustained
-  Performance has declined
- N/A No previous data to compare

NOTE: Direction of travel for targeted performance indicators shows if performance has improved or declined. For data only performance indicators direction of travel shows if there has been an increase or decrease in volume.



! PRIORITY: Embracing Growth & Enabling Infrastructure

Development Management

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of priority 1 enforcement cases dealt with in time	Planning Policy and Management	100%	98%	100%		
Percentage of Priority 2 enforcement cases dealt with in time	Planning Policy and Management	95.88%	92%	92.73%		
Number of enforcement complaints received	Planning Policy and Management	453		431		
Open planning enforcement cases (as at start of month) <i>Data as of March 2025</i>	Planning Policy and Management	305		291		
Number of enforcement cases closed	Planning Policy and Management	452		429		
Number of enforcement actions taken in the period	Planning Policy and Management	N/A		436		N/A
Processing of planning applications: Major applications (NI 157a)	Planning Policy and Management	97.92%	90%	96.51%		
Processing of planning applications: Minor applications (NI 157b)	Planning Policy and Management	98%	95%	99.38%		
Processing of planning applications: Other applications (NI 157c)	Planning Policy and Management	99.01%	98%	99.24%		
Percentage of planning applications meeting Biodiversity Net Gain 20% adopted standard	Planning Policy and Management	N/A		1.4%		N/A
MBC Success rate at planning appeals within a rolling 12-month period	Planning Policy and Management	66.01%	70%	72.44%		
Percentage of onsite renewable energy generation in new developments 10% adopted standard	Planning Policy and Management	N/A		0.91%		N/A

Strategic Planning

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
New additional homes provided (NI 154)	Planning Policy and Management	1039	1000	605		
Date adopted local plan	Planning Policy and Management	N/A		20 March 2024		N/A

Biodiversity & Climate Change

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Number of public EV chargers in MBC car parks	Climate Transition and Nature Recovery	N/A		32		N/A

! PRIORITY: A Thriving Place

Leisure Contracts

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of tickets sold at the Hazlitt	Healthier Stronger Communities	75.39%	50%	75.39%		
Number of outreach projects/work undertaken by the Hazlitt	Healthier Stronger Communities	83		42		
Footfall at the Maidstone Leisure Centre	Healthier Stronger Communities	500,448	490,292	471,151		

Lockmeadow and the Market

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Market Hall Occupancy Percentage	Healthier Stronger Communities	73.08%	75%	83.82%	✓	↑

Economic Development

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of vacant retail units in the town centre <i>Data as of December 2024</i>	Healthier Stronger Communities	13.2%	11%	8.8%	✓	↑
Footfall in the Town Centre	Healthier Stronger Communities	21,627,950	24,750,056	25,064,028	✓	↑
Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS] <i>Data as of March 2025</i>	Healthier Stronger Communities	3.2%	⚠	3.4%	⚠	↑
Number of youths unemployed (18-24) (claiming unemployment benefits) <i>Data as of March 2025</i>	Healthier Stronger Communities	640	⚠	710	⚠	↑
NEETs – Number of 16-18-year-olds not in education, employment or training <i>Data as of March 2025</i>	Healthier Stronger Communities	N/A	⚠	4.4%	⚠	N/A
Births of new enterprises	Healthier Stronger Communities	N/A	⚠	875	⚠	N/A
Survival rate of new enterprises	Healthier Stronger Communities	N/A	⚠	45.7%	⚠	N/A

The Museum

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Footfall at the Museum and Visitors Information Centre	Healthier Stronger Communities	40,001	50,000	67,635	✓	↑
Footfall at the Carriage Museum	Healthier Stronger Communities	N/A	⚠	2,138	⚠	N/A



! PRIORITY: Safe, Clean and Green

Community Protection

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of Animal licensed establishments rated 4* or above	Community Cohesion and Safety	N/A	✓	78.75%	✓	N/A
Number of Community Protection Notices (CPNs) in period	Community Cohesion and Safety	5	✓	9	✓	↑
Number of Community Protection Warnings (CPWs) in period	Community Cohesion and Safety	63	✓	71	✓	↑

Environment & the Public Realm

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
The percentage of relevant land and highways that is assessed as having acceptable levels of litter	Environmental Services and Enforcement	92.75%	98%	97.84%	▲	↑
The percentage of relevant land and highways that is assessed as having acceptable levels of detritus	Environmental Services and Enforcement	92.60%	95%	94.48%	▲	↑
Fly-tipping fixed penalty notices issued per incident	Environmental Services and Enforcement	N/A	36	52	✓	N/A
Fly-tipping fixed penalty notices percent paid	Environmental Services and Enforcement	N/A	78%	55.66%	●	N/A
Fly-tipping fixed penalty notices paid per incidents	Environmental Services and Enforcement	N/A	28	24	●	N/A
Fly-tipping enforcement actions per incident	Environmental Services and Enforcement	N/A	180	245	✓	N/A
Number of Green Flag Parks	Environmental Services and Enforcement	4	4	4	—	—
Percentage of household waste sent for reuse, recycling and composting	Environmental Services and Enforcement	49.15%	53%	42%	●	↓
Missed bins per 100,000 collections	Environmental Services and Enforcement	39.6	40.0	239.9	●	↓
Contaminated tonnage (rejected) as a percentage of tonnage of household waste sent for reuse, recycling or composting	Environmental Services and Enforcement	5.80%	6%	5.43%	✓	↑
Tonnage of household waste produced per household	Environmental Services and Enforcement	0.742	✓	0.619	✓	↓

Biodiversity & Climate Change

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Improvement in Air Quality <i>Data due June 2025</i>	Healthier Stronger Communities	TBC	✓	TBC	✓	TBC
Borough wide carbon emissions reduction (Government Data) <i>2023 data expected August 2025</i>	Climate Transition and Nature Recovery	N/A	✓	-3.7%	✓	N/A
Size of areas rewilded through MBC schemes (volume of land) <i>Figures are the total SQM</i>	Climate Transition and Nature Recovery	62,089	✓	186,389	✓	↑
Number of trees planted (through MBC planting initiatives) <i>Data as of 2024</i>	Climate Transition and Nature Recovery	5,750	✓	6,750	✓	↑

! PRIORITY: Homes and Communities

Community Cohesion

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Number of households at risk of (or in) financial crisis (LIFT data) <i>[Figure is an average of 2024/25 data]</i>	Community Cohesion and Safety	673	✓	481	✓	↓

Housing & Regulatory Services

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Number of affordable homes delivered (gross)	Housing and Homelessness	189	160	75	⬛	↓
Affordable homes as a percentage of all new homes	Housing and Homelessness	18.19%	20%	12.4%	⬛	↓
Number of households living in temporary accommodation last night of the month (NI 156 & SDL 009-00) <i>Data as of March 2025</i>	Housing and Homelessness	252	✓	290	✓	↑
Number of households living in nightly paid temporary accommodation last night of the month <i>Data as of March 2025</i>	Housing and Homelessness	144	✓	184	✓	↑
Number of Rough Sleepers accommodated by the Council on the last night of the month <i>Data as of March 2025</i>	Housing and Homelessness	35	✓	33	✓	↓
Number of households prevented or relieved from becoming homeless	Housing and Homelessness	575	500	555	✓	↓

Number of Homeless Applications made	Housing and Homelessness	1,170	✓	1,039	✓	↓
Number of applicants where S195(2) Prevention Duty ended as applicant became homeless and S189B(2) Relief Duty accepted	Housing and Homelessness	114	✓	89	✓	↓
Number of homeless cases where the cause of homelessness is domestic abuse	Housing and Homelessness	140	✓	146	✓	↑
Number of private sector homes improved through Private Sector Housing (PSH) interventions	Housing and Homelessness	199	192	218	✓	↑
Number of completed Disabled Facilities Grants	Housing and Homelessness	92	✓	161	✓	↑
Percentage of gas safety certificates in place on residential properties managed by MBC's Accommodation Team	Housing and Homelessness	100%	100%	100%	—	—
Percentage of electrical safety certificates on residential properties managed by MBC's Accommodation Team	Housing and Homelessness	100%	100%	99.84%	▲	↓
Percentage of Fire Risk Assessments in place for residential properties where this is a requirement under the Fire Safety Order (2005) (properties managed by MBC's Accommodation Team)	Housing and Homelessness	100%	100%	100%	—	—
Percentage of repairs completed within 21 Days (on residential properties managed by MBC's Accommodation Team)	Housing and Homelessness	83.90%	90%	62.32%	⬛	↓
Percentage of rent arrears (as a percentage of total rent roll) of properties managed by MBC's Accommodation Team <i>Data as of March 2025</i>	Housing and Homelessness	N/A	10%	2.82%	✓	N/A
Percentage of void residential properties managed by MBC's Accommodation Team (re-lets) <i>Data as of Q4</i>	Housing and Homelessness	5.19%	10%	3.16%	✓	↑



! PRIORITY: Additional Measures

Finance

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Level of band D council tax rates	Corporate Resources	N/A	📈	£292.95	📈	N/A
Non-ringfenced reserves as percentage of net revenue expenditure <i>Data will be available from 26th July</i>	Corporate Resources	N/A	📈	72.24%	📈	N/A
Non-ringfenced reserves as percentage of service spend <i>Data will be available from 26th July</i>	Corporate Resources	N/A	📈	58.92%	📈	N/A
Debt servicing as percentage of core spending power	Corporate Resources	N/A	📈	392.10%	📈	N/A
Total debt as percentage of core spending power	Corporate Resources	N/A	📈	218.86%	📈	N/A

Biodiversity & Climate Change

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage reduction in carbon emissions – Buildings (scope 1 and 2) <i>Data expected July 2025</i>	Climate Transition and Nature Recovery	N/A	📈	-20.9%	📈	N/A
Percentage reduction in carbon emissions – Fleet <i>Data expected July 2025</i>	Climate Transition and Nature Recovery	N/A	📈	-57.1%	📈	N/A

Information Governance

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of FOI/EIRs (due in the period) that were sent on time <i>Data expected July 2025</i>	Corporate Resources	84.79%	100%	68.69%	🛑	↓
Number of upheld Ombudsman complaints per 10,000 population	Corporate Resources	0.326	📈	0.162	📈	↓

Property

Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of vacant MBC-owned commercial space (excluding property for development)	Corporate Resources	21%	30%	18%	✅	↑

Revenues & Benefits

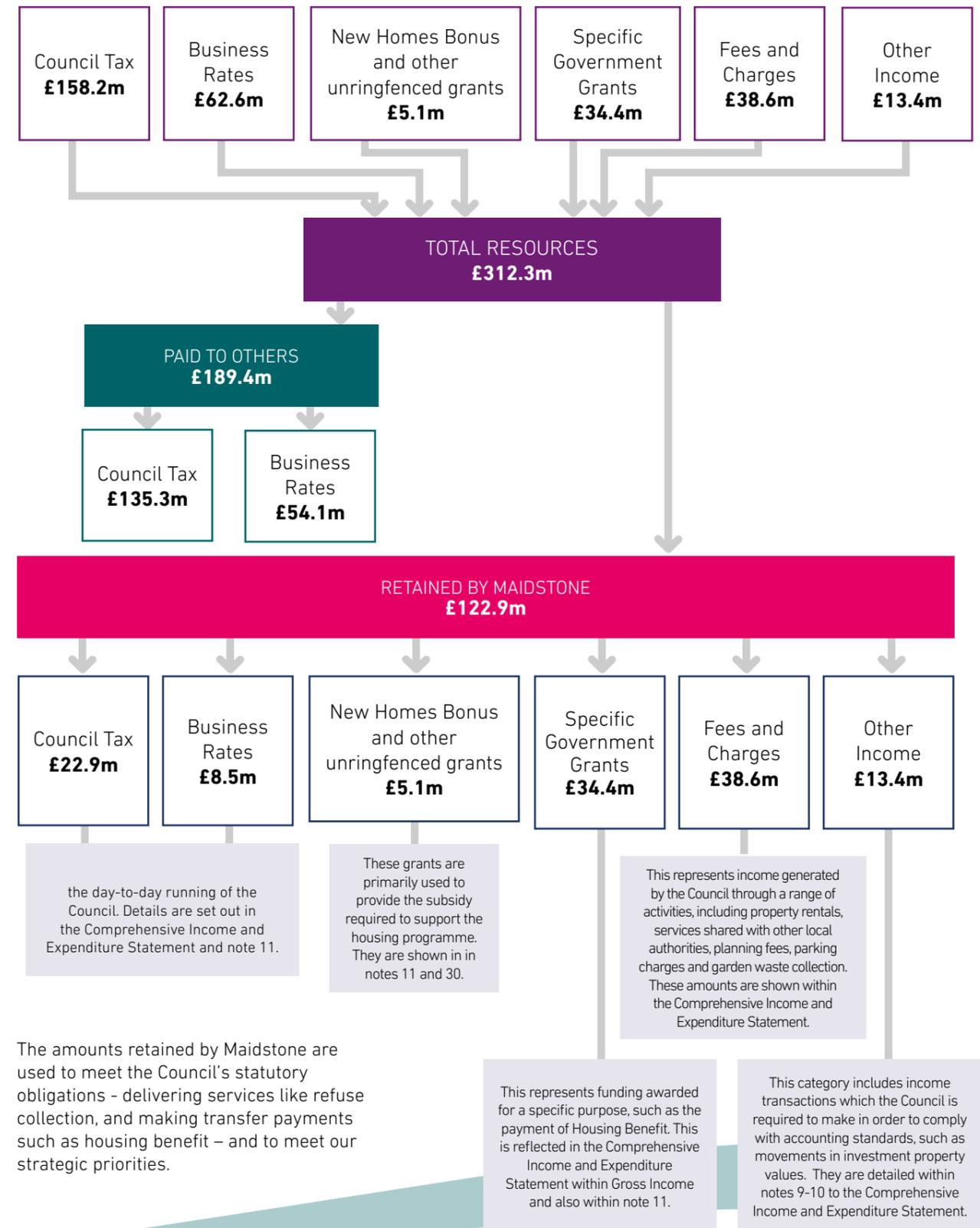
Performance Indicator	Portfolio	2023/24 Value	2024/25 Target	2024/25 Value	Status	Compared to 2023/24
Percentage of households receiving Council Tax Support (CTS)	Corporate Resources	12.49%	📈	12.85%	📈	↑
Non-domestic rates collection rates	Corporate Resources	98.39%	95.20%	97.65%	✅	↓
Council tax collection rates	Corporate Resources	96.66%	95.75%	96.50%	✅	↑





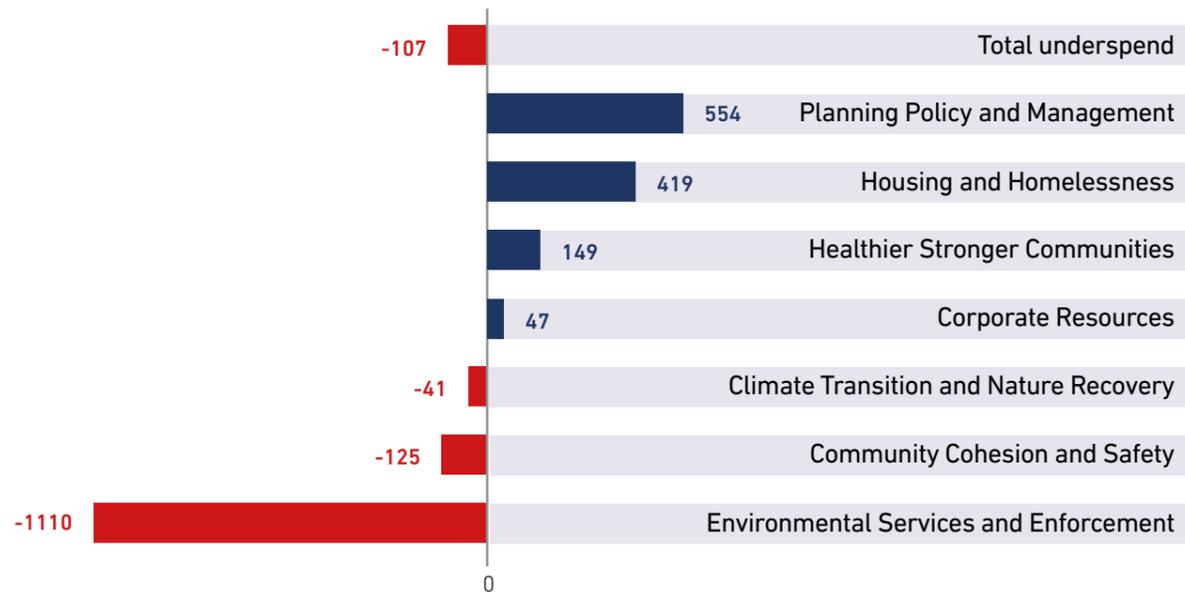
FINANCIAL PERFORMANCE - REVENUE

The total revenue resources generated by the Council for 2024/25, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £312 million (£283 million in 2023/24). The table below shows the total amounts received and the amounts retained by the Council.



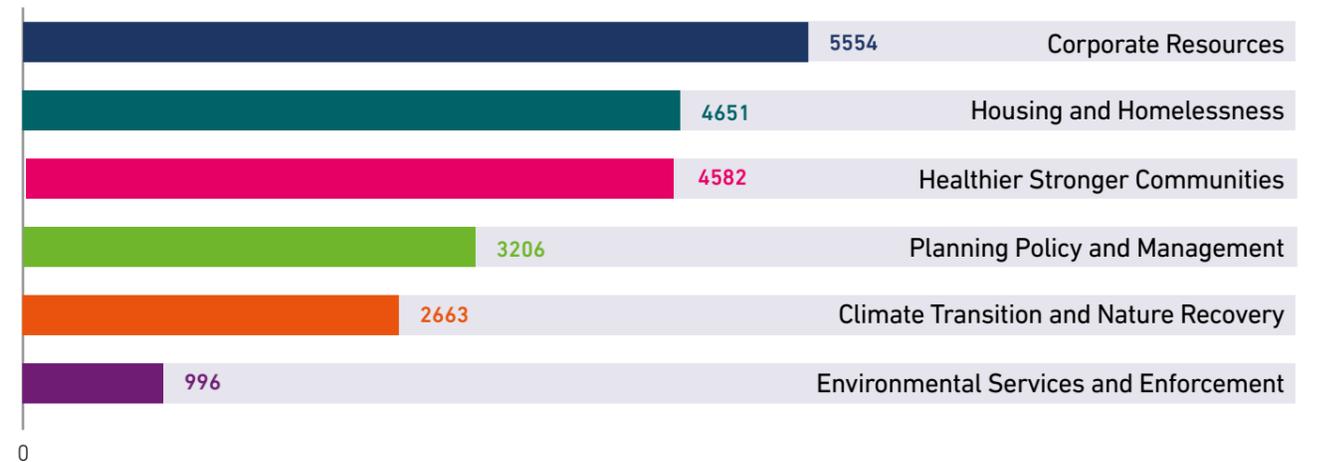
REVENUE OUT-TURN

The revenue out-turn for the year represented an underspend of £107,000 on a total net revenue budget of £27.277 million. Overspends, principally arising from the increased cost of temporary accommodation and lower than budgeted planning fee income, were offset by underspends arising from better than expected returns on cash holdings in Corporate Resources and lower than budgeted indexation of contract costs in Environmental Services.



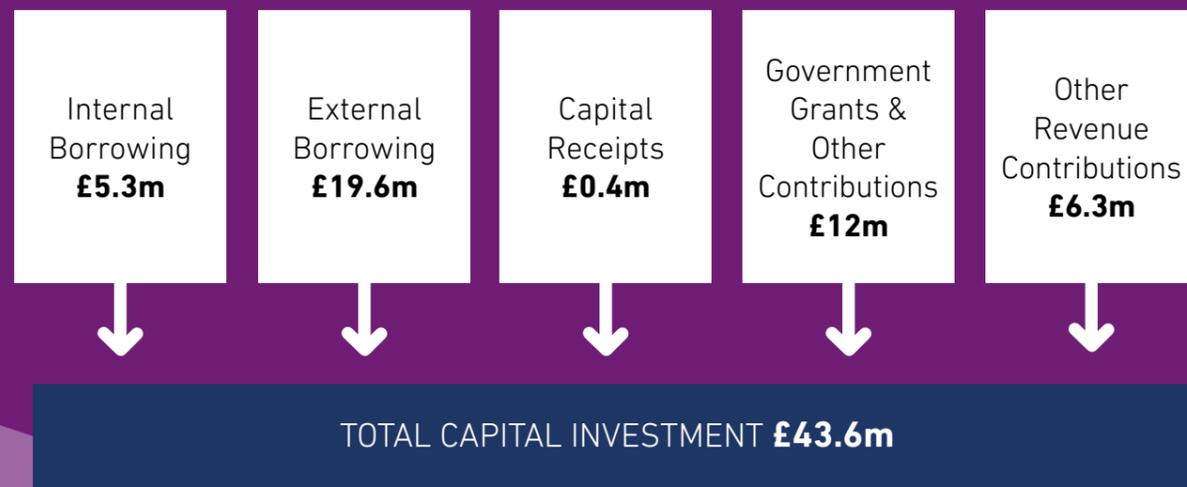
CAPITAL OUT-TURN

Capital investment in 2024/25 was £22 million less than budgeted, primarily owing to slower progress with the housing programme than was anticipated when the budget was set. The underspends shown below will be rolled forward and added to the budget for 2025/26.



CAPITAL

Alongside the revenue budget, the Council has a capital budget that allows it to invest for the longer term. Capital investment was funded as shown below.



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 increased from £164 million to £184 million.

	2023/24 £000	2024/25 £000
Property, Plant & Equipment	166,734	196,132
Heritage Assets	43,518	52,903
Investment Properties	14,143	14,177
Other Long Term Assets	1,261	1,183
Money owed to the Council	67,627	55,294
Money owed by the Council	-72,286	-59,795
Long Term Liabilities	-57,070	-76,495
Net Assets	163,927	183,400
Usable Reserves	41,649	45,748
Unusable Reserves	122,278	137,652
Total Reserves	163,927	183,400

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.

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 2025	
		Unmitigated Risk	Mitigated Risk
1	Cyber attack	25	16
2	Rising temporary accommodation costs	20	16
3	Local government reorganisation	20	15
4	Climate-related impacts	16	16
5	Inability to deliver the council housebuilding programme	16	12
6	Financial constraints and cost pressures	15	12
7	Non-adherence to residential property compliance	15	10
8	Inadequate business continuity and organisational resilience	15	9
9	Supply chain disruption	12	9
10	Failure of continuous improvement for long-term transformation	12	9
11	Disruption from political, social and economic shifts	12	9
12	Strategic partnerships fail to deliver value	9	6

Our Priorities:

Top Risk
 High Risk
 Medium Risk
 Low Risk

FUTURE PLANS

The Council's new Corporate Strategy 2025-2035 sets out its priorities. Bearing in mind the potential replacement of the Council by a new Unitary Authority in 2028, it has identified and prioritised those actions that it can deliver feasibly and affordably in the short term. The Council is working with other Kent authorities to respond to the government's request for reorganisation proposals.

Current local government funding arrangements, which reward those areas with the greatest housing delivery through New Homes Bonus, have benefited Maidstone Borough Council and have allowed it to invest in an ambitious social housing programme. The Council has acquired land for around 500 new homes, of which 90 are due for completion over the next year, with more planned. As a result, the Council will re-open its Housing Revenue Account in 2026.

The government's reform of local government funding, planned for 2026/27, is likely to mean the end of New Homes Bonus and generally to have an adverse impact on the Council, in light of the intended rebalancing of funding towards areas with the greatest needs. The council's Medium Term Financial Strategy will be updated accordingly and plans made to manage within more constrained resources.

The Council's objectives over what are likely to be the remaining two or three years of its existence are therefore to continue prudently and sustainably pursuing its existing corporate strategy, whilst managing within more limited resources, and so providing firm foundations for a new Unitary Authority.





STATEMENT OF ACCOUNTS 2024/25

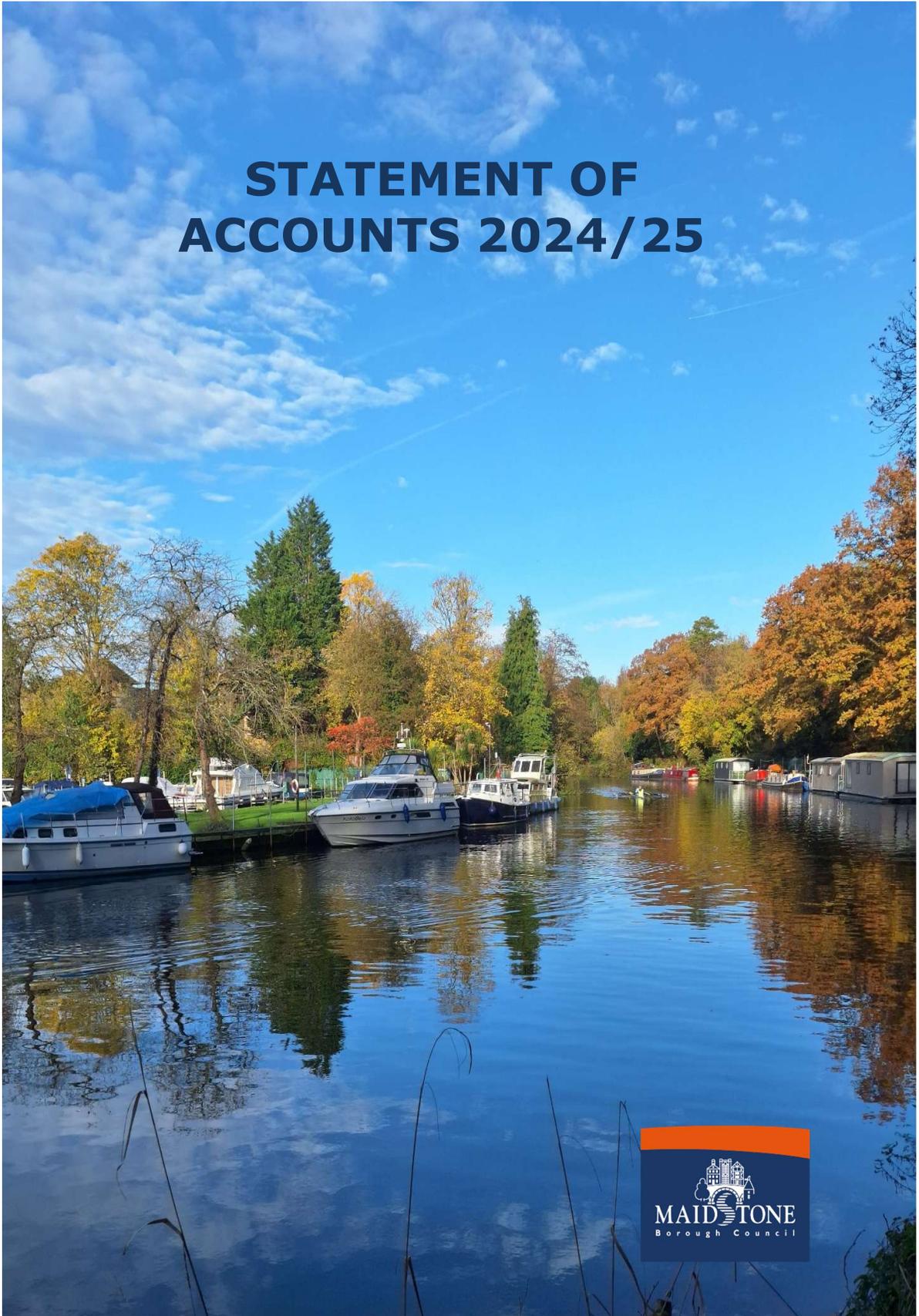


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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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.
- 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' Responsibilities

The Director of Finance & Resources 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 has:

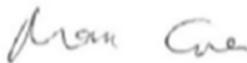
- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Director of Finance & Resources 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 2025.

Signed:



Mark Green, Director of Finance & Resources

Date: 30th September 2025

PRIMARY STATEMENTS

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT - For the years ending 31st March 2024 & 2025

2023/24 (Restated)			Cabinet Member (See note)	2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
44,797	(40,903)	3,894	Corporate Resources	49,917	(39,995)	9,922
184	(3)	181	Climate Transition and Nature Recovery	403	(335)	69
17,284	(8,313)	8,971	Environmental Services and Enforcement	18,014	(9,123)	8,892
9,479	(5,805)	3,674	Healthier Stronger Communities	14,719	(4,906)	9,813
5,346	(2,421)	2,925	Planning Policy and Management	5,019	(2,419)	2,600
2,938	(771)	2,166	Community Cohesion and Safety	3,298	(1,021)	2,277
12,873	(8,179)	4,694	Housing and Homelessness	16,133	(15,333)	799
92,902	(66,396)	26,506	Cost Of Services	107,503	(73,132)	34,371
		2,645	Other Operating Expenditure (Note 9)	3,081	(323)	2,758
		1,077	Financing and Investment Income and Expenditure (Note 10)	6,754	(13,717)	(6,963)
		(34,490)	Taxation and Non-Specific Grant Income and Expenditure (Note 11)	22,647	(59,080)	(36,433)
		(4,262)	(Surplus) on Provision of Services			(6,267)
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		774	Deficit or (Surplus) on revaluation of property, plant & equipment assets			(11,027)
		(1,224)	Remeasurement of the Net Defined Benefit Liability			(2,181)
		(450)	Other Comprehensive Income and Expenditure			(13,208)
		(4,710)	Total Comprehensive Income and Expenditure			(19,474)

Note: For 2024/25 it has been decided it would be more appropriate to report by Cabinet Member rather than Policy Advisory Committee (PACs). The 2023/24 figures have been restated to reflect this. Maidstone has an executive decision making model and decisions are made by Cabinet and Cabinet Members.

MOVEMENT IN RESERVES STATEMENT

For the year ending 31st March 2025

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 2024	15,607	25,821	41,430	121	92	41,648	122,279	163,927
Movement in Reserves during 2024/25								
Total Comprehensive Income & Expenditure	6,267	0	6,267	0	0	6,267	13,209	19,474
Adjustments between accounting basis & funding basis under regulation (Note 6)	2,351	0	2,351	(18)	0	2,333	(2,333)	0
Movements between Reserves	(7,467)	2,967	(4,500)	0	0	(4,500)	4,500	0
Increase or Decrease in 2024/25	1,151	2,967	4,118	(18)	0	4,100	15,376	19,474
Balance at 31st March 2025	16,758	28,789	45,548	103	92	45,748	137,652	183,400

For the year ending 31st March 2024

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 2023	15,933	19,310	35,237	274	1,265	36,773	122,444	159,217
Movement in Reserves during 2023/24								
Total Comprehensive Income & Expenditure	4,262		4,262	0	0	4,262	448	4,710
Adjustments between accounting basis & funding basis under regulation (Note 6)	1,951	(4)	1,947	(152)	(1,172)	622	(622)	
Movements between Reserves Other Adjustments	(6,538)	6,515	(23) 7			(23) 14	23 (14)	()
Increase or Decrease in 2023/24	(325)	6,511	6,193	(152)	(1,172)	4,875	(165)	4,710
Balance at 31st March 2024	15,607	25,821	41,430	121	92	41,648	122,279	163,927

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 2024 & 2025**

31st March 2024 £000	Notes	31st March 2025 £000
166,734	Property, Plant & Equipment 17	196,132
43,518	Investment Property 18	52,903
14,143	Heritage Assets 19	14,177
1,226	Intangible Assets	1,157
35	Long Term Debtors 22	25
225,656	Long Term Assets	264,394
10,000	Short Term Investments 20	20,000
80	Inventories	82
34,307	Short Term Debtors 22	21,227
23,240	Cash & Cash Equivalents 23	13,985
67,627	Current Assets	55,294
2,649	Bank Overdraft 23	341
1,512	Short Term Borrowing 20	2,267
54,154	Short Term Creditors 24	44,182
1,575	Provisions 25	1,438
318	Deferred Liability 32	289
12,078	Capital Grants Receipts in Advance 15	12,985
72,286	Current Liabilities	61,501
946	Provisions 25	1,300
43,488	Long Term Borrowing 20	62,366
0	Deferred Liability 32	388
2,345	Capital Grants Receipts in Advance 15	4,083
10,290	Net Pension Liability 31	6,650
57,070	Long Term Liabilities	74,787
163,927	Net Assets	183,400
41,649	Usable Reserves 7	45,748
122,278	Unusable Reserves 29	137,652
163,927	Total Reserves	183,400

CASHFLOW STATEMENT

2023/24 £000		Notes	2024/25 £000
4,262	Net surplus on the provision of services		6,267
(4,744)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	34	22,656
(4,317)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing & financing activities	35	(2,404)
(4,800)	Net cash flows from Operating activities		26,519
(25,514)	Investing Activities	36	(51,818)
42,307	Financing Activities	37	18,351
11,993	Net increase or decrease in cash & cash equivalents		(6,948)
8,599	Cash & cash equivalents at the beginning of the reporting period		20,591
20,592	Cash & cash equivalents at the end of the reporting period		13,644

NOTES TO THE ACCOUNTS

1 – EXPENDITURE & FUNDING ANALYSIS - For the years ending 31st March 2024 & 2025

2023/24 (Restated)			2024/25			
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	Cabinet Member (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
7,618	(3,722)	3,895	Corporate Resources	8,582	1,340	9,922
134	47	181	Climate Transition and Nature Recovery	123	(55)	69
5,229	3,742	8,971	Environmental Services and Enforcement	5,027	3,865	8,892
1,635	2,039	3,674	Healthier Stronger Communities	1,714	8,098	9,813
2,186	739	2,925	Planning Policy and Management	1,711	889	2,600
2,617	(451)	2,166	Community Cohesion and Safety	2,838	(561)	2,277
3,723	972	4,694	Housing and Homelessness	3,028	(2,228)	799
23,141	3,366	26,507	Net Cost Of Services	23,023	11,348	34,371
(25,450)	(5,317)	(30,767)	Other Income & Expenditure	(26,939)	(13,699)	(40,638)
(2,310)	(1,951)	(4,266)	(Surplus)	(3,916)	(2,351)	(6,267)
		35,235	Opening General Fund Balance			41,432
		(20)	Other Adjustments			(4,500)
		1,951	Adjustments between Accounting & Funding Basis			2,351
		41,432	Closing General Fund Balance at 31st March			45,548

Note: For 2024/25 it has been decided it would be more appropriate to report by Cabinet Member rather than Policy Advisory Committee (PACs). The 2023/24 figures have been restated to reflect this. Maidstone has an executive decision making model and decisions are made by Cabinet and Cabinet Members.

The £4.5m other adjustment represents the use of earmarked reserves to fund capital expenditure.

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 2024/25				
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 Resources	(6,971)	0	(5,388)	(12,359)
Climate Transition and Nature Recovery	(18)		(37)	(55)
Environmental Services and Enforcement	2,152		1,713	3,865
Healthier Stronger Communities	7,390		708	8,098
Planning Policy and Management	0		889	889
Community Cohesion and Safety	27		(588)	(561)
Housing and Homelessness	(2,580)		352	(2,228)
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	0	0	(2,351)	(2,351)

Adjustments between Funding & Accounting Basis 2023/24 (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 Resources	(3,857)	0	(5,182)	(9,039)
Climate Transition and Nature Recovery	70		(24)	47
Environmental Services and Enforcement	2,214		1,528	3,742
Healthier Stronger Communities	1,040		999	2,039
Planning Policy and Management	0		739	739
Community Cohesion and Safety	27		(478)	(451)
Housing and Homelessness	505		466	972
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	(0)	0	(1,951)	(1,951)

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

	2023/24	2024/25
	£000	£000
Expenditure		
Employee Benefit Expenses	23,864	25,907
Other Services Expenses	91,238	103,334
Depreciation, Amortisation, Impairment	5,305	6,789
Interest Payments	421	1,317
Precepts & Levies	2,717	3,084
Total Expenditure	123,545	140,431
Income		
Fees, Charges & Other Service Income	(30,997)	(40,421)
Interest & Investment Income	(1,079)	(1,957)
Income from Council Tax & NDR	(51,080)	(53,980)
Government Grants & Contributions	(41,676)	(39,624)
(Loss) on the Disposal of Assets & Revaluations	(2,974)	(10,716)
Total Income	(127,807)	(146,698)
(Surplus) or Deficit on the Provision of Services	(4,262)	(6,267)

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	2023/24 £000	2024/25 £000
Accommodation	(389)	(379)
Central Services	(455)	(624)
Cultural & Related Services	(864)	(838)
Environmental & Regulatory Services	(2,647)	(2,664)
Housing Services	(3,283)	(4,320)
Other Services	(1,128)	(1,090)
Other Support Services	(2,389)	(3,110)
Parking Services	(3,764)	(3,788)
Planning Services	(8,715)	(8,128)
Property Services	(3,029)	(3,158)
Fees, Charges & Other Service Income	(26,662)	(28,098)

2 - ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025. 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 2024/25, 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 £10,000 in both the revenue and 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:

- IFRS 16 has been implemented for 2024/25. This required the identification of all possible lease arrangements and an assessment of which ones needed to be included based on the requirements of the accounting standard. An appropriate discount rate (4.5%) was set to calculate the lease liability that needed to be reflected in the accounts. The de minimus level for exclusion was set at £10,000.
- 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. This

arrangement has now come to an end during 2024/25.

- 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.
- An assessment of the Council's buildings was made and it was determined that those of a significant value would be accounted for on a component accounting 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 longer term impacts to estimated figures and valuations may also be impacted by the government plans to reform local government. The Council's new Corporate Strategy and Medium Term Financial Strategy 2025/26 was substantially complete when the Government published its White Paper on Devolution on 16th December 2024. It is likely that district councils will not exist after April 2028. The White Paper will have implications over the lifetime of the medium term but does not immediately impact the financial accounts. No account has been taken of any potential implications in this report. The Council continues to pursue existing strategies and principles in the meantime, including capital investment, maintaining our unallocated reserves (with an agreed minimum level of £4m) and ensuring it has an ongoing sustainable budget

The items in the Council's financial statements at 31st March 2025 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>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 £13.5m. 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</p>

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	<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 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>	<p>Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</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</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 £5.2m. This would not impact on the general fund balance.</p>

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	fluctuate during the year and therefore may change over the next 12 months.	
Pensions Liability	<p>Estimation of the net liability/surplus to pay pensions depends on several complex judgements relating to the discount rate 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"> • A 0.1% increase in the discount rate will reduce the net pension liability by £2.1m; • A 0.1% increase in the assumed level of pension increases and deferred revaluation will increase the net pension liability by £2.3m; • An increase of one year in longevity will increase the net pension liability by £5.3m.
Sundry Debtors	<p>At 31st March 2025 the Council had a balance of sundry debtors for £16m. A review of significant balances suggested that an impairment allowance for bad debts of £6.4m 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 £3.2m to be set aside as an allowance.</p>

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
<p>Non-Domestic Rates Appeals</p>	<p>The Collection Fund is liable for potential losses arising from appeals against the rateable value of business premises. A provision of £5.8m has therefore been created to recognise current and backdated appeals. The Council’s share of the provision of £2.3m is reflected on the balance sheet. This is deemed to be appropriate as it is based on a detailed analysis 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>	<p>If the yield losses from successful appeals were to increase by 10%, an additional provision of £0.58m would be required overall, and the Council’s share of the provision would increase by £0.23m.</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 2025/26 Code where disclosures are required in the 2024/25 financial statements are:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- b) IFRS 17 Insurance Contracts
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

It is likely there will be limited application of items a) and b). An assessment will be made as to the likely impact of c).

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.

2024/25	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)	(1,457)		
Council Tax and NDR (transfers to or from the Collection Fund Adjustment Account)	1,264		
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)	18,852		
Total Adjustments to Revenue Resources	18,654	0	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(323)		382
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(3,957)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(12,022)		
Total Adjustments between Revenue and Capital Resources	(16,303)	0	382
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure			(400)
Total Adjustments to Capital Resources	0	0	(400)
Total Adjustments	2,351	0	(18)

2023/24 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)	(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)	9,987		
Total Adjustments to Revenue Resources	9,469	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	(4,074)	(1,172)	
Total Adjustments to Capital Resources	(4,074)	(1,172)	(400)
Total Adjustments	1,951	(1,172)	(152)

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 2024 £000	Contributions to/from Balances 2024/25 £000	31st March 2025 £000
Spatial Planning	501	(10)	491
Neighbourhood Planning	57	(20)	37
Planning Appeals	229	0	229
Civil Parking Enforcement	495	216	711
Future Capital Expenditure	2,455	(2,455)	(0)
Future Funding Pressures	2,981	1,764	4,745
Homelessness Prevention & Temporary Accommodation	989	(86)	903
Business Rates Earmarked Balances	4,892	(1,856)	3,036
Funding for Future Collection Fund Deficits	3,541	586	4,127
Commercial Risk	500	0	500
Invest to Save	500	(39)	461
Recovery and Renewal Reserve	305	(182)	124
Renewable Energy	255	49	303
Enterprise Zone	241	277	519
Major Works Sinking Fund	413	(413)	0
Housing Investment Fund	7,177	4,960	12,137
Grants-DWP	290	(28)	263
Trading Account Surplus	0	81	81
Extended Producer Responsibility (EPR)	0	33	33
Community Larder Reserve	0	90	90
Total Earmarked Reserves	25,822	2,967	28,789
Unallocated Balances	15,608	1,145	16,754
Total General Fund Reserves	41,430	4,112	45,543

Description of Earmarked Reserves:

Spatial Planning – This reserve has been created to smooth expenditure on spatial policy and planmaking over the life cycle of local plan preparation.

Neighbourhood Planning – This reserve is for government neighbourhood planning grant that has not yet been deployed.

Planning Appeals – This reserve provides a contingency for unbudgeted and unforeseen planning costs.

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

Future Capital Expenditure – This reserve holds revenue budgets set aside for capital expenditure but not yet deployed.

Future Funding Pressures – This reserve has been established to smooth the impact of future local government funding reforms now expected to be implemented in 2026/27.

Housing Prevention & Temporary Accommodation – This reserve holds government grants that will be used to fund homelessness prevention initiatives and 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 – The Council is required to make good any deficit on the Collection Fund at the end of the year. Equally, if the Collection Fund is in surplus it benefits from the additional income. The purpose of this reserve is to smooth the impact of deficits and surpluses.

Commercial Risk – This is an allowance intended to preserve the general fund balance in the event of major contract failure.

Invest to Save – This is a reserve to enable projects which will unlock future revenue savings. It is intended that the savings would first be used to replenish the reserve before being recognised as income.

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 provide a subsidy for social/affordable housing with the Quality Homes for Life programme.

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

Trading Account Surplus – This holds surpluses made in previous years for future use, or to offset any deficits.

Extended Producer Responsibility (EPR) – This reserve holds the government’s EPR grant and will be used for environmental improvements and improvements to recycling.

Community Larder Reserve – This is funding that will be used to support this service in the future should it be needed.

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. The Council’s assessment of materiality is defined as 2.5% of prior gross year expenditure for the Council. The figure used for the purpose of this note is £2.3m for 2024/25.

9 - OTHER OPERATING EXPENDITURE

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

	2023/24	2024/25
	£000	£000
Parish Council precepts	2,717	2,942
Levies	135	139
(Gains) on the disposal of non-current assets	(206)	(323)
	2,646	2,758

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.

	2023/24 £000	2024/25 £000
Interest payable and similar charges	421	1,360
Net interest on the net defined benefit liability	428	161
Interest receivable and similar income	(1,079)	(1,857)
Income & Expenditure in relation to Investment properties and changes in their fair value:		
Income	(2,888)	(11,860)
Expenditure	4,195	5,233
	1,077	(6,963)

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	2023/24 £000	2024/25 £000
Council Tax Income	21,998	22,880
Income from Retained Business Rates	29,323	31,102
Tariff Payable	(21,551)	(22,647)
Non-ringfenced Government Grants	4,720	5,098
Total	34,490	36,433
Credited to Services		
Housing Benefit Subsidy	31,422	28,057
Non-Domestic Rates - Cost of Collection	239	239
Council Tax Administration	591	630
Covid-19 Grants	0	0
Other Grants	7,155	5,522
Total	39,407	34,448

In 2023/24 and 2024/25 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 2024/25 totalled £474,193 (£476,930 in 2023/24).

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:

2024/25	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	148	0	148	29	177
Director of Finance & Resources	117	1	118	23	141
Director of Regeneration & Place	129	1	129	26	155
Director of Mid-Kent Services	45	36	82	9	91
Director of Strategy, Governance & Oversight	104	23	128	26	154

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	139	4	143	28	171
Director of Finance & Resources	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

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 was jointly funded with Swale and Tunbridge Wells Borough Councils, each making equal contributions. However, the postholder resigned during 2024/25.

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	2023/24 No. of Employees	2024/25 No. of Employees
£50,000 - £54,999	20	22
£55,000 - £59,999	5	11
£60,000 - £64,999	5	4
£65,000 - £69,999	3	7
£70,000 - £74,999	2	1
£75,000 - £79,999	2	2
£80,000 - £84,999	2	2
£85,000 - £89,999	6	2
£90,000 - £94,999	0	6
£95,000 - £99,999	0	1

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	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0 - £20,000	0	4	8	7	8	11	£000	£000
£20,001 - £40,000	1	2	0	0	1	2	19	80
£40,001 - £80,000	1	1	1	0	2	1	29	70
£80,001 - £100,000	0	1	0	0	0	1	123	45
£100,001 - £150,000	0	2	0	0	0	2	0	90
Total	2	10	9	7	11	17	171	515

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.

	2023/24	2024/25
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	166	173
Fees payable for the certification of grant claims and returns during the year	42	50
Total	208	223

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:

	2023/24	2024/25
	£000	£000
Balance at start of year:	8,493	14,425
Grants Received	10,376	15,496
Transfers/Other Payments	(258)	(831)
Funding used for capital expenditure	(4,188)	(12,022)
Balance at end of year:	14,425	17,068

On the Balance Sheet the year-end figure is split between short-term (expected to be used by 31st March 2026) £12.985m and long-term (expected to be used after 1st April 2027) £4.083m.

A significant element of the balance (£9.987m) relates to grants received to facilitate future housing developments. There is also £2.172m held for disabled facilities grants which is an ongoing area of work for the Council, and £4.453m in Section 106 contributions to be used for future projects.

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

	2023/24	2024/25
	£000	£000
Balance at start of year:	1,267	95
Grants Received	0	0
Transfers	0	0
Funding used for capital expenditure	(1,172)	0
Balance at end of year:	95	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 2024/25 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 (Resigned 1st September 2024)
- Head of Legal Partnership
- Head of Finance
- Head of Property & Leisure

The Balance Sheet as at 31st March 2025, reflects £695,506 (2023/24, £758,783) which is payable from Maidstone Property Holdings Limited to Maidstone Borough Council, relating to income and expenditure for the 2024/25 financial year.

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

Movements in 2024/25	Infrastructure Assets £000	Land & Buildings £000	Plant, Machinery & Equipment £000	Vehicles £000	IT & Office Equipment £000	Community Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant & Equipment £000
Cost or Valuations									
At 1st April 2024	6,909	118,284	25,011	5,942	4,692	4,982	19,795	0	185,616
Additions	894	18,353	565	3,795	125	275	15,117	953	40,077
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	7,177	1,261	0	0	0	0	0	8,438
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(8,203)	(6,102)	0	0	0	0	0	(14,305)
Derecognition of assets/Other movements	0	(74)	0	(728)	(92)	0	0	0	(894)
Other movements in cost or valuation	0	1,274	(234)	0	0	0	(1,964)	0	(924)
At 31st March 2025	7,803	136,810	20,502	9,009	4,725	5,257	32,948	953	218,008
Accumulated Depreciation & Impairment									
At 1st April 2024	(2,721)	(500)	(8,629)	(2,473)	(4,557)	0	0	0	(18,880)
Depreciation charge	(267)	(2,334)	(1,960)	(1,702)	(115)	0	0	(271)	(6,649)
Depreciation written out to the Revaluation Reserve	0	2,593	249	0	0	0	0	0	2,842
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition of assets/Other movements	0	4	0	721	88	0	0	0	813
At 31st March 2025	(2,988)	(237)	(10,340)	(3,454)	(4,583)	0	0	(271)	(21,874)
Net Book Value									
At 31st March 2025	4,815	136,573	10,162	5,555	142	5,257	32,948	682	196,133
At 31st March 2024	4,189	117,782	16,382	3,469	135	4,982	19,795	0	166,734

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	Right of Use Assets £000	Total Property, Plant & Equipment £000
Cost or Valuations									
At 1st April 2023 (RESTATED)	6,818	113,113	26,386	2,759	4,625	4,561	7,028	0	165,291
Additions	91	17,799	702	3,432	66	309	5,849	0	28,248
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	(2,283)	(1,544)	0	0	0	0	0	(3,827)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(3,199)	0	0	0	0	0	0	(3,199)
Derecognition of assets	0	0	0	(249)	0	0	0	0	(249)
Other movements in cost or valuation (Restated)	0	(7,147)	(533)	0	0	112	6,918	0	(650)
At 31st March 2024	6,909	118,283	25,011	5,942	4,691	4,982	19,795	0	185,614
Accumulated Depreciation & Impairment									
At 1st April 2023	(2,487)	(1,034)	(7,851)	(1,538)	(4,465)	0	0	0	(17,374)
Depreciation charge	(231)	(1,919)	(1,770)	(1,140)	(95)	0	0	0	(5,153)
Depreciation written out to the Revaluation Reserve (Restated)	0	2,445	992	0	0	0	0	0	3,439
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	2
Derecognition of assets	(2)	8	0	205	4	0	0	0	217
At 31st March 2024	(2,721)	(500)	(8,629)	(2,473)	(4,556)	0	0	0	(18,869)
Net Book Value									
At 31st March 2024	4,189	117,782	16,382	3,469	135	4,982	19,795	0	166,736
At 31st March 2023	4,331	112,078	18,535	1,220	160	4,561	7,028	0	147,912

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.

Analysis of Land & Buildings Movements 2024/25	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 2024	14,236	2,304	3,102	18,366	3,749	32,507	3,765	6,370	1,660	9,435	5,206	2,867	1,769	5,834	5,700	1,410	118,279
Additions	10	226	19	0	8	11,717	0	3,844	0	392	509	0	56	1,538	0	33	18,353
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,566)	0	0	(931)	3,617	(46)	0	12,175	0	(4,745)	0	(633)	374	1,932	0	0	7,177
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(641)	0	0	(3,340)	0	(3,064)	0	0	0	(1,152)	1,196	0	9	(1,211)	0	0	(8,203)
Derecognition of Assets	0	0	0	0	1,274	0	0	0	0	0	0	0	0	0	0	0	1,274
Other movements in cost or valuation	0	0	0	0	0	(6)	0	0	0	0	0	0	(68)	0	0	0	(74)
At 31st March 2025	9,038	2,530	3,121	14,095	8,648	41,107	3,765	22,390	1,660	3,930	6,911	2,234	2,140	8,093	5,700	1,443	136,806
Accumulated Depreciation & Impairment																	
At 1st April 2024	0	0	0	0	(365)	0	0	0	(0)	(0)	0	0	(102)	(41)	0	0	(508)
Depreciation charge	0	(41)	(23)	(192)	(702)	(633)	0	(192)	(39)	(41)	(107)	(10)	(128)	(106)	(105)	(22)	(2,341)
Depreciation written out to the Revaluation Reserve	0	0	0	192	1,067	626	0	192	0	41	97	10	228	140	0	0	2,593
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	0	0	0	0	0	16	0	4	0	0	0	20
At 31st March 2025	0	(41)	(23)	0	0	(8)	0	0	(39)	(0)	6	(0)	2	(7)	(105)	(22)	(237)
Net Book Value																	
At 31st March 2025	9,038	2,488	3,098	14,095	8,648	41,100	3,765	22,390	1,621	3,930	6,917	2,234	2,142	8,086	5,596	1,421	136,569
At 31st March 2024	14,236	2,304	3,102	18,366	3,384	32,502	3,765	6,370	1,660	9,435	5,206	2,867	1,667	5,793	5,700	1,410	117,770

Statement of Accounts 2024/25

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	14,851	3,246	2,001	18,162	4,604	20,857	3,555	6,376	1,919	9,545	5,043	2,738	1,692	11,821	5,369	1,330	113,110
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		(626)		(46)		(240)		(6)	(285)	(781)	(166)	(2)		(472)	271	69	(2,283)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		(364)	1,085	0		(1,877)				80	(20)			(2,103)			(3,199)
Derecognition of Assets																	0
Other movements in cost or valuation (Restated)	(619)			0	(1,653)	1,020					0	128		(6,024)			(7,148)
At 31st March 2024	14,236	2,304	3,102	18,366	3,749	32,507	3,765	6,370	1,660	9,435	5,206	2,867	1,769	5,834	5,700	1,410	118,279
Accumulated Depreciation & Impairment																	
At 1st April 2023			(41)	(446)	(1)	(303)			(22)	(0)		(204)		(17)			(1,035)
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	60	164	92	222		113	105	22	2,445
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	0	0	0	0	(365)	0	0	0	(0)	(0)	0	0	(102)	(41)	0	0	(509)
Net Book Value																	
At 31st March 2024	14,236	2,304	3,102	18,366	3,384	32,507	3,765	6,370	1,660	9,435	5,206	2,867	1,667	5,793	5,700	1,410	117,770
At 31st March 2023	13,342	5,096	1,978	20,470	4,961	16,071	964	7,370	5,695	8,902	3,368	1,955	1,143	14,011	5,527	1,245	112,098

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 2025 the Council had the following capital commitments:

2023/24		2024/25
£000	Project	£000
2,230	Granada House Refurbishment	255
653	Former Royal Mail Sorting Office Demolition	-
1,715	Purchase of New Waste Collection Vehicles	-
4,865	Heather House	1,334
	- Corbens Place Phase 3	4,991
	- Bathstore Tonbridge Road	4,200
9,462		10,780

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 Wilkes, Head & Eves, Chartered Surveyors. This was the first year we have used them to provide our valuations, this service was previously provided 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 2025 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 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	Community Assets	Land & Buildings	Plant, Machinery & Equipment	Vehicles	IT & Office Equipment	Assets Under Construction	Right of Use Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	7,803	5,257	636	13,744	9,010	4,724	32,948	953	75,076
Valued at current value as at 31st March:									0
2021			0						0
2022			115						115
2023			0						0
2024			14,407						14,407
2025			121,652	6,758					128,410
Total Cost or Valuation	7,803	5,257	136,810	20,502	9,010	4,724	32,948	953	218,008

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.

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 and IT & Office 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.

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.

- Maidstone Leisure Centre
- Maidstone Museum & Bentrif Art Gallery
- Lockmeadow Entertainment Complex
- Maidstone House
- Innovation Centre

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:

	2023/24	2024/25
	£000	£000
Rental income from investment property	(2,728)	(2,871)
Direct operating expenses arising from investment property	686	929
Net (gain)/loss	(2,041)	(1,941)

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

	2023/24	2024/25
	£000	£000
Balance at start of the year	44,193	43,518
Additions	15	4,359
Transfers	75	60
Asset Register Adjustments	0	(48)
Net gains/(losses) from fair value adjustments	(765)	5,013
Balance at end of year	43,518	52,903

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 2024	12,028	225	617	1,274	14,143
Additions				34	34
Revaluations					0
31st March 2025	12,028	225	617	1,309	14,177
1st April 2023	12,006	480	515	1,001	14,002
Additions					0
Revaluations	22	(255)	102	274	141
31st March 2024	12,028	225	617	1,274	14,143

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 £12.028m 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 £17.2m (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
- 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:

	Long-term		Short-Term	
	31st March 2024 £000	31st March 2025 £000	31st March 2024 £000	31st March 2025 £000
Treasury Investments				
Financial assets at amortised cost	0	0	33,240	33,985
Debtors				
Financial assets at amortised cost	25	25	12,771	12,282
Loans				
Financial liabilities at amortised cost	43,488	62,366	1,512	2,267
Creditors				
Financial liabilities at amortised cost	0	0	12,642	10,479
Other Long Term Liabilities				
Finance Lease Liabilities at amortised cost	0	0	309	0

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 Treasury 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 £64.634m is made up of £5m from Public Works Loans Board (PWLB) and £59.634m from Aviva Life and Pensions.

Income & Expense

	Long-term		Short-Term	
	31st March 2024 £000	31st March 2025 £000	31st March 2024 £000	31st March 2025 £000
Income:				
Financial assets at amortised cost	0	0	1,072	1,956
Other Interest	0	0	7	1
Total	0	0	1,079	1,957
Expenditure:				
Financial liabilities at amortised cost	230	1,299	157	0
Other Interest	0	0	0	12
Total	230	1,299	157	12

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 2024		Fair Value Level	31st March 2025	
	Book Value £000	Fair Value £000		Book Value £000	Fair Value £000
Financial Assets					
Short Term Investments (less than 1 yr)	34,312	34,312	1	35,941	35,941
Financial Liabilities					
Long Term Loans	43,719	29,436	2	64,878	37,859

The fair value of the long term loans of £37.859m 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 2024/25

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

- To ensure there is sufficient liquidity to fund the capital programme and to meet the Council's liabilities;
- to look at the possibility of investing longer term more than 365 days which the Council has increased its limit from £2m to £5m if rates are preferable;
- to assess the capital spend during the year to see if any further borrowing is required and to obtain the best rates

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 2025 investments were held with the following institutions:

	31st March 2024 £000	31st March 2025 £000
AAA rated Institutions	12,410	8,810
AA+ rated Institutions	0	0
AA rated Institutions	0	0
AA- rated Institutions	0	0
A+ rated Institutions	830	175
A rated Institutions	0	0
A- rated Institutions	0	0
BBB+ rated Institutions	0	0
Unrated Local Authorities	20,000	25,000
UK Government	0	0
Total	33,240	33,985

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 £10m 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 £149.687m 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 2024 £000	31st March 2025 £000
<u>Investments</u>		
Notice accounts/Money market funds	13,240	8,985
Fixed term deposits	20,000	25,000
	33,240	33,985
<u>Borrowings</u>		
Long Term Borrowings with PWLB	5,000	5,000
Long Term Borrowings through Markets	40,000	60,000
	45,000	65,000

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 – SHORT AND LONG TERM DEBTORS

Short Term Debtors

	2023/24 £000	2024/25 £000
Central government bodies	2,313	1,120
Other local authorities	22,917	11,480
Other entities and individuals	15,429	16,055
Total	40,659	28,656

Allowance for Bad Debts

	2023/24 £000	2024/25 £000
Excess Charges Impairment Allowance	1,328	1,564
Sundry Bad Debts Impairment Allowance	5,025	5,865
Total	6,354	7,429

The figure on the balance sheet represents Debtors less Provision for Bad Debts, which totals £40.738m.

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

	2023/24 £000	2024/25 £000
Council Tax payers	2,234	2,512
Business Rate payers	1,551	1,780
Capital debtors	190	30
General debtors	9,248	9,096
Payments in Advance	548	726
Other miscellaneous amounts	1,658	1,911
Total	15,429	16,055

23 - CASH & CASH EQUIVALENTS

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

	2023/24 £000	2024/25 £000
Cash held by the Council	0	0
Bank current accounts (Overdraft)	(2,649)	(341)
Short-term deposits	23,240	13,985
Total	20,591	13,644

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, £13.985m 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.

24 – CREDITORS**Short Term**

	2023/24	2024/25
	£000	£000
Central government bodies	4,299	4,206
Other public sector bodies	27,128	18,997
Other entities and individuals	22,718	20,980
Total	54,145	44,183

Other entities and individuals are broken down as follows:

	2023/24	2024/25
	£000	£000
General creditors	7,175	6,405
Capital creditors	4,342	2,927
Council tax payers	321	361
Business Rate payers	508	599
Receipts in advance	9,256	9,541
Deposits	703	729
Retentions	421	418
Total	22,726	20,980

25 - PROVISIONS

	2023/24	2024/25
	£000	£000
Business Rates Appeals - Current	1,160	1,027
Business Rates Appeals - Backdated	946	1,300
Planning Appeals	261	261
Other Provisions	154	149
Total	2,520	2,737

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 (£1.300m) and short-term (£1.437m) 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.

26 - 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 2025 are summarised in the following table. The figures for 2024/25 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 2024/25 totalled £395,503 (£420,493 in 2023/24). Gross income in 2024/25 totalled £427,380 (£430,399 in 2023/24).

	2023/24	2024/25
	£000	£000
Fixed Assets:		
Tangible Assets	2,177	1,966
Investment Property	968	1,219
Investments	816	851
	3,960	4,036
Current Assets	576	775
Current Liabilities	71	196
Total assets less total liabilities	4,465	4,615
Total Charitable Funds	4,465	4,615

27 - 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. This agreement has now come to an end during 2024/25.

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

	2023/24 £000	2024/25 £000
Balance outstanding at start of year	915	318
Repayment of principal	(597)	(318)
Balance outstanding at end of year	318	0

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.

28 – 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 2024 £000	31st March 2025 £000
Balance at 1st April	275	123
Capital Receipts Received	248	382
Capital Receipts Applied	(400)	(400)
Balance at 31st March	123	105

29 - UNUSABLE RESERVES

	31st March 2024 £000	31st March 2025 £000
Revaluation Reserve	60,987	70,941
Capital Adjustment Account	71,496	74,537
Deferred Capital Receipts Reserve	7	7
Pensions Reserve	(10,290)	(6,650)
Collection Fund Adjustment Account	233	(1,031)
Accumulated Absences Account	(154)	(149)
Total Unusable Reserves	122,278	137,654

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 2024 £000	31st March 2025 £000
Balance at 1st April	61,768	60,984
Upward revaluation of assets	6,057	25,768
Downward revaluation of assets	(6,830)	(14,740)
Asset Disposals	(10)	(1,072)
Balance at 31st March	60,984	70,941

The Council has engaged a new valuer for 2024/25. Whilst they adopted a similar methodology to the previous valuer some of their underlying assumptions and their approach did differ, which resulted in a larger movement in asset values than is normally the case.

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 2024 £000	31st March 2025 £000
Balance at 1st April	72,623	71,496
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
Charges for depreciation of non-current assets	(5,157)	(6,649)
Amortisation of intangible assets	(147)	(140)
Revaluation Gains/Losses on Property, Plant & Equipment	(3,199)	(14,364)
Revaluation reserve balances written off on disposed assets	0	1,072
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	(765)	5,013
Revenue expenditure funded from capital under statute	(1,439)	(2,271)
IFRS 16 Accounting Entries	0	156
Asset Register Adjustments	860	0
Write-off of abortive capital costs	0	(602)
Write-off of non-enhancing capital expenditure	(131)	(53)
	(9,978)	(17,839)
Net written out amount of the cost of non-current assets consumed in the year	(9,978)	(17,839)
Capital financing applied in the year:		
Minimum Revenue Provision	1,321	1,876
Sums set aside for Debt Repayment	597	319
Use of the Capital Receipts Reserve to finance new capital expenditure	400	400
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	5,246	12,022
Capital expenditure charged against the General Fund balance	1,288	6,263
	8,852	20,880
Balance at 31st March	71,496	74,537

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.

	2023/24	2024/25
	£000	£000
Opening balance at 1 April	12,284	10,290
Remeasurements of the net defined liability	(1,224)	(2,183)
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	3,383	3,171
Employer's pensions contributions	(4,153)	(4,628)
Closing balance at 31 March	10,290	6,650

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
	2024	2025
	£000	£000
Balance at 1st April	(490)	(232)
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	746	(234)
- Non-domestic Rates	(488)	1,497
Balance at 31st March	(232)	1,031

30 - 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.

	2023/24 £000	2024/25 £000
Opening Capital Finance Requirement	72,591	93,690
Capital Investment		
Property, Plant & Equipment	28,127	40,023
Non-enhancing capital expenditure	131	53
Investment Properties	10	4,359
Intangible Assets	239	70
Revenue Expenditure Funded from Capital Under Statute	1,436	2,270
	29,943	46,775
Sources of Finance		
Capital receipts	(400)	(400)
Government grants & other contributions	(5,246)	(12,022)
Other Revenue Contributions	(1,280)	(7,216)
	(6,927)	(19,638)
Increase in Capital Financing Requirement	23,016	27,138
Minimum Revenue Provision Set-aside	(1,917)	(2,195)
Closing Capital Finance Requirement	93,690	118,632

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 2024/25.

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.

31 - 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:

	2023/24 £000	2024/25 £000
Comprehensive Income & Expenditure Statement (CIES)		
Cost of Services:		
Service cost comprising:		
- Current service cost	2,908	2,969
- Past service costs including curtailments	47	139
- Settlements in/(out)	0	(97)
Administration Expenses	124	133
Financing and Investment Income & Expenditure:		
- Net interest expense	428	160
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,507	3,304
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)	(1,599)	(2,600)
- Actuarial gains and losses arising on changes in financial assumptions	1,183	20,771
- Actuarial gains and losses arising on changes in demographic assumptions	2,091	398
- Experience gains and losses on defined benefit obligation	(451)	414
- Changes in impact of asset ceiling	0	(16,790)
Total Post Employment Benefit Charged to the CIES	4,731	5,497
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	3,383	3,171
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to the scheme	(4,153)	(4,628)
	(770)	(1,457)

Curtailments

Three former employees became entitled to unreduced early retirement benefits. The capitalised cost of the additional benefits is calculated at £139,000. This figure has been included within the service cost in the statement of profit and loss (2023/24 £47,000).

Settlements

As a result of some members transferring into / out of the Employer over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised gain of this settlement is £97,000. This figure has been included within service cost in the statement of profit and loss. (2023/24 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:

	2023/24 £000	2024/25 £000
Present value of funded obligation	149,390	133,209
Fair value of plan assets	(140,214)	(144,299)
Contributions by scheme participants	9,176	(11,090)
Impact of asset ceiling	0	16,790
Present value of unfunded obligation	1,114	950
Net liability arising from defined benefit obligation	10,290	6,650

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

	2023/24 £000	2024/25 £000
Opening fair value of Scheme assets	137,415	140,214
Interest on assets	6,598	7,292
Return on assets less interest	(1,475)	(2,600)
Administration expenses	(124)	(133)
Contributions by employer including unfunded	4,153	4,751
Contributions paid by scheme participants	1,136	1,232
Estimated benefits paid plus unfunded net of transfers in	(7,489)	(7,476)
Settlement prices received/(Paid)	0	1,019
Closing fair value of Scheme assets	140,214	144,299

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

	2023/24 £000	2024/25 £000
Opening balance at 1 April	149,699	150,504
Current Service cost	2,908	2,969
Interest cost	7,026	7,452
Change in financial assumptions	(1,183)	(20,771)
Changes in demographic assumptions	(2,091)	(398)
Experience loss/(gain) on defined benefit obligation	451	(414)
Liabilities assumed/(extinguished) on settlements	0	922
Past service costs, including curtailments	47	139
Estimated benefits paid net of transfers in	(7,348)	(7,331)
Contributions by Scheme participants	1,136	1,232
Unfunded pension payments	(141)	(145)
Closing balance at 31 March	150,504	134,159

Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. However, in this case the contributions considered to be a minimum funding requirement are greater than the calculated surplus and therefore there is an additional liability to be recognised.

	2023/24 £000	2024/25 £000
Opening impact of asset ceiling	0	0
Interest on impact of asset ceiling	0	0
Actuarial losses/(gains)	0	16,790
Closing impact of asset ceiling	0	16,790

Local Government Pension Scheme Assets

	31st March 2024		31st March 2025	
	£000	%	£000	%
Equities	81,566	59%	82,170	57%
Gilts	10,274	7%	8,554	6%
Other Bonds	20,189	14%	21,451	15%
Property	12,580	9%	11,816	8%
Cash	2,233	2%	5,707	4%
Absolute return fund	7,085	5%	7,370	5%
Infrastructure	6,287	4%	7,231	5%
Total	140,214	100%	144,299	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 2025.

The principal assumptions used by the actuary have been:

	2023/24	2024/25
Long-term expected rate of return of assets in the scheme		
Mortality Assumptions		
Longevity at 65 for current pensioners		
- Men	20.8	20.7
- Women	23.3	23.3
Longevity at 65 for future pensioners		
- Men	22.0	22.0
- Women	24.7	24.7
Financial Assumptions		
RPI increases	3.25%	3.20%
CPI increases	2.95%	2.90%
Salary increases	3.95%	3.90%
Discount Rate	4.90%	5.80%

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 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	£000	£000
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
- Present Value of Total Obligation	125,209	132,283	134,159	136,081	144,260
- Projected Service Cost	1,839	2,145	2,228	2,314	2,686
Adjustment to long-term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
- Present Value of Total Obligation	135,025	134,329	134,159	133,990	133,329
- Projected Service Cost	2,228	2,228	2,228	2,228	2,228
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
- Present Value of Total Obligation	143,644	135,964	134,159	132,297	125,760
- Projected Service Cost	2,704	2,317	2,228	2,142	1,823
Adjustment to life expectancy assumptions		+1 year	None	-1 Year	
- Present Value of Total Obligation		139,431	134,159	129,122	
- Projected Service Cost		2,313	2,228	2,145	

Scheme History

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Present value of defined benefit obligation in the Local Government Pension Scheme	(221,430)	(212,828)	(148,477)	(149,390)	(133,209)
Fair value of assets in the Local Government Pension Scheme	133,210	136,412	137,416	140,214	144,299
Present value of unfunded obligation	(1,563)	(1,474)	(1,223)	(1,114)	(17,740)
Surplus/(Deficit) in the scheme	(89,783)	(77,890)	(12,284)	(10,290)	(6,650)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £6.650m has an 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 2026 are £4.386m.

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.

32 – LEASES

The Council has adopted the requirements of IFRS 16 for 2024/25. There is no longer a distinction between operating and finance leases, and unless they are classed as exempt all leases are now included on the Balance Sheet, classified as Right of Use Assets. These are included as part of the Property, Plant & Equipment line.

The Council's lease contracts comprise leases of operational land and buildings and one lease car. These are all individually immaterial.

Right of Use Assets

This table shows the change in the value of right to use assets held under leases by the Council.

	Assets £000
Balance at 1st April 2024	953
Additions	0
Depreciation	(271)
Balance at 31st March 2025	682

Transactions under leases

The Council incurred the following expenses and cashflows in the Comprehensive Income & Expenditure Statement in relation to leases.

	2023/24 £000	2024/25 £000
Interest expense on lease liabilities	23	43
Recognition of lease liabilities	142	319
	165	362

The lease liabilities are written out of the revenue account to the Capital Adjustment Account via the Revenue Appropriation Account.

Repayments of Principal

	31st March 2024 £000	31st March 2025 £000
Less than one year	0	0
One to five years	742	907
More than five years	96	84
	838	991

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands.

	2023/24 £000	2024/25 £000
Balance outstanding at start of year	521	628
Acquisitions	226	325
Repayment of principal	(118)	(276)
Balance outstanding at end of year	628	677

Accounting Policy - Leases

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments. The deminimus level for including leases has been set at £10,000.

33 – CONTINGENT ASSET

The Council is currently involved in negotiations over the recovery of property reinstatement costs to the value of £0.567m. As the recovery of this sum remains uncertain no provision has been made with the Statement of Accounts.

34 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Director of Finance & Resources on 31st March 2025. 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 2025 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.

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

	2023/24 £000	2024/25 £000
Depreciation	(5,157)	(7,251)
Revaluation Gains & Losses	(2,343)	(14,364)
Amortisation of Intangible Assets	(147)	(140)
Movement in Creditors	480	(3,068)
Movement in Debtors	12,405	(2,332)
Movement in Inventories	(37)	2
Movement in Pension Liabilities	770	1,457
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0	(1,757)
Other Non-Cash items	(1,226)	4,796
	4,744	(22,656)

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

	2023/24 £000	2024/25 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	10,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(244)	(382)
Any other items for which the cash effects are investing or financing cash flows	(4,074)	(12,022)
	(4,317)	(2,404)

37 - CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2023/24	2024/25
	£000	£000
Purchase of property, plant & equipment, investment property and intangible assets	26,016	47,866
Purchase of short-term and long-term investments	10,000	20,000
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(244)	(382)
Other payments for investing activities	0	0
Other receipts for investing activities (Grants)	(10,258)	(15,665)
Net cash flows from investing activities	25,514	51,818

38 - CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2023/24	2024/25
	£000	£000
Cash receipts of short- and long-term borrowing	(35,000)	(18,878)
Other receipts from financing activities	0	309
Cash payments for the reduction of outstanding liabilities relating to leases and on-Balance-Sheet PFI contracts	0	276
Repayments of short & long-term borrowing	597	(1,074)
Other payments/receipts for financing activities	(7,904)	1,016
Net cash flows from financing activities	(42,307)	(18,351)

COLLECTION FUND STATEMENT & NOTES

2023/24		2024/25	
£000		£000	£000
INCOME			
148,910	Income From Council Tax	158,205	
60,256	Income From Business Rates (Note 2)	62,616	
	Total Income		220,821
EXPENDITURE			
Precepts and Demands - Council Tax			
105,938	Kent County Council	108,534	
16,787	Kent Police & Crime Commissioner	17,260	
22,440	Maidstone Borough Council	22,638	
6,025	Kent Fire & Rescue Authority	6,056	
Shares of Business Rates			
28,258	Central Government	31,967	
5,087	Kent County Council	5,754	
22,607	Maidstone Borough Council	25,573	
565	Kent Fire & Rescue Authority	639	
Transitional Protection Payments - Business Rates			
448	Disregarded Amounts - Business Rates	419	
Impairment of Debts - Council Tax			
430	Write offs of uncollectable amounts	581	
1,994	Additional Impairment of Aged Debt	1,495	
Impairment of Debts/Appeals - Business Rates			
	Write offs of uncollectable amounts	1	
742	Additional Impairment of Aged Debt	515	
(2,081)	Losses on appeal	(1,968)	
3,245	Additional Provision For Appeals	2,520	
208	Cost of Collection Allowance - Business Rates	209	
212,690	Total Expenditure		222,193
(3,523)	(Deficit) For Year		(1,372)
2,597	Surplus/(Deficit) Brought Forward From Previous Years		(926)
(1,347)	Surplus/(Deficit) on Council Tax		295
421	Surplus/(Deficit) on Business Rates		(2,592)
(926)	Surplus/(Deficit) as at 31st March		(2,298)

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 fell slightly in 2024-25 compared with 2023-24. It was still comparable to pre-covid levels. Retail, Leisure and Hospitality relief was again awarded for 75% of the rates due to businesses in these sectors helping the collection rate.

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: 68,263.6 for 2024/25 (67,161.7 for 2023/24) (see table below.) This basic amount of council tax for a Band D property, £2,249.83 for 2024/25 (£2,149.17 for 2023/24), 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)		5/9	1.1
Band A		6/9	1,829.6
Band B		7/9	5,171.0
Band C		8/9	14,705.2
Band D		9/9	17,620.4
Band E		11/9	12,074.6
Band F		13/9	8,681.6
Band G		15/9	7,297.9
Band H		18/9	711.5
Other			170.8
			68,263.6

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 54.6p / £ Rateable Value (51.2p in 2023/24)
- Small Business Multiplier 49.9p / £ Rateable Value (49.9p in 2023/24)

The rateable value at 31st March 2025 was £167.126m (£168.059m at 31st March 2024). For 2024/25, it was calculated that the Council would receive £24.826m in business rates (£22.607m in 2023/24).

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 £22.579m in 2024/25, (£21.551m in 2023/24) 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.

A Glossary of Local Authority Financial Terms and Abbreviations

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

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Asset

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

Balances

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

Balance Sheet

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

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

Budget

The Council's aims and policies set out in financial terms, against which performance is measured. Both capital and revenue budgets are prepared by the Council. The revenue budget is a financial statement of planned expenditure required to deliver the Council's policies over the financial year. It is illegal for councils to budget in excess of available resources. The budget requirement is calculated in advance of each year. It is, broadly,

estimated net revenue expenditure as funded by formula grant, council tax and business rates.

Business Rate Retention Scheme

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

Capital Adjustment Account

This account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Expenditure

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

Capital Financing

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

Capital Receipts

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

Cash Flow Statement

This shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Collection Fund

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

Community Assets

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

Comprehensive Income & Expenditure Statement

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

Creditor

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

Current Value

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

Debtor

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

Depreciation

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

Fair Value

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

Fund

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

General Fund

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

Government Grants

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

Gross Expenditure

The total cost of providing services before deducting any income.

Heritage Assets

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

Income

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

Infrastructure Assets

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

Intangible Assets

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

International Financial Reporting Standards

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

Investments

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

Investment Properties

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

Liabilities

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

Materiality

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

Net Book Value (NBV)

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

Net Expenditure

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

Operational Assets

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

Precept

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

Property, Plant and Equipment

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

Provision

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

Reserves

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Section 151 Officer Section

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

Independent auditor's report to the Members of Maidstone Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Maidstone Borough Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance and Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance and Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance and Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance and Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Director of Finance and Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Resources. The Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for

such internal control as the Director of Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003, Local Government Act 1972, and Local Government Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).
- We enquired of management and the Audit, Governance and Standards Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit, Governance and Standards Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to unusual journal entries including those impacting revenue expenditure, management estimates and transactions outside the course of business. We considered where there was any potential management bias in accounting estimates or any significant transactions with related parties which could give rise to an indication of management override. Our audit procedures involved:
 - Evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - Journal entry testing, with a focus on unusual journal entries using criteria developed based on our knowledge of the Authority, use of data analytics and other risk factors identified;
 - Challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pension net liability valuations; and
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult

than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, investment property and defined benefit pension net liability valuations. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the local government sector; and
 - Understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation;
 - guidance issued by CIPFA/LASAAC and SOLACE; and
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Maidstone Borough Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Authority's consolidation returns and we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Sophia Brown

Sophia Brown, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

30 September 2025