Narrative Report 2025-26

MAIDSTONE
Borough Council

Overview

Maidstone Borough Council moved forward in the year ended 31 March 2026 with implementation of its new Corporate Strategy 2025-2035, which seeks to fulfil a mission of putting people and the environment first. This has been underpinned financially by a strong balance sheet and effective financial controls, which has meant that the Council remained within the budget set at the start of the year.

The Council recognises that local government reorganisation is likely to mean that it will be subsumed within a new unitary authority with effect from April 2028. It therefore plans to deliver as much as possible of the existing Corporate Strategy whilst continuing to maintain a stable financial position.

A range of actions during the year have helped to deliver the Corporate Strategy. Notably, the Council has expanded its programme of investment in new social and affordable bousing, with 83 new homes for rent as social housing due for completion in Autumn 2026. Planning permission is in place for two further major housing schemes at Maidstone East and the former Springfield Library site, with contractors appointed on both schemes.

The Council's balance sheet includes an adequate but not excessive level of reserves, with unallocated General Fund balances of £19 million at the end of the year, equivalent to two months' worth of gross revenue. The revenue budget out-turn for the year was an underspend of £709,000, equivalent to 0.6% of gross revenue.

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 2025/26
- Performance against key indicators
- Summary of financial performance
- Sustainability report
- Risk management
- Future plans

Key facts about Maidstone

Population of Maidstone Borough
2025 **TBC**
2024 **187,800**

Council gross revenue
2025/26 **£112.1 million**
2024/25 **£122.9 million**

Unemployment in borough
2025 **3.5%**
2024 **3.3%**

Council revenue generated locally
2025/26 **95.1%**
2024/25 **94.2%**

Gross value added
2025 **TBC**
2024 **£5,550 million**

Council core spending power
2025/26 **£29.9 million**
2024/25 **£29.6 million**

Business rates generated
2025/26 **£67.7 million**
2024/25 **£62.6 million**

Council investment in long term assets
2025/26 **£286.5 million**
2024/25 **£264.4 million**

Weekly pay for a full-time worker
2025 **TBC**
2024 **£692.00**

Council's usable reserves
2025/26 **£56.4 million**
2024/25 **£45.7 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 TBC residents in mid-2025. 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, who were elected for a four-year term in May 2024. Following a subsequent by-election in September 2025, the political composition of the Council is:

13 CONSERVATIVE

12 GREEN INDEPENDENT ALLIANCE

11 LIBERAL DEMOCRAT

6 LABOUR

4 INDEPENDENT AND FANT and OAKWOOD GROUP

3 REFORM UK

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 565 people (520 full time equivalent) including shared service employees at 31 March 2026, 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 2026/27. Performance in 2025/26 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. Notwithstanding the likely implementation of local government reorganisation in Kent in 2028, the Council continues its good practice of planning ahead on a medium and long term basis.

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 2025/26, the Council allocated £3.4 million of New Homes Bonus and Funding Floor receipts for the Housing Investment Fund, to be used to fund the subsidy required for the Council's housing programme. The 2026/27 budget anticipates a further contribution of £4 million to the Housing Investment Fund.

The Council's balance sheet position remains strong, with £19 million of unallocated General Fund reserves at the end of 2025/26.

Key achievements

A high quality place, adapted for a changing climate

Added value from waste collection

During 2025/26, the Council worked with SUEZ Recycling and Recovery UK to deliver social value and environmental initiatives, ensuring that the contract delivers more than just emptying bins. This included staff volunteering at Demelza's reuse centre, school workshops, installation of 2-minute Clean Boards to encourage community litter-picking and RevivR digital CPR training for staff. The Council also worked with SUEZ to deliver the Upcycle Your Skills programme supporting young people back into work, gaining an insight into environmental opportunities and building confidence. The first scheme delivered in Maidstone resulted in 27% securing a job by the end of the programme and a further 18% enrolling in further training.

Maidstone's food waste campaign led to a huge surge in recycling in 2025/26, with a 60% increase in food waste recycling and thousands of extra food waste bins being delivered to residents.

Finally, this year the Council invested in the first fully electric refuse collection vehicle to operate in Kent. Known as Binosaurus Rex, this vehicle is reducing the street cleansing services environmental impact and through school visits is encouraging young people to recycle more.

Another Green Flag for the council's parks

2025/26 saw Brenchley Gardens awarded its first Green Flag. Having historically struggled with anti-social behaviour, this park has been transformed through active community engagement and events, additional investment and a dedicated parks team, into a vibrant and beautiful oasis within the busy town.

Nature recovery and climate action

£500,000 was ring fenced to establish the Nature Recovery and Climate Action Fund, with funding available for applications between 2025 and 2027. The Fund enables parish councils, charities and community organisations to deliver habitat creation and restoration projects and social benefits such as community engagement, education and improved access to nature. Early awards in the first phase have included neighbourhood scale initiatives such as Swift Streets, demonstrating community led delivery of urban biodiversity improvements. By focusing on locally based organisations and requiring clear governance, partnership working and long term stewardship, the Fund supports community resilience by building local capacity, strengthening pride in place and deepening connections to the natural environment.

New local history gallery

Maidstone Museum's Local History Gallery re-opened as 'The Oldham Gallery: Exploring Maidstone's Past and Present'. The Oldham Gallery builds on the successful launch of 'Lives In Our Landscape' in 2024, which told the story of Maidstone's earliest history up to the Tudor period. The Oldham Gallery tells the continuing story of Maidstone to the present day, using an extraordinary array of items from the Museum's collections. It features a range of interactive sounds, films and activities for the whole family, including an animation that uses the inspiration of the River Medway as the central thread throughout the town's history, showing how Maidstone transformed from an agriculture settlement to an industrial epicentre. Also drawing on the river for inspiration are three stunning artworks depicting Maidstone, with the Medway running through each of the pieces.

Resilient communities

Pride in place

Park Wood and Senacre in Maidstone are one of 261 neighbourhoods across England announced in 2025 to receive funding through the Government's Pride in Place programme - a long-term investment of £20 million over ten years, shaped by the people who live and work there. At the heart of the programme is a resident-led Neighbourhood Board, which will co-design a 10-year plan for the area, deciding how investment is spent across housing, health, employment, transport, education, community spaces, and more. Over the last six months the council has been leading this work as the accountable body including carrying out engagement with residents and stakeholders.

Deliberative engagement on Violence Against Women and Girls (VAWG)

The council, working with Involve UK, have led groundbreaking citizen deliberation work, giving residents a direct role in shaping the borough's response to VAWG. Nearly 40 residents worked together across several participative events to explore the issues, hear expert evidence, and develop recommendations that will directly inform future action.

Community resilience

This year we delivered our first annual Parish Council for Parish Councils in the Borough. We also created a new community grants policy and delivered several grant schemes funding projects delivered by the VCS to support our communities, through our community resilience fund, household support funding and the creative communities grant. We have provided debt advice and guidance in partnership with the CAB providing additional support at Trinity as part of our homeless prevention work. We have also embedded a new food provision to replace community larders with the Bread and Butter Thing being introduced into communities. Our Healthy Alliance Partnership continues to go from strength to strength bringing together key stakeholders to work on priorities for the Borough.

Art and events

The creative arts hub continues to thrive with a huge number of community events and workshops available for residents over the year. One of the biggest was the Tony Hart Exhibition in September with over 550 people attending to see the famous Morph. Tony Hart's daughter, now and as a child, is pictured here. We also hosted the Baton of Hope in September as part of the UK Tour, a national initiative dedicated to raising awareness around suicide prevention and mental health.. The Baton began its journey at Maidstone Barracks and made its way through the town, stopping at key landmarks including Gallagher Stadium, County Hall, and the Town Hall. The route concluded at Mote Park, where our companion event Hope in the Park hosted a number of local charities and community groups, all showing their support for the Baton and providing helpful information and services for those struggling with mental health.

Quality homes for all

New community centre in Park Wood

Heather House on Bicknor Road has been replaced with a new, purpose built community centre designed to meet the needs of local groups and residents for many years to come. The newly built facility, now named The Heathers, includes a brand-new multi-use sports hall and a "Changing Places" facility, as well as dedicated on site parking. The development offers a sustainable, welcoming and accessible space for the community.

Social and affordable housing

As part of the Heather House redevelopment, the Pavilion building, which was no longer fit for purpose, was demolished. MBC worked with Chartway Partnership Group to deliver 11 new high quality family homes (a mix of three and four bedroom houses) all meeting Nationally Described Space Standards with parking spaces, private rear gardens and landscaped areas. Four of the new homes were sold through the Governments 'First Homes' scheme, providing eligible local buyers a discounted market sale rate, and the remaining seven homes were delivered for social rent. The scheme has provided much needed low-cost housing, with good access to local services and public transport.

The project forms an important part of MBC's ongoing commitment to deliver its social and affordable housing program, to invest in neighbourhood facilities, and regenerate key community assets whilst supporting the delivery of new homes for local people. The significant improvements to the surrounding public space have helped to enhance local facilities for residents.

A fairer economy for people and planet

Rural Investment Grants

In 2025/26 the Economic Development team developed a Rural Investment Grant Scheme for Micro and Small businesses utilising its rural UKSPF allocation. The grant provided each business up to £15,000 towards Capital Investment to develop new products and services to benefit the wider local economy. 30 applications were received with 16 successful businesses awarded over £161,000. This grant levered in an additional £108,000 of private investment with matched funding requirements. The projects supported 14 jobs and created a further 2.5 FTE.

Business support

2025/26 saw over 1,200 local business supported by the economic development teams business support programme of 121 support sessions, networking events and 31 workshops delivered at the Business Terrace and Maidstone Innovation Centre, including topics on business planning, access to finance, digital and marketing and using AI.

Key performance indicators

Key Performance Indicators are set for each Council priority in consultation with the relevant Cabinet Member and Policy Advisory Committee. Performance against targets is set out below.

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.

Performance indicators 2025/26 split by strategic priority and service

! PRIORITY 1: A high quality place, adapted for a changing climate

Development management

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Processing of planning applications: Major applications (NI 157a)	100%	91.66%	80%	100%	93.18%	90%	✓	↓
Processing of planning application: Minor applications (NI 157b)	96.10%	100%	95.18%	95.95%	96.86%	95%	✓	↓
Processing of planning applications: Other applications (NI 157c)	98.92%	99.07%	95.24%	93.63%	96.92%	98%	▲	↓
MBC Success rate at planning appeals within a rolling 12-month period **Data awaiting approval*	61%	57%	57%	54.12%*	57.28%	70%	✓	↓
Open planning enforcement cases (as at start of month) *Data as of March 2026*	311	264	256	261	261			↓
Percentage of Priority 1 enforcement cases dealt with in time	100%	100%	100%	100%	100%	100%		—
Percentage of Priority 2 enforcement cases dealt with in time	98.10%	98.85%	91.43%	93.88%	95.83%	95%	✓	↑
Percentage of planning applications meeting Biodiversity Net Gain 20% adopted standard	Annual Performance Indicator				1.6%			↑
Percentage of onsite renewable energy generation in new developments 10% adopted standard	Annual Performance Indicator				1.6%			↑

Biodiversity and climate change

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Improvement in Air Quality	Annual Performance Indicator				*Refer to published DEFRA report*			N/A
Borough wide carbon emissions reduction (Government Data) *Data available in August 2026*	Annual Performance Indicator				TBC			TBC
(Estimated) Size of areas rewilded through MBC schemes (volume of land)	Annual Performance Indicator				166,389 sqm			↓
Number of trees planted (through MBC planting initiatives)	Annual Performance Indicator				9,370			↑
Carbon footprint per Maidstone resident (gov emissions data / recent MYE population) *Data available in Summer 2026*	Annual Performance Indicator				TBC			N/A

Environment and The Public Realm

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Public Realm								
The percentage of relevant land and highways that is assessed as having acceptable levels of litter **No survey conducted in Q4*	98.20%	98.66%	95.32%	N/A*	97.39%	98%		↓
The percentage of relevant land and highways that is assessed as having acceptable levels of detritus **No survey conducted in Q4*	96.70%	93.36%	88.73%	N/A*	92.93%	95%		↓
Number of incidences of fly-tipping	445	784	891	1,149	3,269			↑
Percentage of fly-tips clear or assessed within 4 working days	90.34%	84.69%	88.22%	80.33%	84.89%	96%		↑
Percentage of (waste crime) FPNs paid that are due for payment	0.94%	65.63%	41.03%	54.55%	TBC			N/A
Percentage of fly-tipping incidents that result in an FPN or prosecution *Bi-annual performance indicator*	12.40%		6.50%		9.45%			N/A
Green Spaces								
Number of Local Nature Reserves with active management plans	Annual Indicator				8			N/A

PRIORITY 2: Resilient communities

Leisure and Property Services

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Footfall at the Maidstone Leisure Centre	148,612	126,160	188,289	130,682	593,743	490,292	✓	↑
Average Social Value (ASV) achieved per person attending Maidstone Leisure Centre (rolling 12 months) *[Figure is an average of 2025/26 data]*	£220.69	£232.28	£261.51	£225.86	£225.86			↑
Social Value Benefit provided by the Maidstone Leisure Centre (12 months)	£3,342,622	£3,355,477	£3,677,628	£3,048,121	£3,048,121			↑

Safer, stronger communities

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Number of households at risk of (or in) financial crisis (LIFT data) *[Figure is an average of 2025/26 data]*	303	365	352	372	348			↓

Revenues and benefits

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Percentage of households receiving Council Tax Support (CTS)	12.10%	12%	12%	12.40%	12.40%			↑

Policy, transformation and insight

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Percentage of residents that trust Maidstone Borough Council to act in the best interests of people in their local area (resident surveys)	Annual Performance Indicator				35%			N/A
Percentage of residents who feel they are informed about the Council and its services (resident surveys)	Annual Performance Indicator				51%			N/A
Percentage of residents that agree they can influence decisions affecting their local area (resident surveys)	Annual Performance Indicator				35%			N/A

PRIORITY 3: Quality homes for all

Strategic planning

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
New additional homes provided (NI 154) *Data expected June 2026*	Annual Indicator				TBC	1,000	TBC	TBC

Housing and regulatory services

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Housing solutions								
Number of affordable homes delivered (gross)	5	54	75	33	167	160	✓	↑
Average time taken for Households to be housed (1 bed)	549 days	509 days	528 days	491 days	TBC			N/A
Average time taken for Households to be housed (2 bed)	434 days	527 days	521 days	504 days	TBC			N/A
Average time taken for Households to be housed (3 bed)	1,213 days	1,430 days	1,137 days	1,383 days	TBC			N/A
Average time taken for Households to be housed (4 bed) **No 4-bedroom households were housed in Q1 and Q4 so an average cannot be produced*	N/A*	1,049 days	1,894 days	N/A*	TBC			N/A
Housing and inclusion								
Number of households living in temporary accommodation last night of the month (NI 156 and SDL 009-00) *Data as of March 2026*	279	250	210	242	242			↓
Number of Rough Sleepers accommodated by the Council on the last night of the month *Data as of March 2026*	27	25	35	23	23			↓
Number of Homeless Applications made	212	218	216	245	891			↓
Number of households that have moved into longer term accommodation, as a result of prevention, relief or main housing duty	141	163	199	178	681			N/A

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Housing standards								
Number of private sector homes improved through Private Sector Housing (PSH) interventions	80	54	54	59	247	144		
Number of empty homes (private sector) that are returned into occupation or demolished	12	16	TBC	24	TBC			N/A
Number of service requests received in relation to HMO properties (inc. ASB, Planning Enforcement, Housing Standards, Waste and Pests)	18	11	14	TBC	TBC			N/A
Housing portfolio								
Percentage of gas safety certificates in place on residential properties managed by MBC's Accommodation Team	100%	100%	99.23%	100%	99.78%	100%		
Percentage of electrical safety certificates on residential properties managed by MBC's Accommodation Team	99%	100%	99.15%	99.71%	99.51%	100%		
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)	100%	100%	100%	100%	100%	100%		
Percentage of repairs completed within 21 Days (on residential properties managed by MBC's Accommodation Team)	75.71%	92.31%	58.82%	96.72%	80.89%	90%		

New business and development

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Number of completed (built) units delivered as affordable homes (by MBC)	Annual Performance Indicator				31			N/A
Total number of new homes handed over (including Social Rent, Affordable Rent, Low Cost Home Ownership, and Private Rented Sector)	33	19	6	7	65			N/A

PRIORITY 4: Fairer Economy for People and Planet

Economic development

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Percentage of vacant retail units in the town centre *Data as of January 2026*	Annual Performance Indicator				10.5%			↑
Footfall in the Town Centre	5,827,635	4,388,729	5,821,265	6,276,498	22,314,127	24,750,056	▲	↓
Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS] *Data as of March 2026*	3.2%	3.5%	3.3%	3.5%	3.5%			↑
NEETs – Number of 16-18-year-olds not in education, employment or training. *Data as of March 2026*	4.4%	2.8%	4.5%	5.5%	5.5%			↑
Number of Businesses/ Start Ups receiving information, advice and guidance	314	288	361	361	1,324	1,240	✓	↓
Engagement events with businesses	9	6	9	7	31			N/A

The Museum

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Footfall at the Museum and Visitors Information Centre	17,845	19,092	11,688	13,526	62,151	50,000	✓	↓

Environmental services and the public realm

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Waste Services								
Percentage of household waste sent for reuse, recycling and composting *Data expected June 2026*	49.60%	45.31%	45.23%	TBC	TBC	53%	TBC	TBC
Tonnage of household waste produced per household. *Data expected June 2026*	TBC	0.206	0.1988	TBC	TBC			TBC

Communications, marketing and events

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Number of creatives using the MBC Community Creative Arts Hub *Hub opened 12 July 2025*	N/A	3	16	28	47			N/A
Income generation from activities and events held at the MBC Community Creative Arts Hub (including hire/use of space) *Hub opened 12 July 2025*	N/A	£610	£3,512	£4,348.59	£8,470.59			N/A

PRIORITY: How we do things

Revenues and benefits

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Non-domestic rates collection rates	31.98%	58.02%	82.62%	96.07%	96.07%	97%		
Council tax collection rates	27.77%	54.30%	80.70%	96.20%	96.20%	95.75%		

Information governance

Indicator	Q1 2025/26	Q2 2025/26	Q3 2025/26	Q4 2025/26	Annual 2025/26	Annual target 2025/26	Annual status	Direction of travel (last year)
Percentage of stage 1 complaints escalated to stage 2	24.84%	15.97%	18.42%	29.13%	22.12%	10%		
Percentage of Ombudsman complaints upheld *Figure expected July 2026*	Annual Performance Indicator				TBC			TBC
Percentage of complaints (stage 1 + 2) that were upheld	32.11%	28.16%	27.21%	25.34%	28.48%			N/A

Financial performance - revenue

The total revenue resources generated by the Council for 2025/26, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £316 million (£312 million in 2024/25). The table below shows the total amounts received and the amounts retained by the Council.

Council Tax **£167.5m**

Business Rates **£67.7m**

New Homes Bonus and other unringfenced grants **£5.1m**

Specific Government Grants **£30.5m**

Fees and Charges **£40.7m**

Other Income **£4.9m**

TOTAL RESOURCES **£316.4m**

PAID TO OTHERS **£203.2m**

Council Tax **£143.7m**

Business Rates **£60.1m**

RETAINED BY MAIDSTONE **£122.1m**

Council Tax **£23.8m**

Business Rates **£7.6m**

New Homes Bonus and other unringfenced grants **£4m**

Specific Government Grants **£30.5m**

Fees and Charges **£40.7m**

Other Income **£4.9m**

These sources of funding support the day-to-day running of the Council. Details are set out in the Comprehensive Income and Expenditure Statement and note 11.

These grants are primarily used to provide the subsidy required to support the housing programme. They are shown in in notes 11 and 30.

This represents funding awarded for a specific purpose, such as the payment of Housing Benefit. This is reflected in the Comprehensive Income and Expenditure Statement within Gross Income and also within note 11.

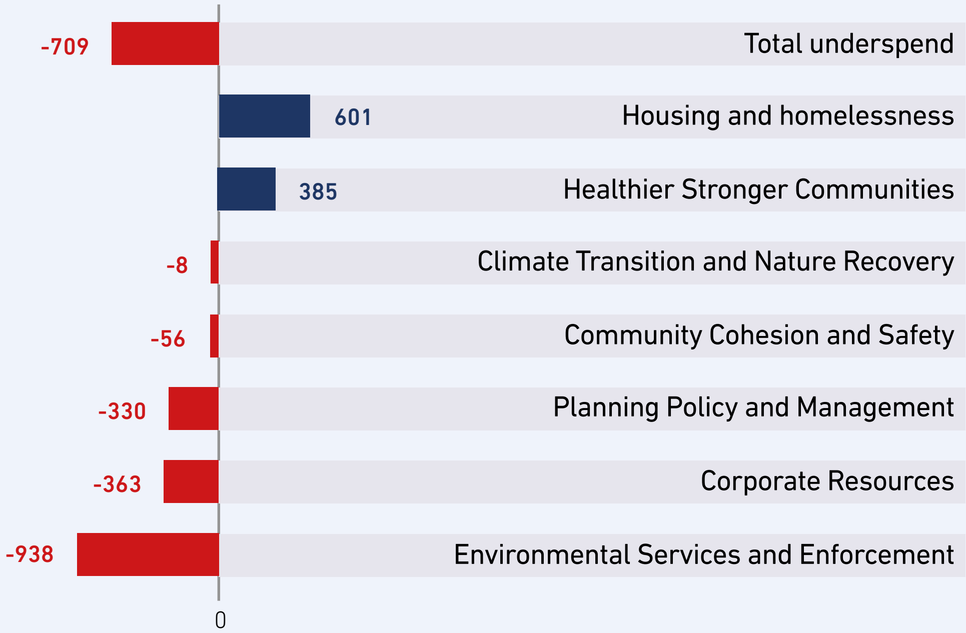
This represents income generated by the Council through a range of activities, including property rentals, services shared with other local authorities, planning fees, parking charges and garden waste collection. These amounts are shown within the Comprehensive Income and Expenditure Statement.

This category includes income transactions which the Council is required to make in order to comply with accounting standards, such as movements in investment property values. They are detailed within notes 9-10 to the Comprehensive Income and Expenditure Statement.

The amounts retained by Maidstone are used to meet the Council's statutory obligations - delivering services like refuse collection, and making transfer payments such as housing benefit – and to meet our strategic priorities.

Revenue out-turn

The revenue out-turn for the year represented an underspend of £709,000 on a net revenue budget of £28 million. The underspend was primarily due to additional investment income, shown below under Corporate Resources. Cash balances were higher than forecast and generated a better rate of interest than budgeted.



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.

Borrowing Requirement **£17.9m**

Capital Receipts **£2m**

Government Grants and Other Contributions **£13.2m**

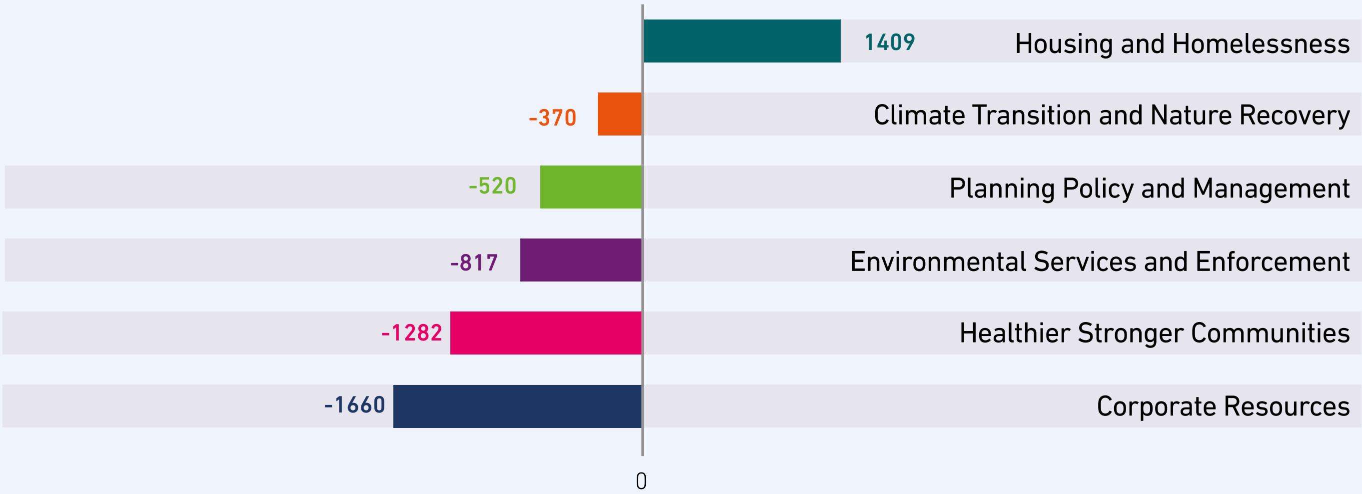
Other Revenue Contributions **£1.9m**

TOTAL CAPITAL INVESTMENT **£34.9m**

Source: Note 30 (external borrowing is as per increase in borrowing on balance sheet and is subtracted from capital financing requirement to give internal borrowing)

Capital out-turn

Capital investment in 2025/26 was £3.2 million less than budgeted. The Council expanded its programme of investment in new social and affordable housing, but unlike in previous years no suitable corporate property acquisition opportunities were identified.



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 £183 million to £199 million.

	2024/25 £000	2025/26 £000
Property, plant and equipment	196,132	218,024
Heritage assets	52,903	53,255
Investment properties	14,177	15,014
Other long term assets	1,182	227
Money owed to the Council	55,294	69,978
Money owed by the Council	-61,501	-56,910
Long term liabilities	-74,787	-100,814
Net assets	**183,400**	**198,773**
Usable reserves	45,748	55,815
Unusable reserves	137,652	142,958
Total reserves	**183,400**	**198,773**

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 £19 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.

Sustainability

Strategy

Sustainability is embedded within Maidstone Borough Council's Corporate Strategy, reflecting residents' priorities for action on climate change and environmental protection. The Council has committed to achieving net zero carbon emissions from its own operations and to supporting borough-wide carbon reduction, alongside halting and reversing biodiversity loss. These commitments are delivered through the Council's Biodiversity and Climate Change Strategies and associated Action Plans, which focus on reducing emissions, enhancing nature recovery, building climate resilience and integrating sustainability and circularity into decision-making and service delivery.

Governance

The Council has established clear governance arrangements to oversee delivery of its biodiversity and climate change commitments. Strategic oversight is provided through the Cabinet, with specific responsibility held by the Cabinet Member for Nature and Climate Transition. Progress against agreed actions, performance indicators and risks is reported regularly to Members, ensuring transparency and accountability.

Operationally, delivery is coordinated through the Biodiversity and Climate Change team, working cross-organisationally to embed sustainability across services and projects, including procurement. Outcomes are supported by officer working groups and programme management arrangements that align climate and nature objectives with wider corporate priorities.

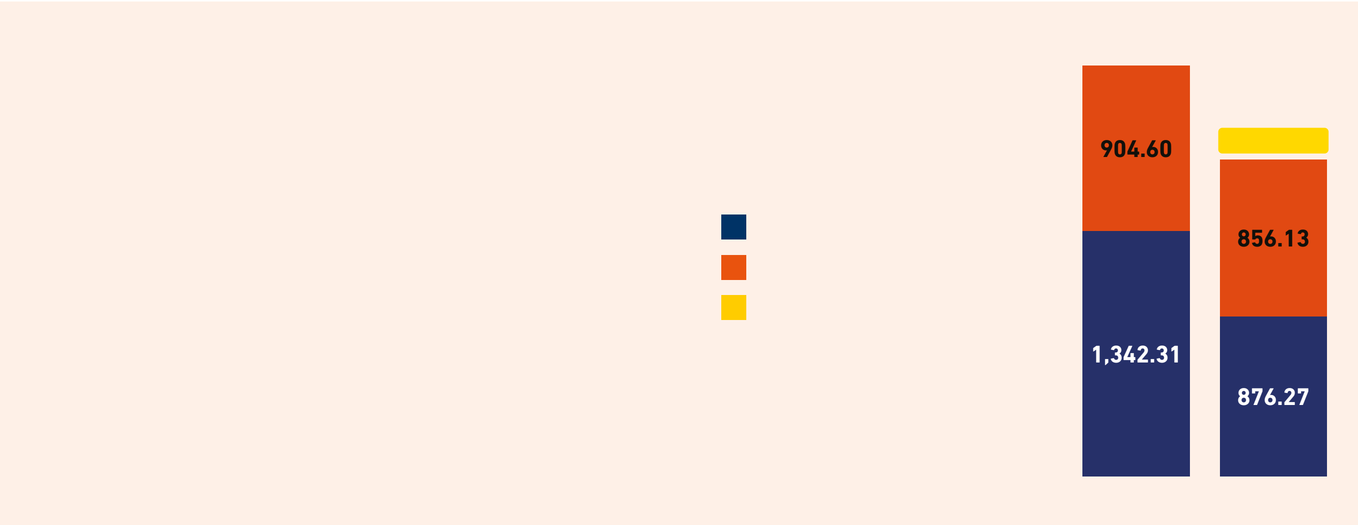
The Council's Biodiversity and Climate Change Strategies and Action Plans set out measurable actions, timescales and responsibilities, with progress monitored and annually reviewed. This governance approach ensures that climate mitigation, adaptation and nature recovery are treated as corporate priorities and are integrated into policy development, investment decisions and day-to-day operations.

Risk Management

The Council recognises climate change and biodiversity loss as strategic risks with the potential to impact service delivery, financial resilience, assets, communities and the local environment. Climate related risks, including physical risks such as increased flooding, overheating and severe weather events, and transitional risks arising from changes in regulation, technology and public expectations, are identified and assessed through the Council's established risk management processes.

These risks are recorded and monitored within the Council's risk management system and are considered alongside other corporate risks through the Corporate Risk Register. Climate and environmental risks are reviewed as part of the annual risk management cycle, including officer review and reporting to Cabinet and the Corporate Leadership Team.

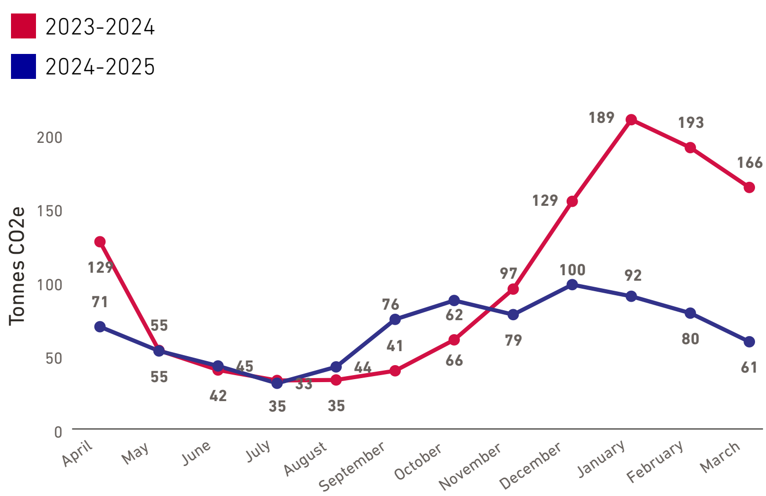
Mitigation actions are aligned with the Biodiversity and Climate Change Strategies and Action Plans and are integrated with wider corporate risk management arrangements, ensuring that sustainability risks are managed proactively and consistently alongside financial, operational and governance risks.



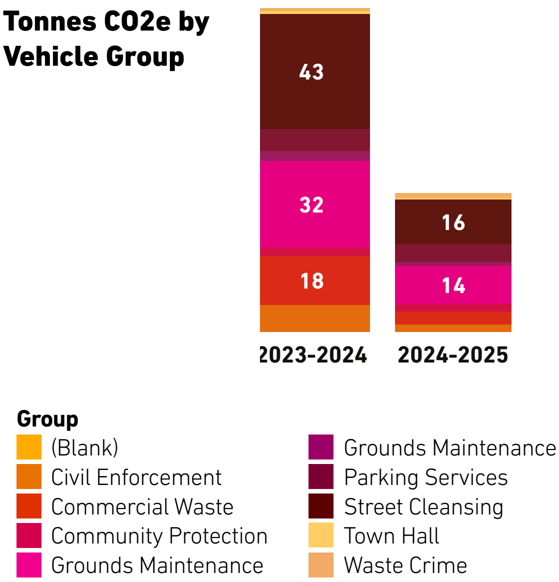
Building Name	2023-2024	2024-2025
Maidstone Leisure Centre	451.62	281.10
Vinters Park Crematorium	229.93	148.54
The Hazlitt Theatre	87.83	19.25
Trinity	98.85	68.31
Maidstone Museum	57.09	40.73
Maidstone Borough Council	99.64	69.66
Lockmeadow Market	29.16	29.24
Parkwood Depot	29.48	16.80
The Archbishops Palace	16.04	59.18
Town Hall	22.98	16.40
Maidstone Innovation Centre	11.62	15.34
Marsham Street	21.51	15.34
Aylesbury House	13.96	14.00
Total	**1,221.88**	**824.54**

Vehicle	2023-2024	2024-2025
85 Dennis Eagle	18.14	4.75
73 Ford Courier	8.06	6.65
84 Dennis Elite Dustcart	6.41	
1 Peugeot Expert	5.33	2.89
18 Ford Transit	4.64	4.90
72 Fiat Doblo	4.56	
26 Ford Transit Cage Tail lift	3.70	3.04
29 Scarab M25H	4.37	
68 Fait Ducato	4.19	0,98
58 Fiat Doblo	6.53	0.65
57 Fiat Doblo	3.45	1.85
70 Fiat Ducato	3.34	1.85
27 Scarab M25H	3.39	
Total	**120.43**	**51.73**

Tonnes CO2e Emissions from Gas



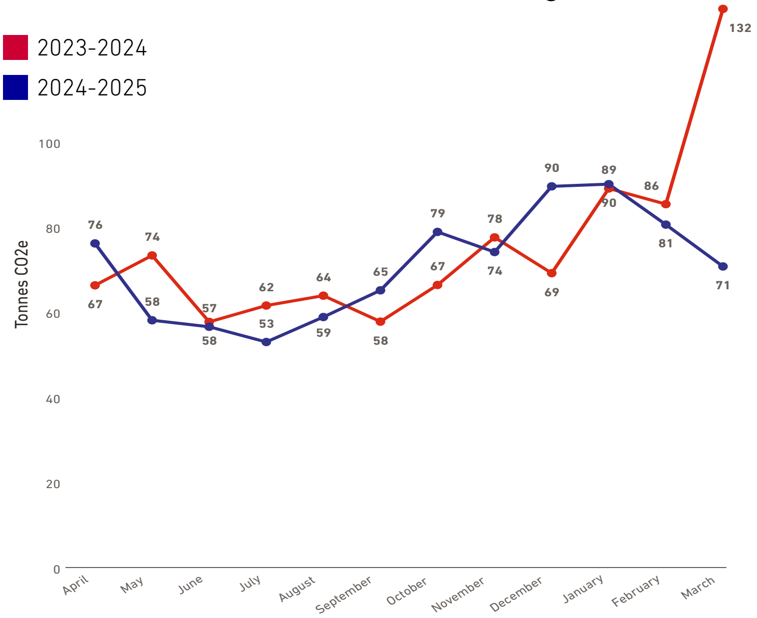
Tonnes CO2e by Vehicle Group



Scope 2 (Purchased energy emissions)

- Electricity consumption in Council-owned buildings
- Associated market and location-based carbon emissions (tCO_2e)

Tonnes CO2e Emissions from electric usage



Building Name	2023-2024	2024-2025
Maidstone Leisure Centre	117.73	175.85
Maidstone Borough Council	184.79	178.07
Maidstone Museum	65.34	33.13
Lockmeadow Complex Landlord	95.18	91.81
Stile Bridge Caravan Site	41.30	35.72
Maidstone Innovation Centre	40.49	39.96
Maidstone Gateway	34.04	32.44
The Hazlitt Theatre	24.24	27.82
Parkwood Depot	23.43	26.57
Vinters Park Crematorium	24.32	22.83
Lockmeadow Foodhall Units	57.05	21.95
Lockmeadow Foodhall Ex GBK	42.05	36.24
Water Lane Caravan Site	15.12	12.45
Rangers Office & Toilets	10.72	8.31
Cobtree Golf Course	18.39	13.52
Mote Park	20.46	23.88
Old College Gateway	5.97	0.00
The Carriage Museum	8.23	8.90
Lockmeadow Market	7.17	11.36
Aylesbury House	8.38	6.73
Town Hall	6.51	6.39
Cemetery Chapel	9.93	9.22
Marsham Street	4.20	9.34
Landlord Mbc Public Car Park	6.20	3.08
Peneden Heath Pavillion	3.26	3.26
King Street Pay And Display	2.28	2.52
Mote Park Estates Building	3.13	2.16
Amenity Lighting	1.92	1.09
Heather House	1.44	0.00
Superintendants House	1 18	0 26
Total	**903.35**	**855.70**

Scope 3 (Indirect emissions)

Work is under way on developing data sources for Scope 3 emissions. Performance for the year to 31 March 2026 will be reported and updated as final datasets are confirmed, with methodologies aligned to recognised carbon accounting approaches. Metrics will continue to expand over time to reflect improvements in data availability and to support informed decision making.

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 bi-annual reports to the Cabinet. Members take an active interest in the risk management process and engage fully in discussion about individual risks.

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

		June 2026	
No	**Corporate Risk**	**Unmitigated Risk**	**Mitigated Risk**
1	Local Government Reorganisation – Organisational Transition	20	20
2	Local Government Reorganisation – Resident and Service Impacts	20	16
3	Cyber Attack	25	16
4	Temporary Accommodation Demand	20	16
5	Climate Resilience	16	16
6	Inability to deliver the council housebuilding programme	16	16
7	Financial constraints and cost pressures	12	9
8	Property Compliance Failures (MBC or Private Sector)	15	10
9	Inadequate community and organisational resilience	15	9
10	Supply chain disruption and contract failure	12	9
11	Failure of transformation and continuous improvement	12	9
12	Disruption from political, social and economic shifts	12	9
13	Strategic partnerships failing 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, agreed in February 2025, sets out its priorities. Recognising that local government reorganisation is due to replace the current two-tier structure in Kent and Medway in April 2028, the strategy is being treated as a dynamic document that will help the Council deliver as much of what is needed for the Borough in its final years. A Year 2 Action Plan covering 2026/27 has been drawn up.

Previous local government funding arrangements, which rewarded those areas with the greatest housing delivery through New Homes Bonus, benefited Maidstone Borough Council and 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, implemented in 2026/27, will lead to a relative reduction in core spending power. The council's Medium Term Financial Strategy has been updated accordingly and demonstrates how it can manage within more constrained resources.

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

DRAFT STATEMENT OF ACCOUNTS 2025/26

(Subject to external audit)

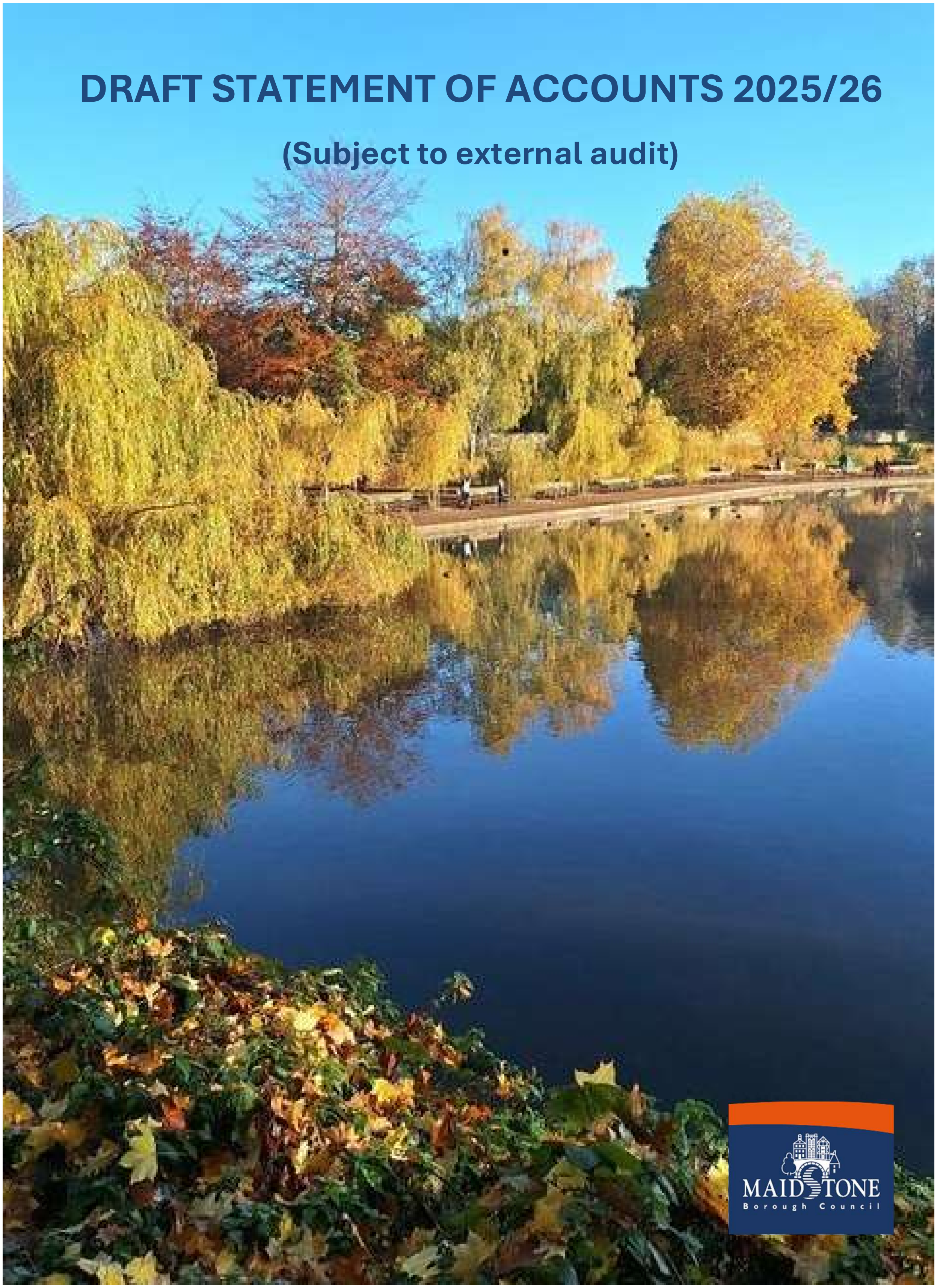

Table of Contents

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 2026.

Signed:

Mark Green, Director of Finance & Resources

Date: 24th June 2026

PRIMARY STATEMENTS

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT - For the years ending 31st March 2025 & 2026

2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000	Cabinet Member	2025/26 Gross Expenditure £000	2025/26 Gross Income £000	2025/26 Net Expenditure £000
49,917	(39,995)	9,922	Corporate Resources	40,355	(32,249)	8,106
403	(335)	69	Climate Transition and Nature Recovery	356	(5)	351
18,014	(9,123)	8,892	Environmental Services and Enforcement	19,323	(11,181)	8,142
14,719	(4,906)	9,813	Healthier Stronger Communities	12,551	(5,079)	7,472
5,019	(2,419)	2,600	Planning Policy and Management	4,870	(2,509)	2,360
3,298	(1,021)	2,277	Community Cohesion and Safety	3,055	(671)	2,384
16,133	(15,333)	799	Housing and Homelessness	14,856	(19,545)	(4,689)
107,503	**(73,132)**	**34,371**	**Cost Of Services**	**95,366**	**(71,239)**	**24,127**
		2,758	Other Operating Expenditure (Note 9)	4,419	0	4,419
		(6,963)	Financing and Investment Income and Expenditure (Note 10)	3,024	(6,600)	(3,575)
		(36,433)	Taxation and Non-Specific Grant Income and Expenditure (Note 11)	22,833	(58,254)	(35,421)
		(6,267)	**(Surplus) on Provision of Services**			**(10,450)**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services			
		(11,027)	Deficit or (Surplus) on revaluation of property, plant & equipment assets			(7,964)
		(2,181)	Remeasurement of the Net Defined Benefit Liability			3,041
		(13,208)	**Other Comprehensive Income and Expenditure**			**(4,923)**
		(19,474)	**Total Comprehensive Income and Expenditure**			**(15,373)**

MOVEMENT IN RESERVES STATEMENT

For the year ending 31st March 2026

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 2025	16,758	28,789	45,548	105	95	45,748	137,653	183,400
Movement in Reserves during 2025/26								
Total Comprehensive Income & Expenditure	10,450	0	10,450	0	0	10,450	4,925	15,373
Adjustments between accounting basis & funding basis under regulation (Note 6)	(478)	0	(478)	95	0	(383)	383	(0)
Movements between Reserves	(7,718)	7,718	(0)	0	0	(0)	0	(0)
Increase or Decrease in 2025/26	**2,254**	**7,718**	**9,972**	**95**	**0**	**10,067**	**5,308**	**15,373**
Balance at 31st March 2026	**19,012**	**36,508**	**55,520**	**200**	**95**	**55,815**	**142,958**	**198,773**

For the year ending 31st March 2025

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 2024	15,607	25,821	41,430	121	95	41,648	122,279	163,927
Movement in Reserves during 2024/25								
Total Comprehensive Income & Expenditure	6,267		6,267	0	0	6,267	13,209	19,474
Adjustments between accounting basis & funding basis under regulation (Note 6)	2,351		2,351	(18)		2,333	(2,333)	
Movements between Reserves	(7,467)	2,967	(4,500)			(4,500)	4,500	
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**	**95**	**45,748**	**137,652**	**183,400**

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 2025 & 2026

31st March 2025 £000		Notes	31st March 2026 £000
196,132	Property, Plant & Equipment	**17**	218,024
52,903	Investment Property	**18**	53,255
14,177	Heritage Assets	**19**	15,014
1,157	Intangible Assets		202
25	Long Term Debtors	**23**	25
264,394	**Long Term Assets**		**286,520**
20,000	Short Term Investments	**20**	10,000
82	Inventories		69
0	Short Term Assets Held for Sale	**22**	806
21,227	Short Term Debtors	**23**	31,244
13,985	Cash & Cash Equivalents	**24**	27,860
55,294	**Current Assets**		**69,978**
341	Bank Overdraft	**24**	0
2,267	Short Term Borrowing	**20**	756
44,182	Short Term Creditors	**25**	53,867
1,438	Provisions	**26**	1,462
289	Deferred Liability	**32**	383
12,985	Capital Grants Receipts in Advance	**15**	442
61,501	**Current Liabilities**		**56,910**
1,300	Provisions	**26**	2,106
62,366	Long Term Borrowing	**20**	83,317
388	Deferred Liability	**32**	454
4,083	Capital Grants Receipts in Advance	**15**	8,116
6,650	Net Pension Liability	**31**	6,821
74,787	**Long Term Liabilities**		**100,814**
183,400	**Net Assets**		**198,773**
45,748	Usable Reserves	**7**	55,815
137,652	Unusable Reserves	**29**	142,958
183,400	**Total Reserves**		**198,773**

CASHFLOW STATEMENT

2024/25 £000		Notes	2025/26 £000
6,267	Net surplus on the provision of services		10,450
22,656	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**35**	17,902
(2,404)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing & financing activities	**36**	(5,249)
26,519	**Net cash flows from Operating activities**		**23,103**
(51,818)	Investing Activities	**37**	(27,107)
18,351	Financing Activities	**38**	18,220
(6,948)	**Net increase or decrease in cash & cash equivalents**		**14,216**
20,591	Cash & cash equivalents at the beginning of the reporting period		13,644
13,644	**Cash & cash equivalents at the end of the reporting period**		**27,860**

NOTES TO THE ACCOUNTS

1 – EXPENDITURE & FUNDING ANALYSIS - For the years ending 31st March 2025 & 2026

2024/25 Net Expenditure Chargeable to the General Fund £000	2024/25 Adjustments between the Funding and Accounting Basis £000	2024/25 Net Expenditure in the Comprehensive Income & Expenditure Statement £000	Cabinet Member	2025/26 Net Expenditure Chargeable to the General Fund £000	2025/26 Adjustments between the Funding and Accounting Basis £000	2025/26 Net Expenditure in the Comprehensive Income & Expenditure Statement £000
8,582	1,340	9,922	Corporate Resources	9,376	(1,270)	8,106
123	(55)	69	Climate Transition and Nature Recovery	240	112	351
5,027	3,865	8,892	Environmental Services and Enforcement	2,600	5,542	8,142
1,714	8,098	9,813	Healthier Stronger Communities	1,495	5,978	7,472
1,711	889	2,600	Planning Policy and Management	1,406	954	2,360
2,838	(561)	2,277	Community Cohesion and Safety	3,198	(814)	2,384
3,028	(2,228)	799	Housing and Homelessness	2,228	(6,917)	(4,689)
23,023	**11,348**	**34,371**	**Net Cost Of Services**	**20,543**	**3,584**	**24,127**
(26,939)	(13,699)	(40,638)	Other Income & Expenditure	(30,515)	(4,062)	(34,577)
(3,916)	**(2,351)**	**(6,267)**	**(Surplus)**	**(9,972)**	**(478)**	**(10,450)**
		41,432	Opening General Fund Balance			45,548
		(4,500)	Other Adjustments			
		2,351	Adjustments between Accounting & Funding Basis			(478)
		45,548	**Closing General Fund Balance at 31st March**			**55,520**

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 policy advisory 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 2025/26			
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	(952)	0	(4,380)	**(5,332)**
Climate Transition and Nature Recovery	104		8	**112**
Environmental Services and Enforcement	3,729		1,813	**5,542**
Healthier Stronger Communities	4,825		1,152	**5,978**
Planning Policy and Management	0		954	**954**
Community Cohesion and Safety	18		(832)	**(814)**
Housing and Homelessness	(7,723)		806	**(6,917)**
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**0**	**0**	**(478)**	**(478)**

	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)**

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 policy advisory 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

	2024/25 £000	2025/26 £000
Expenditure		
Employee Benefit Expenses	25,907	25,626
Other Services Expenses	103,334	89,872
Depreciation, Amortisation, Impairment	6,789	7,410
Interest Payments	1,317	1,864
Precepts & Levies	3,084	3,268
Total Expenditure	**140,431**	**128,039**
Income		
Fees, Charges & Other Service Income	(40,421)	(42,474)
Interest & Investment Income	(1,957)	(1,882)
Income from Council Tax & NDR	(53,980)	(54,261)
Government Grants & Contributions	(39,624)	(34,778)
(Loss) on the Disposal of Assets & Revaluations	(10,716)	(5,095)
Total Income	**(146,699)**	**(138,489)**
(Surplus) or Deficit on the Provision of Services	**(6,268)**	**(10,450)**

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	2024/25 £000	2025/26 £000
Accommodation	(379)	(371)
Central Services	(624)	(368)
Cultural & Related Services	(838)	(879)
Environmental & Regulatory Services	(2,664)	(2,638)
Housing Services	(4,320)	(5,084)
Other Services	(1,090)	(1,039)
Other Support Services	(3,110)	(2,764)
Parking Services	(3,788)	(4,120)
Planning Services	(8,128)	(8,106)
Property Services	(3,158)	(3,613)
Fees, Charges & Other Service Income	**(28,098)**	**(28,983)**

2 - ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. 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 2025/26, 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 now been implemented. This requires the identification of all possible lease arrangements and an assessment of which ones need to be included based on the requirements of the accounting standard. An appropriate discount rate (4.5%) has been set to calculate the lease liability that needs to be reflected in the accounts. The deminimus level for exclusion was set at £10,000.

- 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.

- Where Property, Plant & Equipment assets have not been formally revalued then indices have been applied (where applicable) to ensure that the holding value is as accurate as possible. These were provided by the Council's valuers.

- 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 2026 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	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. 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	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 £15.2m. This would not impact on the general fund balance. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	current appropriate values. This was done with references to indices supplied by the Council's valuers. 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. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.	of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.
Fair Value of Investment Property	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. These valuations use indices to support the latest valuation figures. The indices used in the main are	Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. 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 £5.3m. This would not impact on the general fund balance.

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
	the Investment method that uses potential income levels. These do fluctuate during the year and therefore may change over the next 12 months.	
Pensions Liability	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.	• A 0.1% increase in the discount rate will reduce the net pension liability by £1.9m; • A 0.1% increase in the assumed level of pension increases and deferred revaluation will increase the net pension liability by £1.9m; • An increase of one year in longevity will increase the net pension liability by £5.6m.
Sundry Debtors	At 31st March 2026 the Council had a balance of sundry debtors for £18m. A review of significant balances suggested that an impairment allowance for bad debts of £6.5m 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.	If collection rates were to deteriorate, a 50% increase in the level of impairment required for doubtful debts would require an additional £3.25m to be set aside as an allowance.

Balance	Source of Uncertainty	Effect if actual results differ from assumptions
Non-Domestic Rates Appeals	The Collection Fund is liable for potential losses arising from appeals against the rateable value of business premises. A provision of £7.9m has therefore been created to recognise current and backdated appeals. The Council's share of the provision of £3.2m 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. 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. These calculations are made with reference to information supplied by an external advisor, Analyse Local. 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.	If the yield losses from successful appeals were to increase by 10%, an additional provision of £0.79m would be required overall, and the Council's share of the provision would increase by £0.32m.

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 2026/27 Code where disclosures are required in the 2025/26 financial statements are:

a) Amendments to FRS 102 (Heritage Assets)
b) Amendment to the Classification and Measurement of Financial Instruments (IFRS 7 and IFRS 9)
c) Annual improvements to IFRS accounting standards – Volume 11
d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

It is not considered that any of these will have an impact on this Statement of Accounts.

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.

2025/26	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)	(2,870)		
Council Tax and NDR (transfers to or from the Collection Fund Adjustment Account)	1,534		
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)	16,410		
Total Adjustments to Revenue Resources	**15,069**	**0**	**0**
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,151		2,096
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(3,545)		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(13,153)		
Total Adjustments between Revenue and Capital Resources	**(15,547)**	**0**	**2,096**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure			(2,000)
Total Adjustments to Capital Resources	**0**	**0**	**(2,000)**
Total Adjustments	**(478)**	**0**	**96**

2024/25 Comparative Figures	Usable Reserves		
	General Fund balance £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from the year calculated in accordance with statutory requirements:			
Pensions Costs (transferred to (or from) the Pensions Reserve)	(1,457)		
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	**18,653**	**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)
Application of capital grants to finance capital expenditure			
Total Adjustments to Capital Resources	**0**	**0**	**(400)**
Total Adjustments	**2,351**	**0**	**(18)**

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 2025 £000	Contributions to/from Balances 2025/26 £000	31st March 2026 £000
Spatial Planning	491		491
Neighbourhood Planning	37		37
Planning Appeals	229		229
Civil Parking Enforcement	711	139	850
Future Funding Pressures	4,745	1,315	6,060
Homelessness Prevention & Temporary Accommodation	903		903
Business Rates Earmarked Balances	3,036	(532)	2,504
Funding for Future Collection Fund Deficits	4,127	257	4,384
Commercial Risk	500		500
Transformation Reserve	461	(120)	341
Recovery and Renewal Reserve	124	(8)	116
Renewable Energy	303	60	363
Enterprise Zone	519	(127)	392
Major Works Sinking Fund	0	200	200
Housing Investment Fund	12,137	3,394	15,532
Grants-DWP	263	(64)	199
Trading Account Surplus	81	(81)	0
Extended Producer Responsibility (EPR)	33	2,662	2,695
Community Larder Reserve	90	(50)	40
Elections	0	74	74
Nature Recovery Reserve	0	500	500
Local Government Reorganisation Project Fund	0	100	100
Total Earmarked Reserves	**28,789**	**7,719**	**36,508**
Unallocated Balances	16,754	2,258	19,012
Total General Fund Reserves	**45,543**	**9,977**	**55,520**

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 inititiatives 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.

Transformation **–** 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.

Elections – As Council elections are now only held every four years this reserve is the funding set aside to meet the cost of the next election.

Nature Recovery Reserve – This will support initiatives that protect and restore the natural environment, strengthen ecological resilience and address biodiversity loss, while encouraging community involvement in caring for green and blue spaces in the borough.

Local Government Reorganisation Project Fund – This will provide funding to meet the costs incurred in preparing for the reorganisation that will take place in 2027/28.

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 £2.7m for 2025/26.

9 - OTHER OPERATING EXPENDITURE

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

	2024/25 £000	2025/26 £000
Parish Council precepts	2,942	3,125
Levies	139	143
(Gains) on the disposal of non-current assets	(323)	1,151
	2,759	**4,419**

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.

	2024/25 £000	2025/26 £000
Interest payable and similar charges	1,360	1,920
Net interest on the net defined benefit liability	161	(722)
Interest receivable and similar income	(1,857)	(1,854)
Income & Expenditure in relation to Investment properties and changes in their fair value:		
Income	(11,860)	(4,746)
Expenditure	5,233	1,826
	(6,963)	**(3,575)**

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	2024/25 £000	2025/26 £000
Council Tax Income	22,880	23,854
Income from Retained Business Rates	31,102	30,407
Tariff Payable	(22,647)	(22,833)
Non-ringfenced Government Grants	5,098	3,993
Total	**36,433**	**35,421**
Credited to Services	**2024/25 £000**	**2025/26 £000**
Housing Benefit Subsidy	28,057	22,118
Non-Domestic Rates - Cost of Collection	239	200
Council Tax Administration	630	647
Other Grants	552	7,515
Total	**29,478**	**30,480**

In 2024/25 and 2025/26 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. This arrangement will come to an end on 31st March 2026.

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 2025/26 totalled £506,353 (£474,193 in 2024/25).

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:

2025/26	Salary (Including Fees) £000	Other Payments, Allowances & Benefits in Kind £000	Total Remuneration excluding Pension Contributions £000	Pension Contributions £000	Total Remuneration including Pension Contributions £000
Chief Executive	152	0	**152**	30	**182**
Director of Finance & Resources	121	0	**121**	24	**145**
Director of Regeneration & Place	131	0	**131**	26	**157**
Director of Strategy, Governance & Oversight	103	9	**112**	24	**136**

2024/25	Salary (Including Fees) £000	Other Payments, Allowances & Benefits in Kind £000	Total Remuneration excluding Pension Contributions £000	Pension Contributions £000	Total Remuneration including Pension Contributions £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	**92**
Director of Strategy, Governance & Oversight	104	23	**128**	26	**155**

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 post has now been deleted.

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	2024/25 No. of Employees	2025/26 No. of Employees
£50,000 - £54,999	22	14
£55,000 - £59,999	11	16
£60,000 - £64,999	4	12
£65,000 - £69,999	7	8
£70,000 - £74,999	1	1
£75,000 - £79,999	2	0
£80,000 - £84,999	2	0
£85,000 - £89,999	2	2
£90,000 - £94,999	6	8
£95,000 - £99,999	1	0
£100,000 - £104,999	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	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £000	2025/26 £000
£0 - £20,000	4	6	7	5	11	11	80	51
£20,001 - £40,000	2	1	0	2	2	3	70	80
£40,001 - £80,000	1	0	0	0	1	0	45	0
£80,001 - £100,000	1	0	0	0	1	0	90	0
£100,001 - £150,000	2	0	0	0	2	0	230	0
Total	**10**	**7**	**7**	**7**	**17**	**14**	**515**	**130**

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.

	2024/25 £000	2025/26 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	173	168
Fees payable for the certification of grant claims and returns during the year	50	50
Total	**223**	**218**

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:

	2024/25 £000	2025/26 £000
Balance at start of year:	14,425	17,068
Grants Received	15,496	6,227
Transfers/Other Payments	(831)	(1,584)
Funding used for capital expenditure	(12,022)	(13,153)
Balance at end of year:	**17,068**	**8,558**

On the Balance Sheet the year-end figure is split between short-term (expected to be used by 31st March 2027) £8.116m and long-term (expected to be used after 1st April 2028) £0.442m.

A significant element of the balance (£2.674m) relates to grants received to facilitate future housing developments. There is also £2.055m held for disabled facilities grants which is an ongoing area of work for the Council, and £2.103m 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.

	2024/25 £000	2025/26 £000
Balance at start of year:	95	95
Grants Received	0	0
Transfers	0	0
Funding used for capital expenditure	0	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 2025/26 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.

- Head of Legal Partnership
- Head of Finance
- Head of Property & Leisure

The Balance Sheet as at 31st March 2026, reflects £637,086 (2024/25, £695,506) which is payable from Maidstone Property Holdings Limited to Maidstone Borough Council, relating to income and expenditure for the 2025/26 financial year.

17 - PROPERTY, PLANT & EQUIPMENT

Movements on Balances

Movements in 2025/26	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 2025	7,803	136,810	20,502	9,010	4,724	5,257	32,948	953	**218,007**
Additions	185	14,232	732	587	382	339	15,856	581	**32,894**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	6,742	0	0	0	0	0	0	**6,742**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(7,342)	0	0	0	0	0	0	**(7,342)**
Derecognition of assets/Other movements	0	(1,810)	0	0	0	0	0	0	**(1,810)**
Other movements in cost or valuation	(508)	3,643	(658)	(589)	(28)	(5)	(5,129)	0	**(3,274)**
At 31st March 2026	**7,480**	**152,275**	**20,576**	**9,008**	**5,078**	**5,591**	**43,675**	**1,534**	**245,217**
Accumulated Depreciation & Impairment									
At 1st April 2025	(2,988)	(239)	(10,340)	(3,453)	(4,584)	0	0	(271)	**(21,875)**
Depreciation charge	(266)	(2,737)	(1,966)	(1,688)	(161)	0	0	(432)	**(7,250)**
Depreciation written out to the Revaluation Reserve	0	422	0	0	0	0	0	0	**422**
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	498	0	654	335	24	0	0	0	**1,511**
At 31st March 2025	**(2,756)**	**(2,554)**	**(11,652)**	**(4,807)**	**(4,720)**	**0**	**0**	**(703)**	**(27,192)**
Net Book Value									
At 31st March 2026	**4,724**	**149,721**	**8,924**	**4,201**	**358**	**5,591**	**43,675**	**831**	**218,024**
At 31st March 2025	4,815	136,574	10,162	5,555	142	5,257	32,948	682	**196,132**

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	**185,615**
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	0	(74)	0	(728)	(92)	0	0	0	**(894)**
Other movements in cost or valuation		1,274	(234)	0	0	0	(1,964)		**(924)**
At 31st March 2025	**7,803**	**136,811**	**20,502**	**9,009**	**4,725**	**5,257**	**32,948**	**953**	**218,007**
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 (Restated)	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	0	4	0	721	88	0	0	0	**813**
At 31st March 2025	**(2,988)**	**(237)**	**(10,340)**	**(3,454)**	**(4,584)**	**0**	**0**	**(271)**	**(21,874)**
Net Book Value									
At 31st March 2025	**4,815**	**136,574**	**10,162**	**5,555**	**142**	**5,257**	**32,948**	**682**	**196,132**
At 31st March 2024	4,189	117,782	16,382	3,469	135	4,982	19,795	0	**166,734**

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 2025/26	Car Parks £000	Cemetery & Crematorium £000	Depots, Workshops & Toolsheds £000	Entertainmen t Complex £000	Halls & Pavilions £000	Housing £000	Land £000	Leisure Centres & Pools £000	Markets £000	Museums & Galleries £000	Offices £000	Parks & Open Spaces £000	Public Convenience s £000	Residential / Commercial £000	Theatres £000	Town Hall £000	Total Land & Buildings £000
Cost or Valuations																	
At 1st April 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	**136,8**
Additions	11	28	448	13	268	11,567	46	118	0	367	156	255	0	881	0	75	**14,2**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	(35)	0	0	0	6,425	0	5	571	(27)	(86)	138	35	(74)	(209)	**6,742**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	(1,366)	244	468	0	(1,982)	(43)	0	(50)	0	0	26	2	0	(3,578)	(1,064)	**(7,342)**
Derecognition of Assets						(1,810)											**(1,8**
Other movements in cost or valuation	5	0	0	0	0	3,951	(35)	0	0	0	0	0	(273)	0	0	0	**3,648**
At 31st March 2026	**9,054**	**1,191**	**3,778**	**14,577**	**8,916**	**52,833**	**10,158**	**22,507**	**1,615**	**4,868**	**7,041**	**2,429**	**2,007**	**9,009**	**2,048**	**244**	**152,2**
Accumulated Depreciation & Impairment																	
At 1st April 2025	0	(41)	(23)	0	0	(8)	0	0	(39)	(0)	6	(0)	2	(7)	(105)	(22)	**(2**
Depreciation charge	0	(27)	(32)	(175)	(934)	(914)	0	(264)	(19)	(39)	(84)	(18)	(113)	(75)	(36)	(6)	**(2,7**
Depreciation written out to the Revaluation Reserve	0	41	23	0	(0)	194	0	0	39	0	(0)	(0)	(2)	0	105	22	**422**
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	(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(2)**
At 31st March 2026	**(2)**	**(27)**	**(32)**	**(175)**	**(934)**	**(728)**	**0**	**(264)**	**(19)**	**(39)**	**(78)**	**(18)**	**(114)**	**(81)**	**(36)**	**(6)**	**(2,5**
Net Book Value																	
At 31st March 2026	**9,052**	**1,164**	**3,746**	**14,402**	**7,983**	**52,105**	**10,158**	**22,244**	**1,597**	**4,828**	**6,962**	**2,411**	**1,893**	**8,927**	**2,011**	**239**	**149,7**
At 31st March 2025	9,038	2,488	3,098	14,095	8,648	41,095	3,765	22,390	1,621	3,930	6,917	2,234	2,142	8,086	5,596	1,421	136,569

Analysis of Land & Buildings Movements 2024/25	**Car Parks £000**	**Cemetery & Crematorium £000**	**Depots, Workshops & Toolsheds £000**	**Entertainmen t Complex £000**	**Halls & Pavilions £000**	**Housing £000**	**Land £000**	**Leisure Centres & Pools £000**	**Markets £000**	**Museums & Galleries £000**	**Offices £000**	**Parks & Open Spaces £000**	**Public Convenience s £000**	**Residential / Commercial £000**	**Theatres £000**	**Town Hall £000**	**Total Land & Buildings £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	**118,2**
Additions	10	226	19	0	8	11,717	0	3,844	0	392	509	0	56	1,538	0	33	**18,3**
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	**1,2**
Other movements in cost or valuation (Restated)	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**	**136,8**
Accumulated Depreciation & Impairment	0	0	0	0	(365)	0	0	0	(0)	(0)	0	0	(102)	(41)	0	0	**(508)**
At 1st April 2024	0	(41)	(23)	(192)	(702)	(633)	0	(192)	(39)	(41)	(107)	(10)	(128)	(106)	(105)	(22)	**(2,3**
Depreciation charge	0	0	0	192	1,067	626	0	192	0	41	97	10	228	140	0	0	**2,5**
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	16	0	4	0	0	0	**20**
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
At 31st March 2025	**0**	**(41)**	**(23)**	**0**	**0**	**(8)**	**0**	**0**	**(39)**	**(0)**	**6**	**(0)**	**2**	**(7)**	**(105)**	**(22)**	**(2**
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**	**136,5**
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	117,767

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 2026 the Council had the following capital commitments:

2024/25 £000	Project	2025/26 £000
255	Granada House Refurbishment	0
1,334	Heather House	0
4,991	Corbens Place Phase 3	1,065
4,200	Bathstore site Tonbridge Road	825
0	Land at Granville Road	991
0	Britannia House	3,515
0	Corbens Place Phase 2	7,245
0	Maidstone East (Former Royal Mail Sorting Office site)	1,329
0	Former Springfield Library	2,191
10,780		**17,160**

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant & Equipment required to be measured at current value is formally revalued every 5 years. Valuations were carried out externally by Wilkes, Head & Eves, Chartered Surveyors. They also provided the indices used to value those items not formally revalued.

The Council ensures that all Property, Plant & Equipment to be measured at current value is subject to one of the following processes:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The indices selected to revalue those assets not subject to a formal revaluation were provided by the valuers, and were considered to be the most appropriate ones to use for this exercise.

The table below splits out the revaluations between assets revalued by the valuer and those revalued using the indexation approach.

The table also shows the historic cost values of the various other 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	7,480	5,591	831	20,577	9,007	5,078	43,675	1,534	**93,774**
Revaluation									**0**
2024/25			21,676						**21,676**
2025/26			27,747						**27,747**
Indexation									
2025/26			102,020						**102,020**
Total Cost or Valuation at 31st March 2026	**7,480**	**5,591**	**152,275**	**20,577**	**9,007**	**5,078**	**43,675**	**1,534**	**245,217**

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.

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the surplus or deficit on the provision of services 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 and Expenditure Statement.

Indexation has only been applied to property assets. There is a requirement to consider it for vehicles, plant and equipment assets, but as they generally have short useful lives and/or low values then depreciated historic cost has been adopted as a proxy for current value.

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 & Bentlif 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:

	2024/25 £000	2025/26 £000
Rental income from investment property	(2,871)	(3,309)
Direct operating expenses arising from investment property	929	904
Net (gain)/loss	**(1,941)**	**(2,405)**

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

	2024/25 £000	2025/26 £000
Balance at start of the year	43,518	52,903
Additions	4,359	225
Transfers	60	(893)
Asset Register Adjustments	(48)	0
Net gains/(losses) from fair value adjustments	5,013	1,020
Balance at end of year	**52,903**	**53,255**

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 2025	12,028	225	617	1,309	14,177
Additions			15		15
Revaluations	823				823
31st March 2026	**12,850**	**225**	**631**	**1,309**	**15,014**
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**

Museum Exhibits

The exhibits are held in two main locations, the Maidstone Museum & Bentlif 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 £12.850m represents those items that have been valued to date as part of an ongoing cataloguing exercise. The value of the total collection is likely to be far higher, and is valued for insurance purposes at £17.0m (which includes items on loan to the Council, and those held in Trust at the Museum), but it is considered that it would not be cost-effective or of any significant benefit to formally value the entire collection. The value is reviewed on an annual basis for insurance purposes, and the cataloguing exercise will continue.

War Memorials

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

Statues and Sculptures

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

Other Items

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

Listed Buildings and Other Heritage Assets

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

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

Accounting Policy Heritage Assets

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

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

- Replacement Cost
- Purchase Cost
- Insurance Valuation

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

20 – FINANCIAL INSTRUMENTS

Financial Instruments – Classifications

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

Financial Liabilities:

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

Financial Assets:

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

- Deposits with financial institutions and local authorities
- Money Market Funds
- Call Accounts
- 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 2025 £000	31st March 2026 £000	31st March 2025 £000	31st March 2026 £000
Treasury Investments				
Financial assets at amortised cost	0	0	33,985	39,190
Debtors				
Financial assets at amortised cost	25	25	12,282	12,696
Loans				
Financial liabilities at amortised cost	62,366	81,051	2,267	3,023
Creditors				
Financial liabilities at amortised cost	0	0	10,479	7,424

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 £81.051m is made up of £5m from Public Works Loans Board (PWLB) and £76.051m from Aviva Life and Pensions.

Income & Expense

	Long term		Short Term	
	31st March 2025 £000	31st March 2026 £000	31st March 2025 £000	31st March 2026 £000
Income:				
Financial assets at amortised cost	0	0	1,956	1,850
Other Interest	0	0	1	3
Total	**0**	**0**	**1,957**	**1,852**
Expenditure:				
Financial liabilities at amortised cost	1,299	1,861	0	0
Other Interest	0	0	12	2
Total	**1,299**	**1,861**	**12**	**2**

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 2025		Fair Value	31st March 2026	
	Book Value £000	Fair Value £000	Level	Book Value £000	Fair Value £000
Financial Assets					
Short Term Investments (less than 1 yr)	35,941	35,941	1	39,190	39,190
Financial Liabilities					
Long Term Loans	64,878	37,859	2	84,391	48,021

The fair value of the long term loans of £48.021 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 2025/26

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

- Utilise cash balances rather than loan debt to finance the capital programme in the short term, due to the high cost of borrowing;
- Further diversify its portfolio, as far as is operationally feasible, ensuring that a combination of secured and unsecured investments is considered;
- Keeping investments short term to enable liabilities to be met when due.

Credit Risk

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

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

As at 31st March 2026 investments were held with the following institutions:

	31st March 2025 £000	31st March 2026 £000
AAA rated Institutions	8,810	13,980
AA+ rated Institutions	0	0
AA rated Institutions	0	0
AA- rated Institutions	0	0
A+ rated Institutions	175	1,260
A rated Institutions	0	0
A- rated Institutions	0	0
BBB+ rated Institutions	0	0
Unrated Local Authorities	25,000	22,100
UK Government	0	0
Total	**33,985**	**37,340**

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 £126.337m 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 2025 £000	31st March 2026 £000
Investments		
Notice accounts/Money market funds	8,985	15,240
Fixed term deposits	25,000	22,100
	33,985	**37,340**
Borrowings		
Long Term Borrowings with PWLB	5,000	5,000
Long Term Borrowings through Markets	60,000	79,074
	65,000	**84,074**

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 – ASSETS HELD FOR SALE

	31st March 2025 £000	31st March 2026 £000
Balance at 1st April	**0**	**0**
Assets newly classified as held for sale:		
- Property, Plant & Equipment	0	806
Balance at 31st March	**0**	**806**

23 – SHORT AND LONG TERM DEBTORS

Short Term Debtors

	2024/25 £000	2025/26 £000
Central government bodies	1,120	1,364
Other local authorities	11,480	19,318
Other entities and individuals	16,055	18,893
Total	**28,655**	**39,575**

Allowance for Bad Debts

	2024/25 £000	2025/26 £000
Excess Charges Impairment Allowance	1,564	1,791
Sundry Bad Debts Impairment Allowance	5,865	6,540
Total	**7,430**	**8,331**

The figure on the balance sheet represents Debtors less Provision for Bad Debts, which totals £31.244m.

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

	2024/25 £000	2025/26 £000
Council Tax payers	2,512	2,911
Business Rate payers	1,780	2,643
Capital debtors	30	0
General debtors	9,096	10,563
Payments in Advance	726	644
Other miscellaneous amounts	1,911	2,133
Total	**16,055**	**18,893**

24 - CASH & CASH EQUIVALENTS

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

	2024/25 £000	2025/26 £000
Cash held by the Council	0	520
Bank current accounts (Overdraft)	(341)	0
Short-term deposits	13,985	27,340
Total	**13,644**	**27,860**

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, £27.860m of Council investments are classified as cash and cash equivalents.

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

25 – CREDITORS

Short Term

	2024/25 £000	2025/26 £000
Central government bodies	4,206	1,680
Other public sector bodies	18,997	28,925
Other entities and individuals	20,980	23,263
Total	**44,183**	**53,868**

Other entities and individuals are broken down as follows:

	2024/25 £000	2025/26 £000
General creditors	6,405	4,626
Capital creditors	2,927	2,376
Council tax payers	361	321
Business Rate payers	599	515
Receipts in advance	9,541	14,263
Deposits	729	739
Retentions	418	422
Total	**20,980**	**23,263**

26 - PROVISIONS

	2024/25 £000	2025/26 £000
Business Rates Appeals - Current	1,027	1,057
Business Rates Appeals - Backdated	1,300	2,106
Planning Appeals	261	261
Other Provisions	149	144
Total	**2,736**	**3,568**

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 (£2.106m) and short-term (£1.462m) liabilities on the Balance Sheet.

Accounting Policy Provisions

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

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

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

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

27 - TRUST FUNDS

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

The assets and liabilities of the Trust as at 31st March 2026 are summarised in the following table. The figures for 2025/26 are the un-audited figures, as the accounts of the Trust are subject to a separate external audit, which will take place in July 2026.

Gross expenditure in 2025/26 totalled £349,476 (£395,503 in 2024/25). Gross income in 2025/26 totalled £595,176 (£427,380 in 2024/25).

	2024/25 £000	2025/26 £000
Fixed Assets:		
Tangible Assets	1,966	1,961
Investment Property	1,219	1,241
Investments	851	1,009
	4,036	**4,211**
Current Assets	775	758
Current Liabilities	196	5
Total assets less total liabilities	**4,615**	**4,964**
Total Charitable Funds	**4,615**	**4,964**

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 2025 £000	31st March 2026 £000
Balance at 1st April	**123**	**105**
Capital Receipts Received	382	2,095
Capital Receipts Applied	(400)	(2,000)
Balance at 31st March	**105**	**200**

29 - UNUSABLE RESERVES

	31st March 2025 £000	31st March 2026 £000
Revaluation Reserve	70,941	78,161
Capital Adjustment Account	74,537	74,320
Deferred Capital Receipts Reserve	7	7
Pensions Reserve	(6,650)	(6,821)
Collection Fund Adjustment Account	(1,031)	(2,565)
Accumulated Absences Account	(149)	(144)
Total Unusable Reserves	**137,654**	**142,958**

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 2025 £000	31st March 2026 £000
Balance at 1st April	**60,984**	**70,940**
Upward revaluation of assets	25,768	8,497
Downward revaluation of assets	(14,740)	(528)
Asset Disposals	(1,072)	(748)
Balance at 31st March	**70,940**	**78,161**

The Council 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.

For 2025/26 the requirements around the frequency and nature of revalulations have changed, the full details are set out in Note 17 – Property Plant & Equipment.

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 2025 £000	31st March 2026 £000
Balance at 1st April	**71,496**	**74,537**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
Charges for depreciation of non-current assets	(6,649)	(7,250)
Amortisation of intangible assets	(140)	(159)
Revaluation Gains/Losses on Property, Plant & Equipment	(14,364)	(10,588)
Revaluation reserve balances written off on disposed assets	1,072	748
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	5,013	1,020
Revenue expenditure funded from capital under statute	(2,271)	(1,906)
IFRS 16 Accounting Entries	156	420
Asset Register Adjustments	0	(820)
Write-off of abortive capital costs	(602)	(150)
Write-off of non-enhancing capital expenditure	(53)	(228)
Net written out amount of the cost of non-current assets consumed in the year	**(17,839)**	**(18,915)**
Capital financing applied in the year:		
Minimum Revenue Provision	1,876	2,272
Sums set aside for Debt Repayment	319	0
Use of the Capital Receipts Reserve to finance new capital expenditure	400	2,000
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	12,022	13,153
Capital expenditure charged against the General Fund balance	6,263	1,273
	20,880	**18,698**
Balance at 31st March	**74,537**	**74,320**

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.

	2024/25 £000	2025/26 £000
Opening balance at 1 April	10,290	6,650
Remeasurements of the net defined liability	(2,183)	3,041
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	3,171	1,803
Employer's pensions contributions	(4,628)	(4,673)
Closing balance at 31 March	**6,650**	**6,821**

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 2025 £000	31st March 2026 £000
Balance at 1st April	(232)	1,031
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	(234)	(344)
- Non-domestic Rates	1,497	1,878
Balance at 31st March	**1,031**	**2,565**

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.

	2024/25 £000	2025/26 £000
Opening Capital Finance Requirement	**93,690**	**118,632**
Capital Investment		
Property, Plant & Equipment	39,070	32,335
Non-enhancing capital expenditure	53	378
Investment Properties	4,359	218
Intangible Assets	70	80
Revenue Expenditure Funded from Capital Under Statute	2,270	1,899
	45,822	**34,910**
Sources of Finance		
Capital receipts	(400)	(2,000)
Government grants & other contributions	(12,022)	(13,153)
Other Revenue Contributions	(6,263)	(1,853)
	(18,685)	**(17,007)**
Increase in Capital Financing Requirement	**27,138**	**17,903**
Minimum Revenue Provision Set-aside	(2,195)	(2,272)
Closing Capital Finance Requirement	**118,632**	**134,264**

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 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 2025/26.

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:

		2024/25 £000	2025/26 £000
	Comprehensive Income & Expenditure Statement (CIES)		
	Cost of Services:		
	Service cost comprising:		
-	Current service cost	2,969	2,525
-	Past service costs including curtailments	139	0
-	Settlements in/(out)	(97)	0
	Administration Expenses	133	150
	Financing and Investment Income & Expenditure:		
-	Net interest expense	160	252
	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**3,304**	**2,927**
	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)	(2,600)	7,931
-	Other Actuarial gains and losses arising on assets	0	4,773
-	Actuarial gains and losses arising on changes in financial assumptions	20,771	6,136
-	Actuarial gains and losses arising on changes in demographic assumptions	398	(1,927)
-	Experience gains and losses on defined benefit obligation	414	(8,859)
-	Changes in impact of asset ceiling	(16,790)	(9,971)
	Total Post Employment Benefit Charged to the CIES	**5,497**	**1,010**
	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	3,171	1,803
	Actual amount charged against the General Fund Balance for pensions in the year:		
-	Employers' contributions payable to the scheme	(4,628)	(4,673)
		(1,457)	**(2,870)**

Curtailments

Over the year no former employees became entitled to unreduced early retirement benefits. (2024/25 £139,000).

Settlements

There were no settlements during the year. (2024/25 £97,000)

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:

	2024/25 £000	2025/26 £000
Present value of funded obligation	133,209	142,576
Fair value of plan assets	(144,299)	(164,392)
Contributions by scheme participants	**(11,090)**	**(21,816)**
Impact of asset ceiling	16,790	27,735
Present value of unfunded obligation	950	902
Net liability arising from defined benefit obligation	**6,650**	**6,821**

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

	2024/25 £000	2025/26 £000
Opening fair value of Scheme assets	140,214	144,299
Interest on assets	7,292	8,346
Return on assets less interest	(2,600)	7,931
Other actuarial gains/(losses)	0	4,773
Administration expenses	(133)	(150)
Contributions by employer including unfunded	4,751	4,673
Contributions paid by scheme participants	1,232	1,281
Estimated benefits paid plus unfunded net of transfers in	(7,476)	(6,761)
Settlement prices received/(Paid)	1,019	0
Closing fair value of Scheme assets	**144,299**	**164,392**

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

	2024/25 £000	2025/26 £000
Opening balance at 1 April	150,504	134,159
Current Service cost	2,969	2,525
Interest cost	7,452	7,624
Change in financial assumptions	(20,771)	(6,136)
Changes in demographic assumptions	(398)	1,927
Experience loss/(gain) on defined benefit obligation	(414)	8,859
Liabilities assumed/(extinguished) on settlements	922	0
Past service costs, including curtailments	139	0
Estimated benefits paid net of transfers in	(7,331)	(6,623)
Contributions by Scheme participants	1,232	1,281
Unfunded pension payments	(145)	(138)
Closing balance at 31 March	**134,159**	**143,478**

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.

	2024/25 £000	2025/26 £000
Opening impact of asset ceiling	0	16,790
Interest on impact of asset ceiling	0	974
Actuarial losses/(gains)	16,790	9,971
Closing impact of asset ceiling	**16,790**	**27,735**

Local Government Pension Scheme Assets

	31st March 2025		31st March 2026	
	£000	%	£000	%
Equities	82,170	57%	96,364	58%
Gilts	8,554	6%	9,070	6%
Other Bonds	21,451	15%	22,957	14%
Property	11,816	8%	16,060	10%
Cash	5,707	4%	4,532	3%
Absolute return fund	7,370	5%	8,206	5%
Infrastructure	7,231	5%	7,202	4%
Total	**144,299**	**100%**	**164,391**	**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:

	2024/25	2025/26
Long-term expected rate of return of assets in the scheme		
Mortality Assumptions		
Longevity at 65 for current pensioners		
- Men	20.7	21.6
- Women	23.3	23.9
Longevity at 65 for future pensioners		
- Men	22.0	23.2
- Women	24.7	25.6
Financial Assumptions		
RPI increases	3.20%	3.30%
CPI increases	2.90%	2.90%
Salary increases	3.90%	3.90%
Discount Rate	5.80%	6.10%

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	134,172	141,529	143,478	145,473	153,952
- Projected Service Cost	1,945	2,247	2,329	2,413	2,777
Adjustment to long-term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
- Present Value of Total Obligation	144,146	143,610	143,478	143,346	142,828
- Projected Service Cost	2,329	2,329	2,329	2,329	2,329
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
- Present Value of Total Obligation	152,721	145,462	143,478	142,098	135,847
- Projected Service Cost	2,811	2,419	2,329	2,241	1,917
Adjustment to life expectancy assumptions		+1 year	None	-1 Year	
- Present Value of Total Obligation		149,054	143,478	138,149	
- Projected Service Cost		2,410	2,247	2,250	

Scheme History

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Present value of defined benefit obligation in the Local Government Pension Scheme	(212,828)	(148,477)	(149,390)	(133,209)	(142,576)
Fair value of assets in the Local Government Pension Scheme	136,412	137,416	140,214	144,299	164,392
Impact of Asset Ceiling	-	-	-	(16,790)	(27,735)
Present value of unfunded obligation	(1,474)	(1,223)	(1,114)	(950)	(902)
Surplus/(Deficit) in the scheme	**(77,890)**	**(12,284)**	**(10,290)**	**(6,650)**	**(6,821)**

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £6.821m 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 2027 are £19.037m.

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 2025.

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 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 a number of vehicles. 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 2025	682
Additions	581
Depreciation	(432)
Balance at 31st March 2026	**831**

Transactions under leases

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

	2024/25 £000	2025/26 £000
Interest expense on lease liabilities	43	57
Recognition of lease liabilities	319	477
	362	**534**

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

Maturity analysis of lease liabilities

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

	31st March 2025 £000	31st March 2026 £000
Less than one year	0	0
One to five years	907	1,335
More than five years	84	72
	991	**1,407**

Repayments of Principal

	2024/25 £000	2025/26 £000
Balance outstanding at start of year	628	677
Acquisitions	325	581
Repayment of principal	(276)	(420)
Balance outstanding at end of year	**677**	**838**

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 £0.6m. 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 24th June 2026. 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 2026 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

	2024/25 £000	2025/26 £000
Depreciation	(7,251)	(7,251)
Revaluation Gains & Losses	(14,364)	(7,342)
Amortisation of Intangible Assets	(140)	(159)
Movement in Creditors	(3,068)	(2,889)
Movement in Debtors	(2,332)	1,994
Movement in Inventories	2	(14)
Movement in Pension Liabilities	1,457	1,426
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(1,757)	(3,319)
Other Non-Cash items	4,796	(349)
	(22,657)	**(17,902)**

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

	2024/25 £000	2025/26 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(10,000)	(10,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	382	2,096
Any other items for which the cash effects are investing or financing cash flows	12,022	13,153
	2,404	**5,249**

37 - CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2024/25 £000	2025/26 £000
Purchase of property, plant & equipment, investment property and intangible assets	47,866	35,460
Purchase of short-term and long-term investments	20,000	0
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(382)	(2,096)
Other receipts for investing activities (Grants)	(15,665)	(6,258)
Net cash flows from investing activities	**51,818**	**27,107**

38 - CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25 £000	2025/26 £000
Cash receipts of short- and long-term borrowing	(18,878)	(19,440)
Other receipts from financing activities	309	0
Cash payments for the reduction of outstanding liabilities relating to leases and on-Balance-Sheet PFI contracts	276	420
Repayments of short & long-term borrowing	(1,074)	0
Other payments/receipts for financing activities	1,016	800
Net cash flows from financing activities	**(18,351)**	**(18,220)**

COLLECTION FUND STATEMENT AND NOTES

2024/25 £000		2025/26 £000	2025/26 £000
	INCOME		
158,205	Income From Council Tax	167,489	
62,616	Income From Business Rates (Note 2)	67,674	
220,821	**Total Income**		**235,163**
	EXPENDITURE		
	Precepts and Demands - Council Tax		
108,534	Kent County Council	114,401	
17,260	Kent Police & Crime Commissioner	18,275	
22,638	Maidstone Borough Council	23,510	
6,056	Kent Fire & Rescue Authority	6,417	
	Shares of Business Rates		
31,967	Central Government	33,647	
5,754	Kent County Council	6,056	
25,573	Maidstone Borough Council	26,918	
639	Kent Fire & Rescue Authority	673	
	Transitional Protection Payments - Business Rates	370	
419	Disregarded Amounts - Business Rates	386	
	Impairment of Debts - Council Tax		
581	Write offs of uncollectable amounts	456	
1,495	Additional Impairment of Aged Debt	2,053	
	Impairment of Debts/Appeals - Business Rates		
1	Write offs of uncollectable amounts	2	
515	Additional Impairment of Aged Debt	1,870	
(1,968)	Losses on appeal	(1,657)	
2,520	Additional Provision For Appeals	3,747	
209	Cost of Collection Allowance - Business Rates	210	
222,193	**Total Expenditure**		**237,334**
(1,372)	(Deficit) For Year		(2,171)
(926)	Surplus/(Deficit) Brought Forward From Previous Years		(2,298)
295	**Surplus/(Deficit) on Council Tax**		**2,672**
(2,592)	**Surplus/(Deficit) on Business Rates**		**(7,141)**
(2,298)	**Surplus/(Deficit) as at 31st March**		**(4,469)**

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 in 2025-26 compared with 2024-25. Retail, Leisure and Hospitality relief was reduced from a 75% reduction to a 40% reduction of the rates due to businesses in these sectors. This led to more businesses struggling to pay their business rates.

The impact of the 'Cost of Living' crisis and inflation continues to impact council tax collection, in line with most other Councils in Kent the collection of Council Tax continues to be challenging. The move to a 100% maximum working age Council Tax support scheme will support those on the lowest of incomes.

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: 68,085.5 for 2025/26 (68,263.6 for 2024/25) (see table below.) This basic amount of council tax for a Band D property, £2,357.88 for 2025/26 (£2,249.83 for 2024/25), 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	0.8
Band A		6/9	1,774.8
Band B		7/9	5,140.0
Band C		8/9	14,696.2
Band D		9/9	17,656.7
Band E		11/9	11,991.7
Band F		13/9	8,674.0
Band G		15/9	7,267.4
Band H		18/9	712.2
Other			171.8
			68,085.5

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 55.5p / £ Rateable Value (54.6p in 2024/25)
- Small Business Multiplier 49.9p / £ Rateable Value (49.9p in 2024/25)

The rateable value at 31st March 2026 was £168.440m (£167.126m at 31st March 2025). For 2025/26, it was calculated that the Council would receive £25.174m in business rates (£24.826m in 2024/25).

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 £22.833 in 2025/26, (£22.579m in 2024/25) 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

To follow at the conclusion of the audit.