Draft Statement of Accounts

2025/2026
Draft Statement of Accounts

Kent County Council
kent.gov.uk

Contents

SINGLE ENTITY ACCOUNTS

Narrative

The purpose of this Statement of Accounts (Accounts) is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees, and other interested parties clear information on the financial performance for the year 2025/26 and the overall financial position of the Council.

The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). To make the document as useful as possible to its audience and make more meaningful comparisons between authorities, the Code requires:

- all Statements of Accounts to reflect a consistent presentation,
- interpretation and explanation of the Statement of Accounts to be provided, and
- the Statement of Accounts and supporting notes to be written in plain English.

The Statement of Accounts comprises various sections and statements, which are briefly explained below:

- Narrative - this provides information on the format of this Statement of Accounts as well as a review of the financial position of the Council for the financial year 2025/26.
- The Statement of Responsibilities - this details the responsibilities of the Council and the Corporate Director Finance concerning the Council's financial affairs and the Statement of Accounts.
- The main Accounting Statements, comprise:
  - The Comprehensive Income and Expenditure Statement (CIES) - this provides a high level analysis of the Council's spending. It brings together all the functions of the Council and summarises all of the resources that the Council has generated, consumed and set aside in providing services during the year.
  - The Movement in Reserves Statement (MIRS) - this statement shows the movement in the year 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 'unusable reserves', which are held either for statutory purposes or to comply with proper accounting practice.
  - The Balance Sheet - this statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets/liabilities of the Council (assets less liabilities) are matched by the reserves held by the Council.
  - The Cash Flow Statement - this summarises the changes in cash and cash equivalents of the Council during the reporting period.
- The Expenditure and Funding Analysis - this note brings together the Council's performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund presented on the basis of how the Council is structured for decision making purposes.
- Accounting Policies - notes relating to specific accounting statement lines as identified in the main statements of the accounts include the corresponding accounting policy. Note 2 details the policies where there are not accompanying notes.
- The Group Accounts sets out the income and expenditure for the year and the financial position at 31 March 2026 of the Council and its wholly owned subsidiaries. The Group Accounts combine the financial results of Global Commercial Services Group Ltd.
- The Pension Fund Accounts - the Kent County Council Superannuation Fund (Kent Pension Fund) is administered by the Council but is accounted for completely separately.
- The Independent Auditor's Report to the Council - this will be provided by the external auditors, Grant Thornton UK LLP, following the completion of the annual audit.
- The accounting arrangements of any large organisation such as Kent County Council are complex, as is local government finance. The Accounts are presented as simply as possible, however it is still a very technical document. A glossary of terms is provided to make the Statement of Accounts more understandable for the reader.

Changes to financial reporting requirements and accounting policies

The Code of Practice is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. These Statement of Accounts for 2025/26 are prepared on an IFRS basis, as adapted and implemented by the Code.

In 2025/26, the Code of Practice includes a mandatory revaluation expedient for Property, Plant & Equipment (PPE), requiring valuations once every five years or on a five-year rolling basis, supported by indexation in the intervening years. Indexation is a tool used to apply an inflationary increase to assets in the years between professional valuations. The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up to date for movements in variables e.g. build costs or rental income. It is important to note that indexation is an approximation of market change and is not a valuation of a specific asset. More information, including the new accounting policy is in Note 17.

Organisational Overview and External Environment

Kent County Council (KCC) operates under the legislation set out in the Local Government Act and provides statutory and discretionary services. KCC is organised on a directorate and divisional basis as set out below:

Directorate	**Division**
Adult Social Care & Health including Public Health (ASCH)	Strategic Management & Directorate Support Adult Social Care (short-term support) Adult Social Care (long-term support) Strategic Commissioning (Integrated and Adults) Public Health
Children, Young People & Education (CYPE)	Strategic Management & Directorate Budgets Education & Special Needs Children's Countywide Services Operational Integrated Children's Services Schools' Delegated Budgets
Growth, Environment & Transport (GET)	Strategic Management & Directorate Budgets Environment & Circular Economy Growth & Communities Highways & Transportation
Chief Executive's Department (CED)	Strategic Management & Directorate Budgets Finance Infrastructure Law Strategic Policy, Relationships & Corporate Assurance
Deputy Chief Executive's Department (DCED)	Strategic Management & Directorate Budgets Governance & Democracy Commercial and Procurement Human Resources & Organisational Development Marketing & Resident Experience Technology
Non Attributable Costs including Corporately Held Budgets (NAC)	Non-Attributable Costs including Corporately Held Budgets

Governance

Kent County Council (KCC) is responsible for ensuring that services and operations are conducted in accordance with the law and proper standards. The authority has a specific responsibility to ensure that public money is used carefully and effectively and is properly accounted for. There is also a duty to continuously review and improve the way we work whilst offering services that are efficient and provide value for money.

KCC operates an Executive scheme of governance with major decisions taken by nine Cabinet Members and a Leader executing the policies and strategies supported by a majority of Members. Where there are powers and functions reserved to the Council, these are taken by or on behalf of the full Council. The County Council sets an annual budget which determines the resource available to deliver these decisions, strategies, and functions.

KCC's Code of Corporate Governance describes the principles applied by KCC as the framework for good corporate governance, how we are achieving these, and the key policies and plans in place to support this.

To meet the requirements of the Accounts and Audit Regulations 2015 and the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: "Delivering Good Governance in Local Government (2016)" the Council is required to produce an Annual Governance Statement (AGS). Please see the 2025/26 AGS for further information on how the Council has complied with these principles.

Strategic and Corporate Plans

KCC produces a flagship strategy to set the strategic direction for the Council which shapes business and resource planning over a four year period. Following the election of a new administration to the Council in May 2025, a new Strategic Statement 'Reforming Kent' was developed, and adopted by County Council in November 2025. Given the Government's intention to create new council structures in Kent and Medway in 2028 through Local Government Reorganisation (LGR), this council strategy will run for three years. It focuses on four main objectives of putting Kent residents first, reforming Kent County Council, supporting residents that need help, and building better communities.

For 2025/26, in response to the significant complexity and challenge posed by KCC's current operating environment, a single council-wide business plan was produced. This provided a clear view of the Council's most critical activity to be delivered during 2025/26 against the backdrop of a changing local government landscape. Delivery of the activity was taken forward through the existing management structures of the council. Given the fact that KCC's operating environment continues to be complex and challenging especially as LGR increases pace and intensity, the same approach has been taken for business planning as last year, with a single council-wide business plan produced for 2026/27.

Risk Strategy

Please refer to the draft Annual Governance Statement on kent.gov.uk for details of the Council's governance arrangements.

The operating environment for local government has become increasingly challenging over the past decade, in terms of growing and complex service demand, cost inflation, recruitment and retention difficulties, additional statutory requirements (often without sufficient levels of funding to support changes) and increasing resident expectations, all set against a backdrop of local government funding restraint. This continuing trend requires greater collaboration, system-wide planning and a strong understanding of risk across public services.

The pressures on local government finances have become particularly acute now, with several authorities over recent years either issuing Section 114 (S114) notices under the 1988 Finance Act (essentially a statutory stop on all non-essential spending), or requesting Exceptional Financial Support from Government. In addition to these sector-wide concerns, there are some challenges unique to KCC that compound the pressures the Council is facing, for example, as a result of Kent's strategic location as the Gateway to Europe and main entry point into the UK through the Short Straits channel crossings.

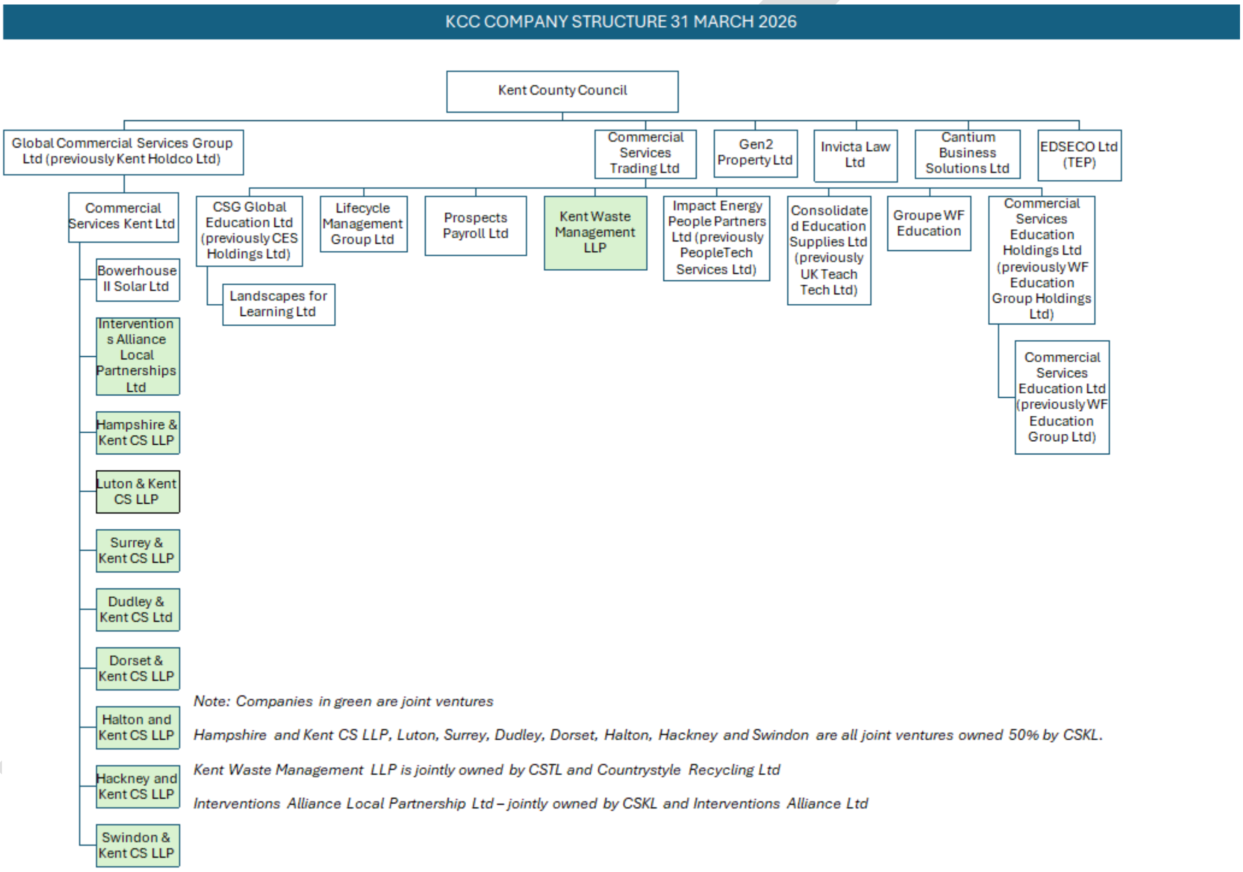
These factors all affect the risk environment, which is likely to be volatile, complex and ambiguous for a number of years. The risks arising in this environment will often have no simple, definitive solutions and will require whole-system-thinking, aligned incentives, positive relationships and collaboration, alongside relevant technical knowledge, to support multi-disciplinary approaches to their effective management.

The Council's Strategic Statement, Reforming Kent, was approved by County Council in November 2025, setting out the vision, aims and objectives for the council. It is expected that risks which may affect the achievement of these objectives are identified, assessed and managed, alongside ongoing risks to fulfilment of statutory duties and legal obligations.

The Council, along with partners in Kent and Medway, has responded to the statutory invite from the Minister of state to submit interim plans for consideration, followed by final proposals, for local government reorganisation. Ongoing and comprehensive consideration of risks, issues and opportunities arising for KCC will be critical during this period.

Council's wholly-owned subsidiaries

The Council has interests in a number of companies that are classified as a subsidiary, associate or joint venture, all of which have been considered for consolidation. This is a common model of operation for local authorities as they seek alternative ways of achieving their aims within reduced funding arrangements. The structure chart shows the companies as at the end of March 2026:



Wholly owned companies

Global Commercial Services Group Ltd - holding company providing KCC with a single point of contact with a streamlined management and executive function. Global Commercial Services Group helps generate efficiencies and consistency between the companies.

Commercial Services Kent Ltd (CSKL) - provides temporary staff, waste management, vehicle leasing and managed portfolio services on behalf of KCC. It manages solar farms and provides energy services (Laser) and helps clients achieve carbon reduction.

GEN2 Property Ltd – provides property services and property management consultancy. The services provided by GEN2 have been transferred to KCC and the company is not currently trading.

Invicta Law Ltd - specialises in child protection and community care legal advice.

Cantium Business Solutions Ltd - provides a range of IT services to KCC and other external clients. Cantium provides IT services including a "one stop shop" from the provision of hardware to support, professional management IT services and General Data Protection Regulation (GDPR) management.

EDSECO Ltd (trading as The Education People or TEP), **CSG Global Education Ltd**, **Landscapes for Learning Ltd**, **Groupe WF Education**, **Commercial Services Education Holdings Ltd**, **Commercial Services Education Ltd** and **Consolidated Education Supplies Ltd -** provide resources (including books, stationery, equipment) and services to educational establishments from early years to young adults.

Impact Energy People Partners Ltd - provides a recruitment platform within the education sector.

Bowerhouse II Solar Ltd - a company generating electricity through renewable energy, reducing carbon emissions.

Lifecycle Management Group Ltd - provides a fully managed procurement service and contract management.

Prospects Payroll Ltd - provides payroll services (specialising in the Education sector).

Joint ventures

Commercial Services Kent Limited (CSKL) has partnerships with various local authorities (Hampshire County Council, Luton Borough Council, Surrey County Council, Dudley Metropolitan Borough Council, Dorset Council, Halton Borough Council, London Borough of Hackney and Swindon Borough Council) providing agency and interim staff and recruitment for hard to fill permanent contracts. **Interventions Alliance Local Partnerships Ltd**, which is jointly owned with Interventions Alliance, operates in the care services sector.

Commercial Services Trading Limited (CSTL) owns 50% of **Kent Waste Management LLP** (owned jointly with Countrystyle Recycling Ltd).

Financial report

Summary of the revenue outturn position

In February 2025 the Council approved the net revenue budget for 2025/26, totalling £1,531.3m. £0.6m was rolled forward from 2024/25 increasing the budget to £1,531.9m. The outturn position for the year against the revised budget is set out in the following table, together with the sources of income from which the Council's net revenue expenditure was financed.

The net overspend is £21.6m, made up of an overspend of £23.8m within the directorates and a favourable funding variance of £2.2m (excluding Schools' Delegated Budgets). There are £1.1m of roll forward requests and these will be added to the 2026/27 budget to support the rescheduling of projects in line with the authority's criteria. The overspend (including roll forwards in 2026/27) have been funded by a £22.7m drawdown from General Reserves.

		Budget £000s	Outturn £000s	Variance £000s
Adult Social Care including Public Health	ASCH	701,596	744,465	**42,869**
Children, Young People & Education	CYPE	374,296	375,187	**891**
Growth, Environment & Transport	GET	204,858	202,271	**-2,587**
Chief Executive's Department	CED	59,247	56,114	**-3,133**
Deputy Chief Executive's Department	DCED	56,544	54,522	**-2,022**
Non Attributable Costs including Corporately Held Budgets	NAC	135,338	123,130	**-12,208**
Schools' Delegated Budgets	CYPE	0	32,981	**32,981**
Funded by reserves:				
Reserves adjustment to fund agreed roll-forwards		-599	-599	**0**
Reserves drawdown to fund in-year overspend		0	-22,698	**-22,698**
Funded by grants:				
Council Tax Yield including Collection Fund		-997,498	-997,498	**-0**
Local Share of Business Rates & Business Rates Collection Fund		-69,411	-71,207	**-1,797**
Business Rate Top Up		-149,108	-149,108	**-0**
Business Rate Compensation Grant		-50,979	-51,287	**-308**
Social Care Support Grant		-137,144	-137,144	**-0**
Improved Better Care Fund (iBCF)		-61,701	-61,701	**0**
Social Care Reform Grant		-26,969	-26,969	**0**
Revenue Support Grant (RSG)		-15,680	-15,680	**0**
Grant for Employer National Insurance changes		-10,073	-10,073	**0**
Children's Social Care Prevention Grant		-6,760	-6,760	**-0**
Domestic Violence Grant - New Burdens		-4,031	-4,031	**-0**
New Homes Bonus (NHB) and NHB Adjustment Grants		-1,927	-1,927	**0**
Inshore Sea Fisheries Grant		0	-138	**-138**
Total funding		**-1,531,878**	**-1,556,819**	**-24,941**
Net outturn position		**0**	**31,850**	**31,850**

Summary of the capital outturn position

Capital expenditure is defined as expenditure on the purchase, improvement, or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure is incurred. Capital expenditure is funded from a variety of sources including: grants, capital receipts, borrowing, external contributions including developer contributions, and revenue contributions. Capital expenditure for the year was £292.563m. The expenditure analysed by portfolio was:

		Budget £000s	Outturn £000s	Variance £000s
Adult Social Care including Public Health	ASCH	2,204	3,799	**1,595**
Children, Young People & Education	CYPE	116,769	71,574	**-45,195**
Growth, Environment & Transport	GET	237,304	162,467	**-74,837**
Chief Executive's Department	CED	29,775	42,396	**12,621**
Deputy Chief Executive's Department	DCED	0	0	**0**
Devolved capital to schools	CYPE	9,500	12,327	**2,827**
Total		**395,552**	**292,563**	**-102,989**

Expenditure excluding that incurred by schools under devolved arrangements was £105.816m less than cash limits. Of this, -£135.526m reflected re-phasing of capital expenditure plans across all services and +£29.710m was due to real variations. Rephased capital resources will be carried forward into 2026/27 and beyond in order to accommodate the revised profiles of capital expenditure.

Capital expenditure incurred directly by schools in 2025/26 was £12.327m.

Details of the financing of capital expenditure are in Note 19.

Summary of schools outturn position

In total, schools' reserves have decreased by £1.5m, this amount is made up of academy conversions of £0.5m, an increase in the value of schools' deficit balances of £0.04m and a decrease in schools' surplus balances of £0.9m.

In addition, there was a £61.8m net overspend in year on the Central DSG Reserve made up of £64.6m overspend on High Needs budgets, £0.4m overspend relating to School Block related spend and a £3.3m underspend on Early Years. The council made a contribution of £14.6m and as part of the safety valve agreement Kent received £14.2m towards the historic deficit.

Schools now have £57.0m of revenue reserves as reflected in Note 23 and there is a deficit balance of £130.5m in the DSG Adjustment Account as reflected in Note 24. The Authority entered the Department for Education's "Safety Valve" process in Summer 2022, which involves the Local Authority reforming its high needs systems and associated spending in return for additional funding to contribute to the historic deficit. This arrangement ended on 31 March 2026 and is being replaced by a new local authority funding model as part of the wider proposed SEN reforms. The first phase of this is the High Needs Sustainability Grant which, subject to an approved SEND Reform Plan, will be received in Autumn 2026.

Budget context

To understand how the revenue overspend occurred, it is important to understand the original budget strategy and how the Council was trying to manage the considerable spending pressures facing it, especially around adult social care.

Setting the revenue budget for 2025/26 – the Budget Strategy

The strategy and timetable for the preparation of the 2025/26 budget was reviewed considering the experience from 2024/25 where the traditional incremental budget process was replaced with an outcomes approach that set resource envelopes for key spending areas. Experience of the 2024/25 process was that it took too long to assess whether spending growth could be managed within the envelopes set (or to find offsetting savings/income), with the consequence that the final budget could only be balanced with one-off solutions. These one-off solutions would have to be replaced with policy savings in future budgets, as well as identifying and agreeing further savings necessary to balance the ongoing challenge of spending growth exceeding the available funding from central government settlement and local taxation. The conclusion was drawn that an outcomes approach using resource envelopes was only realistic where the resources available are sufficient to cover unavoidable spending growth. Consequently, the revised strategy for 2025/26 was agreed in April based on hybrid approach.

The strategy allowed for an initial refresh of the plans for 2025/26 in the 2024/27 medium term financial plan (MTFP). These original plans identified forecast spending growth and funding (including assumed council tax base and household charge increases, and inflationary uplifts in government funding from business rates but with no further additional government grants). The plans were balanced through savings and income including those areas where detailed plans had been developed as part of the 2024/25 budget process and indicative amounts for savings with plans yet to be fully developed (including the policy savings to replace the £19.8m of one-off solutions necessary to balance 2024/25 budget). This initial refresh would include revised and updated forecasts to take account of unavoidable changes including final 2024/25 outturn variances, updated inflation forecasts, most recent trends for cost and demand drivers (with any other potential cost increases avoided) and any agreed changes to savings and income plans.

The purpose of the initial refresh was to identify the scale of any surplus or gap. Savings and income plans would either be revised from any surplus, or revised savings targets issued to resolve any gap. Additional targets were agreed to be set higher than the overall amount necessary to balance the budget to allow capacity to deal with any further changes in unavoidable spending, policy choices over which savings should be included in the final plans, and scope to improve reserve balances to strengthen financial resilience. The savings targets were to be set based on a combination of the Council's strategic priorities, benchmarking of current spend against outcomes and best value, and capacity to deliver further savings. As well as meeting targets, directorates were encouraged and challenged to identify all possible savings and income options. There would only be one final refresh ahead of publishing final draft budget plans to avoid the need to hit ever changing targets.

The initial refresh was completed by the end of July which showed an increased budget gap. Directorates were tasked with identifying scope for further savings, income, and cost avoidance measures to be worked up over August and September. To assist with policy prioritisation for the £19.8m needed to replace the use of one-offs, current spending (approved budget plus anticipated changes for 2025/26 already identified in the MTFP) was assigned to one of five categories:

- Areas of spending that are purely discretionary or where there is significant choice to meet minimum statutory requirements
- Support functions
- Social care and school transport (priority spending under Securing Kent's Future (SKF))
- Other frontline services
- Non attributable costs

The administration focussed on the SKF objective to review the scope of the Council's policy priorities and ambitions to find the £19.8m which mainly centred on spending in the first category. Spending in this category was further subdivided into where it was a binary choice whether to continue or cease spending, where a range of potential options to reduce spending are available, those areas likely to be most controversial and spending considered insignificant or out of scope. The potential policy choice questions were also identified under each area of spending.

A draft budget 2025/26 and MTFP 2025-28 was published for political scrutiny in the November 2024 round of Cabinet Committees. This draft was produced before the government's Autumn Budget and Spending Review announcement (30th October 2024) and in the absence of an indicative local government finance settlement announcement. Consequently, the draft was still based on speculative assumptions with planning sufficiently flexible to respond to any subsequent changes from these assumptions. It was acknowledged that the lack of an indicative settlement was not a barrier to either the likely scenario (resources insufficient to cover spending demands) or prevent scrutiny of local spending and savings priorities. The reports for each committee were tailored to focus on the key policy considerations within the committee's remit with a separate suite of appendices setting out the council's overall draft plans.

The plans presented for scrutiny in November were not balanced. The main reasons identified were continuing budget pressures and under delivery of savings plans in adult social care, and the timing of the £19.8m required policy savings. This included £14.1m of policy savings from the original £19.8m still to be resolved (with potential option to use reserves to balance this for 2025/26 on the understanding savings would be agreed in 2026-27 to replenish and replace such use of reserves) and £8.7m shortfall in adult social care plans. Other than these, the plans for other services were broadly balanced against the targets set within a reasonable degree of tolerance.

The provisional Local Government Finance Settlement (pLGFS) was published on 18th December. A policy statement had been published on 28th November that enabled modelling of some of the additional funding announcements. Additional funding for social care was provided through Social Care Grant, KCC's share was £20.1m. Due to the ongoing challenge in balancing the adult social care budget against the original target it was agreed all this additional funding would be passported into the adult social care budget. The pLGFS also included the announcement of a new Children's Social Care Prevention Grant that it was agreed would be fully passported into the children's budget. Additional funding was also announced to fund the increase in the employer's National Insurance charge, guaranteed income under the Extended Producer Responsibility (EPR) and continuation of the Household Support Fund. None of these helped towards balancing the 2025/26 budget as they came with additional spending obligations KCC did not receive any of the new Recovery Grant and there was an expected cessation of the Services Grant.

The provisional settlement, along with final decisions on policy savings (including £8m flexible use of capital receipts to manage the timing of savings over two years) meant the strategy culminated in a balanced set of final draft proposals (including final refresh) for consideration by Cabinet Committees, Scrutiny Committee and Cabinet in January ahead of the full County Council budget meeting in February.

Consulting on the 2025/26 budget

Consultation on budget strategy was launched on 13th June 2024 and was open for 8 weeks until 7th August 2024. The consultation focussed on the financial challenge the council potentially faced, particularly in providing services for the most vulnerable residents. This financial challenge is compounded by market supply and sustainability issues for key providers of council services and increasing demands on council services due to complexity of need as well as increasing client numbers in some key services. The consultation identified that this combination meant that forecasting future spending and income is much harder than in previous years, yet we need to ensure the financial sustainability of the Council so that we can continue to provide essential services to Kent residents and communities. The consultation sought views on council tax increases up to referendum level and for adult social care. The consultation also sought views on levels of comfortableness to spending reductions across individual service areas, and we asked for suggestions for how me might find further savings. Responses to the consultation were set out in a report considered by elected Members (Councillors) at Cabinet Committee/Scrutiny Committee/Cabinet meetings during November 2024 and January 2025 in advance of the budget debate and approval by County Council on 13th February 2025.

Designing the 2025/26 budget – major changes

A high-level presentation of the changes between the final approved revenue budget for 2024/25 and the final approved budget for 2025/26 is shown in the table below. This presentation shows the change in the council's net budget requirement and the change in net funding from central government and local taxation and in particular the magnitude of spending growth and removal of previous saving compared to the available funding from government settlement and local taxation (which as explored later in this narrative changed considerably as the 2025/26 budget build evolved).

Change in net spending	£m	Change in net funding	£m
Additional spending & base adj.	207.2	Net increase in government grants	41.5
Removal of undelivered / temporary savings	38.0	Change in council tax base	11.4
New & Full Year Impact of Savings	-75.4	Increase in council tax charge	47.2
New & Full Year Impact of Income	-23.5	Change in retained business rates	3.4
New & Full Year Impact of existing Grants	-35.0		
Net changes in reserves	-9.5	Change in collection fund	-1.7
Total change in net spending	**101.8**	**Total change in net funding**	**101.8**

The budget for 2025/26 was approved by full Council on 13th February 2025. The net revenue budget for 2025/26 was £1,530.9m an increase of £101.4m on 2024/25 final budget of £1,429.5m. The 2025/26 budget presented to County Council for approval comprised of £200.1m of increased spending (core and externally funded) including base budget changes to reflect the full year effect of forecast variances in 2024/25 budget monitoring, provision for forecast pay, price and other demand and cost driver increases and changes in spending from specific grants. The budget presented included £96.1m of savings and income, £34.6m from the removal of either undelivered or temporary savings from prior years, £29.0m net increase in specific government grant income and net reduction of £8.2m from changes in reserve contributions and drawdown. The budget presented to County Council did not include the council's share of retained business rates and collection fund balances, and final announcement of some departmental specific grants and the associated spending e.g. public health, as these had not been announced in time for publication.

The council's share of business rates along with late changes to specific grants and a technical change relating to the Council's contribution to the DfE Safety Value agreement were reported to Cabinet on 4th March and were incorporated in the final budget along with the increased grant income and spending from subsequent specific grant announcements as reflected in the final table above. Cabinet agreed that the additional £6.1m of specific grant funding (a higher Public Health grant than previously assumed and Active Travel grant) is matched with additional spending and therefore has zero impact on the net budget. In line with established policy the £0.3m business rate collection fund surplus was transferred into local taxation equalisation reserve, along with a minor change to the retained business rates of £0.047m. These changes approved by Cabinet increased the final net revenue budget to £1,531.3m an increase of £101.8m on the final budget for 2024/25.

The capital programme presented planned rolling programmes over 10 years together with approved projects where funding has been secured over the planned duration for the projects. Projects under development where funding has not yet been secured are presented in a separate schedule that does not form part of the approved programme. The ten-year capital programme for 2025/26 to 2034-35 was £1,419m funded by a combination of government grants (£766m), borrowing (£366m) and other sources (£287m).

The revenue and capital budgets represented the culmination of a long evolution process as part of the agreed strategy through updating the original 2025/26 plan in the 2024-27 MTFP and limiting the number of refreshes to avoid a continually moving savings target. This updating process started in April 2024 with Corporate Management Team (CMT) and Cabinet and included public consultation in the summer and cabinet committee scrutiny of the initial draft proposals in November 2024, and then final draft proposals in January 2025. The estimates were prepared against the backdrop of spending growth continuing to exceed the available resources from central government and local taxation and the essential need to replace the use of one-offs necessary to balance the 2024/25 budget. Adult social care spending has come under significant pressure particularly on older persons residential and nursing care where the cost of packages for new clients has been continually rising above inflation (although there are also a combination of demand and cost pressures for other client groups and care settings but to a relatively lesser extent than older persons). There have also been significant cost and demand pressures in children's services including children in care, and special educational needs.

The MTFP showed an unbalanced position over the second and third years of the 2025-28, primarily within the Adult Social Care service, based on all specific and an appropriate share of general funding, spending, and savings/income assumptions. The MTFP reflected the final instalment of a two year repayment, into the general reserve, for the drawdown required to fund the 2022-23 overspend.

Finalising the 2025/26 budget

The final draft budget for County Council approval was published on 5th February 2025. The final local finance settlement was published on 3rd February 2025 and provided an updated from the provisional local government finance settlement published on 18th December 2024. The final settlement included an increase in the new Children's Social Care Prevention Grant and confirmed our share of compensation funding through the Employer National Insurance Contribution Grant. The final settlement was included in the draft budget for County Council and increased revenue funding to £1,530.9m, an increase of £101.4m from the final approved budget for 2024/25. The business rate tax base and collection fund balances were included in final budget approved by Cabinet on 4th March 2025. The final net revenue for 2025/26 was £1,531.3m (an increase of £101.8m or 7.1% on 2024/25).

The evolution of funding estimates for 2024/25 is shown below:

	Final 2024/25 in 2024-27 MTFP £m	Original 2025/26 in 2024-27 MTFP £m	Initial Draft Budget Nov 24 £m	Draft Budget January 2025 (inc. PLGFS) £m	County Council Budget February 2025 (inc. FLGFS) £m	**Final Budget March 2025 £m**	Final Change from 2024/25 £m
Council Tax	935.7	997.1	999.2	994.3	994.3	994.3	+58.6
Business Rates	65.7	67.7	68.5	67.2	67.2	69.1	+3.4
Collection Funds & Compensation	5.2	7.0	7.0	3.2	3.2	3.5	-1.7
General Grants	215.9	220.5	220.5	232.9	233.6	231.8	+15.9
Social Care Grants	205.7	200.5	200.5	232.0	232.6	232.6	+26.9
Services Grant	1.3	1.3	1.3	0.0	0.0	0.0	-1.3
Total	**1,429.5**	**1,494.1**	**1,497.0**	**1,529.7**	**1,530.9**	**1,531.3**	**+101.8**

Risks associated with the 2025/26 budget

The Section 25 Assurance report set out the Finance Director's assessment of the robustness of financial estimates in the proposed budget and MTFP and the adequacy of reserves. The report acknowledged the challenge in setting a balanced budget due to the ongoing and escalating cost pressures alongside insufficient funding in the local government finance settlement. The report highlighted that to safeguard the Council's financial resilience that for 2025/26 there must continue to be a relentless focus on financial management, cost avoidance, demand management, timely delivery of agreed savings and no additional spending requests that would add to costs over and above budgeted levels without following due governance processes.

The report concluded that provided all the measures set out in the budget plan were implemented (including delivery of savings and income, resisting future spending growth, minimising the level of capital borrowing and implementing council tax increases) then the Council would continue to demonstrate financial sustainability over the medium term (defined for this purpose as over next two years) although considerable uncertainty remained over the longer term.

The 2025/26 budget included an assessment of the main financial risks that have not been included in spending plans. The highest rated risks included:

- Ongoing rises in demand to support children and young people with Special Educational Needs and Disability (SEND). This demand is rising much faster than increases in High Needs funding within the

Dedicated Schools Grant. The Council has developed and implemented an SEN Action Plan and is included in phase 2 of the government's "Safety Valve" programme.
- Changes in circumstances affecting the delivery of planned savings and the inability to replace use of one-off measures.
- Market sustainability of adult and children's social care market.
- Under delivery of the recovery plan to bring the 2024/25 revenue budget into a balanced position by 31st March 2025, resulting in a need to draw down from reserves leading to a reduction in our future financial resilience.
- Inflation increases over and above estimated price levels included within capital and revenue budgets.
- A reduction in government grants from the government's reforms to funding allocations.
- Non-inflationary cost increases continue on an upward trend beyond the forecast amounts included in the budget.

Looking Forward – 2026/27 Budget Onwards

Local authorities in the United Kingdom will continue to keep their Accounts in accordance with 'proper practices'. CIPFA/LASAAC continue to consider future changes to International Financial Reporting Standards (IFRS) for Local Government, as it reinforces the drive to improve financial reporting and enhance accountability for public money.

Consultation on the 2026/27 budget was carried out between 5th August and 29th September 2025. The consultation included some key facts about Kent, KCC's strategic priorities and the financial challenges facing the council in setting a sustainable budget in 2026/27. The consultation set out the uncertainties around future funding and in all likelihood any increase in funding would not keep pace with our estimated spending increases. To address this challenge, the consultation set out a number of options to close the estimated budget gap.

The 2026/27 and 2027/28 illustrative budget plans (presented to County Council in February 2025) were based on an assumed flat cash settlement for those grants which are not subject to an annual inflationary uplift (RSG and business rate top-up/compensation) with an assumed reduction in the Market Sustainability and Improvement Fund for the workforce element which was anticipated was time limited) and final end of New Homes Bonus Grant. The future plans also assumed same 3%+2% council tax referendum principles as 2025/26.

A draft revenue budget and MTFP was published at the beginning of January 2026 for the January Cabinet Committees. This was later than in previous years but allowed the new administration time to formulate their budget proposals and allowed officers to reflect the fundamental changes to grant funding arising from Fair Funding 2.0. Each committee received a standard report which included details of policy considerations that were specific to that committee. The administration's draft budget for 2026-27 was balanced in the first year, but in a change to the traditional presentation, the following two financial years assumed no council tax charge increase and consequently showed sizeable unresolved budget gaps in both years.

The final draft budget was published on 4th February for full council approval on 12th February 2026. Thes final draft showed a net revenue budget of £1,648.1m, £116.8m increase on the final approved 2025/26 budget. However, this was based on the provisional local government finance settlement and did not include the final share of retained business rate or business rate collection balance. As in previous years, these late changes were reported and approved by Cabinet in March 2026 resulting in a final approved net revenue budget for 2026-27 of £1654.5m. The 10 year capital was unchanged from the Council approval of £1,967m.

The final local government finance settlement was announced on 9th February 2026 and included an increase in the Revenue Support Grant from a correction in legacy funding for business rate pooling in two tier areas, and a minor increase to the Homelessness, Rough Sleeping and Domestic Abuse consolidated grant. On the same day, the Department for Education announced that the Safety Valve Programme would close on 1 April 2026 and, as part of the Governments wider Special Education Needs and Disability (SEND) funding reforms, will be replaced with a new High Needs Stability Grant. This new grant will cover 90% of the accumulated deficit on the

DSG High Needs block as at 31st March 2026, subject to approval of a local SEND reform plan. Local authorities are expected to plan to fund the remaining 10%.

The Section 25 Assurance Statement for 2026/27 noted the additional risks within the proposed budget and medium-term financial plan, particularly around delivery of adult social care budget which was now deemed to be on a par with risks on Special Education Needs as the highest risks to the Council financial sustainability. The statement also highlighted the longer-term financial risk from the decision to raise the council tax charge below the permitted level due the permanent impact on tax revenues foregone. Aside from the increased risks the assurance drew similar conclusions to 2025/26 along with recommendation that general reserves should be maintained within a minimum to acceptable range of 5% to 10% of net revenue budget.

The local government finance settlement for 2026/27 includes government grant indicative allocations for 2027/28 and 2028/29. This multi-year settlement provides us with indicative allocations reflecting the phased transition to the new funding allocations, which are based on updated relative needs assessment alongside consolidation of previous separate grants.

The plans for 2027/28 and 2028/29 will be updated during the course of 2026 with the aim of publishing a draft 2027/28 budget and MTFP in November 2026, and final draft in January 2027 for Cabinet endorsement and County Council approval in February 2027.

Earmarked Reserves

The financial statements set out the detail and level of the Council's earmarked reserves. Earmarked reserves are an essential tool that allows the Council to manage risk exposure and smooth the impact of major costs. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement, and regard to LAAP 13: Local Authority Reserves and Balances.

Revenue earmarked reserves are £210.2m and Note 25 provides an explanation of the purpose of each significant reserve along with the balance held at 31 March 2026. The general reserve position as at 31 March 2026 is £65.9m which is a net decrease of £12.6m.

As at 31 March 2026 the Council has usable capital reserves of £218.9m as shown on Note 23.

Certain reserves are held to manage the accounting processes for such items as capital assets, collection fund and retirement benefits and these are unusable reserves of the Council. The Council also has a number of provisions set aside to meet known liabilities. The main provisions are for insurance claims and redundancies. Provisions held at 31 March 2026 totalled £52.3m as per Note 26.

Pension Fund

Local Authorities are required to comply with the disclosure requirements of IAS 19 - Employee Benefits. Under IAS 19, the Council is required to reflect in the primary statements of the Accounts, the assets and liabilities of the Pension Fund attributable to the Council and the cost of pensions. IAS 19 is based upon the principle that the Council should account for retirement benefits when it is committed to give them even though the cash payments may be many years into the future. This commitment is accounted for in the year that an employee earns the right to receive a pension in the future. These disclosures are reflected in the Comprehensive Income and Expenditure Account, the Balance Sheet and the Movement in Reserves Statement.

IAS 19

The 2025/26 IAS 19 report shows that the Kent County Council Pension Fund now has a deficit of £38.7m. This is an increase in the deficit of £9.4m from 2024/25.

Current Borrowing & Capital Resources

All of the borrowing disclosed in the balance sheet relates to the financing of capital expenditure incurred in 2025/26, earlier years and for future years. The balance currently stands at £618m (short and long term) as shown on the Balance Sheet. Future capital expenditure will be financed from revenue contributions, sale of surplus fixed assets, capital grants and contributions, borrowing, and relevant funds within earmarked reserves.

The Council's stewardship, responsibilities and financial management policies

The Council is responsible for handling a significant amount of public money. The Council's Financial Regulations must comply with the Constitution and set the control framework for five key areas of activity:

- Financial Planning
- Financial Management
- Risk Management and Control of Resources
- Systems and Procedures
- External Arrangements.

The Council needs to ensure that it has sound financial management and procedures in place and that they are adhered to. The Financial Regulations are reviewed regularly to reflect changes in structures and working practices; and to ensure our regulations reflect current best practice and strengthen areas where there were known gaps. The regulations provide clarity about the accountability of the following:

- Cabinet
- Members
- the Monitoring Officer
- the Chief Finance Officer (Corporate Director Finance)
- Corporate Directors.

Further information about the Accounts can be obtained from Joe McKay, Acting Chief Accountant.

Telephone (03000) 42 14 47 or email joe.mckay@kent.gov.uk

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 ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the Statement of Accounts.

I confirm that these Accounts were approved by the Governance and Audit Committee at its meeting on DATE TO FOLLOW on behalf of Kent County Council.

Michael Brown, Chairman of the Governance and Audit Committee

The Corporate Director Finance's responsibilities

The Corporate Director Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code), and is required to give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2026.

In preparing this Statement of Accounts the Corporate Director Finance has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Corporate Director of Finance has also:

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

I confirm that these accounts give a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2026.

Certificate of the Corporate Director Finance

Brendan Arnold, Corporate Director Finance

Comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Year Ended 31 March 2026

Service	**Notes**	**Gross Expenditure £000s**	**Gross Income £000s**	**Net Expenditure £000s**
Adult Social Care including Public Health	ASCH	1,069,860	-327,534	**742,326**
Children, Young People & Education	CYPE	1,834,607	-1,416,548	**418,059**
Growth, Environment & Transport	GET	371,645	-108,849	**262,797**
Chief Executive's Department	CED	116,353	-47,715	**68,637**
Deputy Chief Executive's Department	DCED	81,622	-6,403	**75,220**
Non Attributable Costs including Corporately Held Budgets	NAC	20,651	-10,784	**9,867**
Cost of Services		**3,494,738**	**-1,917,832**	**1,576,906**
Other operating expenditure	13			15,045
Net surplus on trading accounts	34			-3,716
Financing and investment income and expenditure	14			10,336
Taxation and non-specific grant income	15			-1,678,539
Surplus or deficit on provision of services				**-79,968**
Surplus or deficit on revaluation of non-current assets				-23,925
Remeasurement of the net defined benefit liability				57,881
Surplus or deficit from investment in equity instruments designated at fair value through other comprehensive income				-828
Other comprehensive income and expenditure				**33,128**
Total comprehensive income and expenditure				**-46,840**

Year Ended 31 March 2025

Service	Notes	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Adult Social Care including Public Health	ASCH	931,433	-309,129	**622,304**
Children, Young People & Education	CYPE	1,767,563	-1,308,955	**458,608**
Growth, Environment & Transport	GET	342,486	-72,490	**269,996**
Chief Executive's Department	CED	48,830	-21,403	**27,427**
Deputy Chief Executive's Department	DCED	128,265	-12,218	**116,047**
Non Attributable Costs including Corporately Held Budgets	NAC	17,297	-12,096	**5,201**
Cost of Services		**3,235,874**	**-1,736,291**	**1,499,583**
Other operating expenditure	13			60,669
Net surplus on trading accounts	34			-5,835
Financing and investment income and expenditure	14			11,105
Taxation and non-specific grant income	15			-1,598,429
Surplus or deficit on provision of services				**-32,907**
Surplus or deficit on revaluation of non-current assets				-92,159
Remeasurement of the net defined benefit liability				29,336
Surplus or deficit from investment in equity instruments designated at fair value through other comprehensive income				-866
Other comprehensive income and expenditure				**-63,689**
Total comprehensive income and expenditure				**-96,596**

Movement in reserves statement

The Movement in Reserves 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 Council'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 before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2025/26	General fund £000s	Earmarked reserves £000s	Total £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Total usable reserves £000s	Unusable reserves £000s	Total reserves £000s
Balance at 31 March 2025	**-78,562**	**-314,104**	**-392,666**	**-40,313**	**-175,001**	**-607,980**	**-2,470,723**	**-3,078,703**
Movement in reserves in 2025/26:								
Total Comprehensive income and expenditure	-79,968		**-79,968**			**-79,968**	**33,128**	**-46,840**
Adjustments between accounting basis and funding basis	139,425		**139,425**	-13,245	10,378	**136,558**	**-136,558**	**0**
Net increase or decrease before transfers to earmarked reserves	**59,457**	**0**	**59,457**	**-13,245**	**10,378**	**56,590**	**-103,430**	**-46,840**
Transfers to or from earmarked reserves (total of *s in Note 23)	-46,866	46,866	**0**			**0**		**0**
Increase or decrease (movement) in year	**12,591**	**46,866**	**59,457**	**-13,245**	**10,378**	**56,590**	**-103,430**	**-46,840**
Balance at 31 March 2026	**-65,971**	**-267,238**	**-333,209**	**-53,557**	**-164,623**	**-551,390**	**-2,574,153**	**-3,125,543**

2024/25	General fund £000s	Earmarked reserves £000s	Total £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Total usable reserves £000s	Unusable reserves £000s	Total reserves £000s
Balance at 31 March 2024 carried forward	-43,030	-373,220	**-416,250**	-44,234	-163,652	**-624,136**	**-2,375,111**	**-2,999,247**
Adjustments on transition to new accounting arrangements for leases	4,249	-511	**3,738**			**3,738**	**13,401**	**17,139**
Transitional adjustments between accounting basis and funding basis	-4,249		**-4,249**			**-4,249**	**4,249**	**0**
Adjusted balance at 1 April 2024	**-43,030**	**-373,731**	**-416,761**	**-44,234**	**-163,652**	**-624,647**	**-2,357,461**	**-2,982,108**
Movement in reserves in 2024/25:								
Total Comprehensive income and expenditure	-32,908		**-32,908**			**-32,908**	**-63,688**	**-96,596**
Adjustments between accounting basis and funding basis	57,002		**57,002**	3,921	-11,349	**49,574**	**-49,574**	**0**
Net increase or decrease before transfers to earmarked reserves	**24,094**	**0**	**24,094**	**3,921**	**-11,349**	**16,666**	**-113,262**	**-96,596**
Transfers to or from earmarked reserves	-59,627	59,627	**0**			**0**		**0**
Increase or decrease (movement) in year	**-35,533**	**59,627**	**24,094**	**3,921**	**-11,349**	**16,666**	**-113,262**	**-96,596**
Balance at 31 March 2025	**-78,563**	**-314,104**	**-392,667**	**-40,313**	**-175,001**	**-607,981**	**-2,470,723**	**-3,078,704**

Balance Sheet

The Balance Sheet shows the financial position of Kent County Council as a whole at the end of the year. Balances on all accounts are brought together and items that reflect internal transactions are eliminated.

	Notes	31 March 2026 £000s	31 March 2025 £000s
Property, plant & equipment	17	3,863,610	3,791,446
Heritage assets	21	7,694	8,725
Investment property	18	39,587	43,317
Intangible assets		336	313
Right of use assets	22	35,323	36,667
Long-term investments	39	307,761	316,469
Long-term debtors	27	64,643	70,237
Total long-term assets		**4,318,953**	**4,267,174**
Inventories		461	2,102
Assets held for sale		4,238	692
Short-term debtors	27	472,287	374,606
Short-term investments	39	3,313	42,690
Cash and cash equivalents	29	34,090	142,979
Total current assets		**514,390**	**563,069**
Temporary borrowing	39	-72,548	-90,510
Short-term lease liability	22/39	-22,561	-20,587
Short-term provisions	26	-41,456	-23,888
Short-term creditors	28	-451,323	-446,931
Cash and cash equivalents	29	-64,730	-40,297
Total current liabilities		**-652,618**	**-622,213**
Long-term creditors	28	-431	-533
Long-term provisions	26	-10,862	-8,453
Long-term borrowing	39	-545,114	-650,338
Long-term lease liabilities	22/39	-41,069	-43,004
Other long-term liabilities	38/39	-239,905	-243,252
Capital grants receipts in advance	16	-217,801	-183,746
Total long-term liabilities		**-1,055,182**	**-1,129,326**
Net assets/liabilities		**3,125,543**	**3,078,704**
Usable reserves	23	-551,390	-607,980
Unusable reserves	24	-2,574,153	-2,470,723
Total reserves		**-3,125,543**	**-3,078,703**

Cash flow statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or income from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

	Notes	31 March 2026 £000s	31 March 2025 £000s
Net surplus or deficit on the provision of services		-79,968	-32,908
Adjustments to net surplus or deficit on the provision of services for non-cash movements	30	-123,561	-227,857
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	30	215,360	218,663
Net cash flows from operating activities		**11,831**	**-42,102**
Investing activities	31	-11,709	21,469
Financing activities	32	133,200	49,496
Net increase or decrease in cash and cash equivalents		**133,322**	**28,863**
Cash and cash equivalents at the beginning of the reporting period		102,682	131,545
Cash and cash equivalents at the end of the reporting period	**29**	**-30,640**	**102,682**

Expenditure Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax, and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services / departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Year Ended 31 March 2026	**As reported to management £000s**	**Adjustments to arrive at the net amount chargeable to the general fund balance £000s**	**Net expenditure chargeable to the general fund £000s**	**Adjustments between the funding basis and accounting basis £000s**	**Net expenditure in the CIES* £000s**
Adult Social Care including Public Health	744,465	1,886	746,351	-4,025	742,326
Children, Young People & Education	375,187	1,016	376,203	41,856	418,059
Growth, Environment & Transport	202,271	-1,047	201,224	61,573	262,797
Chief Executive's Department	56,114	1,639	57,753	10,885	68,637
Deputy Chief Executive's Department	54,522	7,914	62,435	12,784	75,220
Non Attributable Costs including Corporately Held Budgets	123,130	-64,017	59,113	-49,246	9,867
Schools' Delegated Budgets	32,981	-32,981	0	0	0
Net cost of services	**1,588,670**	**-85,591**	**1,503,079**	**73,827**	**1,576,906**
Other income and expenditure	-1,556,819	113,197	-1,443,622	-213,252	-1,656,874
Surplus or deficit	**31,850**	**27,607**	**59,457**	**-139,425**	**-79,968**
Opening general fund balance			-392,666		
Surplus or deficit on general fund in year			59,457		
Transfers between usable and unusable reserves			0		
Closing general fund balance			**-333,209**		

*CIES - Comprehensive income and expenditure statement

Note 9 provides an explanation of the main adjustments to the Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Year Ended 31 March 2025

	As reported to management £000s	Adjustments to arrive at the net amount chargeable to the general fund balance £000s	Net expenditure chargeable to the general fund £000s	Adjustments between the funding basis and accounting basis £000s	Net expenditure in the CIES* £000s
Adult Social Care including Public Health	615,797	2,375	618,172	4,131	622,303
Children, Young People & Education	397,375	3,680	401,055	57,552	458,608
Growth, Environment & Transport	208,585	2,934	211,520	58,476	269,996
Chief Executive's Department	28,427	373	28,800	-1,372	27,427
Deputy Chief Executive's Department	79,459	19,550	99,009	17,038	116,047
Non Attributable Costs including Corporately Held Budgets	129,578	-113,604	15,974	-10,773	5,201
Schools' Delegated Budgets	30,315	-30,315	0	0	0
Net cost of services	**1,489,536**	**-115,007**	**1,374,530**	**125,052**	**1,499,582**
Other income and expenditure	-1,459,819	109,384	-1,350,435	-182,055	-1,532,490
Surplus or deficit	**29,717**	**-5,623**	**24,095**	**-57,003**	**-32,908**
Opening general fund balance			-416,761		
Surplus or deficit on general fund in year			24,094		
Transfers between usable and unusable reserves			0		
Closing general fund balance			**-392,666**		

*CIES - Comprehensive income and expenditure statement

Note 1 | Basis for preparation

The notes to the financial statements on the following pages are in order of significance, primarily based on aiding an understanding of the key drivers of the financial position of the Council, whilst maintaining the grouping of notes between the income and expenditure statement and the balance sheet where appropriate.

The notes relating to specific financial statement lines include the corresponding accounting policy. As a result, there is not a separate principal accounting policies note but Note 2 details general accounting policies or those where there are not accompanying notes.

Details of the order of the notes can be found in the Contents page of the financial statements.

Note 2 | General accounting policies (where there is no accompanying note

General

The Council is required to prepare a Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. The Accounts of Kent County Council have been compiled in accordance with the Code of Practice on Local Authority Accounting in the UK 2025/26 supported by International Financial Reporting Standards. These accounts are prepared in accordance with the historical cost convention, modified for the valuation of certain categories of non-current assets and financial instruments. They are also prepared on a going concern basis.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The majority of expenditure is created using the accounting system and accruals are generated automatically. Outside of this, a de minimus of £5,000 for revenue and £10,000 for capital is used for income and expenditure items. 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.

Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a 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 and future 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.

Accounting for schools

The accounting policies for Schools are in line with the Council's and therefore are compiled on an accruals basis. Schools balances are consolidated into the Council's accounts, with income and expenditure being attributed to the appropriate service line in the Comprehensive Income and Expenditure Statement and assets and liabilities included on the Balance Sheet. The Schools Reserve is held in a separate reserve and is located within Usable Reserves. The DSG deficit is transferred to the DSG Adjustment Account via the Movement to Reserves Statement.

Non-current assets for maintained schools are included on the balance sheet where they are owned or controlled by the Authority or the school governing body.

Intangible assets

Assets that do not result in the creation of a tangible asset (which is an asset that has physical substance), but are identifiable and are controlled by the Council, e.g. software licences, are classified as intangible assets. This expenditure is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the life of the asset. For software licences this is normally between 3 to 5 years.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Fair value measurement of non-financial assets

The Council's accounting policy for fair value measurement of financial assets is set out in Note 39. The Council also measures some of its non-financial assets such as investment properties and assets held for sale and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Surplus assets are also valued at fair value in accordance with the valuation policy of surplus assets. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

a) in the principal market for the asset, or

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

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets 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.

Valuation techniques for levels 2 and 3 include market approach, cost approach and income approach.

Joint operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

East Kent Opportunities LLP (EKO) is a 'Jointly Controlled Operation' and in 2025/26 the transactions and balances of EKO relating to KCC have been incorporated into the financial statements and notes of the Council's Statement of Accounts.

Accounting for Value Added Tax (VAT)

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

Inventories

Stock is valued at the lower of cost or net realisable value. Spending on consumable items is accounted for in the year of purchase.

Interests in companies and other entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in the companies and other entities are recorded as financial assets held at fair value through profit and loss.

Insurance fund

IAS 37 Provisions, Contingent Liabilities and Contingent Assets requires that full provision should be made for all known insurance claims.

Based on current estimates of the amount and timing of fund liabilities, the insurance provision at 31 March 2026 is established at a level sufficient to meet all known insurance claims where the likely cost can be estimated and there is reasonable certainty of payment. It is therefore in accordance with the requirements of IAS 37.

Note 3 | Accounting standards that have been issued but not yet adopted

There are relatively few changes to accounting standards or legislation that will have a significant impact on the 2026-27 Statement of Accounts, compared with the introduction of IFRS 16 Leases in 2024/25 and Indexation in 2025/26.

IFRS 9 and IFRS 7 changes may impact on the classification and measurement of financial instruments and these will be implemented in 2026-27 as required.

Note 4 | Critical judgements in applying accounting policies

In applying the accounting policies set out, 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:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Property, plant and equipment

The Council has a policy to revalue its land and buildings at least every five years, supported by indexation in the intervening years, in line with our revaluation policy for PPE. All valuations are carried out by appointed external valuers in accordance with the professional standards of the Royal Institution of Chartered Surveyors.

In order to meet the Authority's policy on accounting for non-current assets related to schools, each school is considered on an individual basis taking into account ownership rights and, where relevant, the circumstances under which the school is using the asset.

Kent County Council's interest in companies

The Council wholly owns Global Commercial Services Group Ltd and this company and its subsidiaries are consolidated into our Group Accounts.

The Council has an interest in companies outside of those that are our wholly owned subsidiaries. KCC have conducted tests of control on these companies and in considering the outcome of these tests we have concluded that we have no overall control or significant influence over these companies, and our level of control is less than or equal to 50%. The economic activity of these companies is not deemed material and therefore not consolidated into the group accounts. Payments made to any entity we have an interest in are shown in Note 37. We annually review all companies we have an interest in and test the level of control.

Note 5 | Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment: Useful lives	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation would increase and the carrying amount of the assets could fall. It is estimated that the annual depreciation charge would increase by £2.8m for every year that asset lives had to be reduced. The useful lives applied to our assets for depreciation calculations are provided by RICS qualified external valuers and we therefore consider this to be the most accurate estimate we can obtain. However, if assumptions do not materialise then there could be a material difference to depreciation and carrying amounts of assets.
Property, plant and equipment: Valuation assumptions	Asset valuations are based on key assumptions. Assets valued on a Depreciated Replacement Cost basis, totalling £2,300.9m in the balance sheet, are significantly influenced by obsolescence rates, BCIS rates and allowances for fees & externals. These require professional judgement and therefore are not certain. Assets valued on an Existing Use Value basis, totalling £217.1m on the balance sheet, are significantly influenced by assumptions around rents and yields. Surplus assets valued on a Fair Value basis, totalling £87.9m are significantly influenced by assumptions around land values, rents and yields.	The assumptions on which valuations are based are provided by RICS qualified external valuers and challenged rigorously and therefore considered reliable. However, if assumptions within the methodology do not materialise then there could be a material impact on the valuation of land & buildings. It should be noted though that any differences in asset valuations would not have an impact on the General Fund balance.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of 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 assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a decrease of 0.1% in the discount rate would result in an increase in the pension liability of £43.4m. A 1-year increase to life expectancy assumptions would result in an increase in the pension liability of £120.1m. A reduction in the value of the assets would increase the pension liability on the Balance Sheet.

Item	Uncertainties	Effect if actual results differ from assumptions
		The net pension liability carrying value for 2025/26 is £38.7m. More information on the carrying amount of the assets & liabilities impacted by estimation uncertainty can be found in Note 38.
Fair value measurements	Surplus and Investment Properties cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), so their fair value is measured using income or market approach valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible unobservable inputs, which require judgement, are used to establish fair values. The significant unobservable inputs used in the fair value measurement include assumptions regarding passing rents and yields, estimated sale values, revenue streams and discount rates. Information about valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Note 17, Note 18 and Note 39.	Sizable changes in any of the unobservable inputs would result in a significant lower or higher fair value measurement for those assets held at fair value.

Note 6 | Officer remuneration

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 such benefits as salaries, paid annual leave and paid sick leave, bonuses and nonmonetary 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 form 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 charged to Service lines within the Comprehensive Income and Expenditure Statement but is 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to Service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the cost for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Council participates in two different pension schemes. Both schemes provide members with defined benefits (retirement lump sums and pensions), related to pay and service. The schemes are as follows:

Teachers and former NHS Staff

The Council contributes to the Teachers' Pension Scheme and the NHS Pension Scheme at rates set by the schemes actuary and advised by the Schemes Administrator. The schemes pay benefits on the basis of pre-retirement salaries of teaching staff and former NHS staff. While the schemes are of the Defined Benefit type, they are accounted for as Defined Contribution Schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

Other employees

The liabilities of the Kent Pension Fund 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 projections of projected earnings for current employees.

The assets of Kent 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 the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and 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 and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. the net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (assets) during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- net return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) - charged to the Pension Reserve as Other Comprehensive Income and Expenditure,
- 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 – charged to the Pensions Reserve, as Other Comprehensive Income and Expenditure,
- contributions paid to the Kent 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 or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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 pensioners and any such amounts payable 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 earned by employees.

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 to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Summary of employees receiving remuneration of £50,000 or more during the period 1 April 2025 to 31 March 2026

Regulations require the Council to disclose remuneration for all employees earning over £50,000 plus additional disclosures for those senior officers reporting directly to the Head of Paid Service and those earning over £150,000.

This note shows the number of employees whose total remuneration in the financial year 2025/26 was £50,000 or more.

Remuneration includes:

a) all sums paid to or receivable by an employee including non-taxable termination payments, redundancy payments and pay in lieu of notice. This includes all payments, regardless of whether or not they were due in the year e.g. advance payment of salary in lieu of notice,

b) expense allowances chargeable to tax i.e. the profit element of car allowances; and

c) the money value of benefits such as leased cars and health insurance,

d) but excludes Employer's Pension contributions.

Senior Officers whose remuneration is disclosed are included in the renumeration bandings shown in the table on the following page for completeness, even though there is a statutory provision that allows senior officers to be excluded from the banding analysis.

	Total number of employees (non-schools) at 31 March 2026	Total number of employees (schools) at 31 March 2026	Total number of employees (non-schools) at 31 March 2025	Total number of employees (schools) at 31 March 2025
50,000 - 54,999	454	609	404	398
55,000 - 59,999	223	397	238	256
60,000 - 64,999	229	211	154	151
65,000 - 69,999	111	161	84	108
70,000 - 74,999	66	130	64	60
75,000 - 79,999	63	75	48	42
80,000 - 84,999	23	58	37	34
85,000 - 89,999	25	58	30	18
90,000 - 94,999	16	18	18	12
95,000 - 99,999	7	12	9	7
100,000 - 104,999	11	5	12	6
105,000 - 109,999	9	10	12	5
110,000 - 114,999	7	11	5	5
115,000 - 119,999	6	9	6	2
120,000 - 124,999	5	2	2	5
125,000 - 129,999	4	7	9	3
130,000 - 134,999	3	0	0	0
135,000 - 139,999	0	2	2	4
140,000 - 144,999	2	2	6	1
145,000 - 149,999	4	1	0	0
150,000 - 154,999	0	1	1	0
155,000 - 159,999	0	2	1	1
160,000 - 164,999	1	0	1	1
165,000 - 169,999	3	0	1	0
170,000 - 174,999	1	0	1	1
175,000 - 179,999	0	0	1	0
190,000 - 194,999	1	0	1	0
220,000 - 224,999	0	0	1	0
235,000 - 239,999	1	0	0	0
Total	**1,275**	**1,781**	**1,148**	**1,120**

The number of employees shown against the above remuneration band will not tie-up with the information on the following pages. This is because the table above refers to remuneration which includes items a-c as per the note on the previous page, whereas the following table relates purely to salary entitlement in the year and requires the employer's pension contribution to be disclosed but only for senior officers. The Code defines senior officers as those whose annual salary is £150,000 or more, or those whose salary is above £50,000 and holds a chief officer position. Where a senior officer's annual salary is £50,000 or more, but less that £150,000, remuneration is disclosed by job title. For Senior Officers whose annual salary is £150,000 or more, their name is also disclosed. The following tables are set out in the format prescribed in the CIPFA Code, issued by The Chartered Institute of Public Finance and Accountancy.

The remuneration paid to the authority's senior employees for 2025/26 is as follows:

Post Holder	Notes	Salary	Bonus	Allowance	Compensation for loss of office (e.g. redundancy payment)	Other	Total remuneration excluding pension contribution	Employer pension contribution	Total remuneration including pension contribution
Chief Executive (Amanda Beer)		237,213					**237,213**	48,629	**285,842**
Deputy Chief Executive (Ben Watts)	5, 6	87,603		2,238			**89,840**	459	**90,299**
Corporate Director Adult Social Care & Health (Richard Smith)	1	152,352			12,500		**164,852**	20,822	**185,674**
Interim Corporate Director Adult Social Care & Health (Sarah Hammond)	9	98,838					**98,838**	20,764	**119,602**
Corporate Director Children, Young People & Education (Sarah Hammond)	9	93,543					**93,543**	18,674	**112,217**
Interim Corporate Director Children, Young People & Education (Christine McInnes)	10	83,591					**83,591**	17,136	**100,727**
Corporate Director Growth, Environment & Transport (Simon Jones)		168,222					**168,222**	34,485	**202,707**
Interim Corporate Director Finance (John Betts)	2	121,381		10,500			**131,882**	27,036	**158,917**

Post Holder	Notes	Salary	Bonus	Allowance	Compensation for loss of office (e.g. redundancy payment)	Other	Total remuneration excluding pension contribution	Employer pension contribution	Total remuneration including pension contribution
Interim Section 151 Officer (Dave Shipton)	3	35,134					**35,134**	0	**35,134**
Corporate Director Finance (Brendan Arnold)	4	3,916		681			**4,597**	942	**5,539**
Director of Public Health (Dr Anjan Ghosh)		129,530		16,158			**145,688**	29,866	**175,554**
General Counsel (Ben Watts)	5, 6	64,765		9,738			**74,503**	459	**74,961**
Monitoring Officer (Petra Der Man)	7	26,152		2,558			**28,710**	5,885	**34,595**
Director of Infrastructure		132,030					**132,030**	27,066	**159,096**
Director of Strategy, Policy, Relationships & Corporate Assurance		129,530					**129,530**	26,554	**156,084**
Director of Technology		129,530		12,568			**142,098**	29,130	**171,228**
Head of Commercial & Procurement		109,309		6,500			**115,809**	23,741	**139,550**
Director of Human Resources & Organisational Development	8	97,148			69,556		**166,703**	19,915	**186,619**

Notes

1 Mr Smith left the post of Corporate Director Adult Social Care & Health on 30 September 2025. The annualised salary for this post was £203,137

2 Mr Betts left the post of Interim Corporate Director Finance on 31 December 2025. The annualised salary for this post was £161,842

3 Mr Shipton was the Interim Section 151 Officer from 01 January 2026 to 22 March 2026

4 Mr Arnold was appointed Corporate Director Finance from 23 March 2026. The annualised salary for this post was £161,842

5 Mr Watts left the post of General Counsel on 31 August 2025 and was appointed as Deputy Chief Executive from 01 September 2025

6 Remuneration for duties as Returning Officer have been included in the allowances for Mr Watts

7 Miss Der Man was appointed as the Monitoring Officer from 05 January 2026, the annualised salary for this post was £109,309

8 Mr Royel left the post of Director of Human Resources & Organisational Development on 31 December 2025, this annualised salary for this post was £129,530

9 Mrs Hammond left the post of Corporate Director Children, Young People & Education and was appointed Interim Corporate Director Adult Social Care & Health from 06 October

10 Mrs McInnes was appointed Interim Corporate Director Children, Young people & Education from 06 October 2025, the annualised salary for this post was £168,222

The remuneration paid to the authority's senior employees for 2024/25 is as follows:

Post Holder	Notes	Salary	Bonus	Allowance	Compensation for loss of office (e.g. redundancy payment)	Other	Total remuneration excluding pension contribution	Employer pension contribution	Total remuneration including pension contribution
Chief Executive (Amanda Beer)		223,979					**223,979**	45,916	**269,895**
Corporate Director Adult Social Care & Health (Richard Smith)		192,151					**192,151**	39,391	**231,542**
Corporate Director Children, Young People & Education (Sarah Hammond)		171,883					**171,883**	35,236	**207,119**
Corporate Director Growth, Environment & Transport (Simon Jones)		161,731					**161,731**	33,155	**194,886**
Corporate Director Finance (Zena Cooke)	1	65,502		1,333	116,529	13,873	**197,237**	5,492	**202,729**
Interim Corporate Director Finance (John Betts)	2	168,190		7,000			**175,190**	25,574	**200,764**
Director of Public Health		127,186		16,158			**143,344**	29,385	**172,729**
General Counsel (Ben Watts)	3	128,548		16,142			**144,690**	917	**145,607**
Director of Infrastructure		128,548					**128,548**	26,352	**154,900**

Post Holder	Notes	Salary	Bonus	Allowance	Compensation for loss of office (e.g. redundancy payment)	Other	Total remuneration excluding pension contribution	Employer pension contribution	Total remuneration including pension contribution
Director of Strategy, Policy, Relationships & Corporate Assurance		128,548					**128,548**	26,352	**154,900**
Director of Technology		126,648		12,568			**139,216**	28,539	**167,755**
Head of Commercial & Procurement		108,690		6,500			**115,190**	23,614	**138,804**
Director of Human Resources & Organisational Development (Paul Royel)		128,150					**128,150**	26,271	**154,421**

Notes

1 – Mrs Cooke left the post of Corporate Director Finance on 31 May 2024. The annualised salary for this post was £152,743.

2 – Mr Betts was paid via Connect2Kent from April to June and then through KCC payroll from July to March. The annualised salary for this post was £157,000.

3 – Remuneration duties as Returning Officer have been included in the allowances for Mr Watts

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. Of the total redundancies made, 60% of those are compulsory redundancies. We do not have the detail across bands £0 - £20,000, £20,001 -£40,000, and £40,001 - £80,000 and have applied this percentage equally to each of these bands. The total cost in 2025/26 of £1.1m includes schools and commitments in 2026/27.

Exit package cost band (including special payments)	Number of compulsory redundancies 2024/25	Number of compulsory redundancies 2025/26	Number of other departures agreed 2024/25	Number of other departures agreed 2025/26	Total number of exit packages by cost band 2024/25	Total number of exit packages by cost band 2025/26	Total cost of exit packages in each band 2024/25 £s	Total cost of exit packages in each band 2025/26 £s
80-001 - 120,000	0	0	1	1	1	1	116,529	85,000
40,001 - 80,000	0	1	0	2	0	3	0	171,921
20,001 - 40,000	10	4	6	4	16	8	442,678	238,464
0 -20,000	91	67	60	82	151	149	823,004	616,730
Total	**101**	**72**	**67**	**89**	**168**	**161**	**1,382,211**	**1,112,115**

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Note 7 | Members allowances

The Council paid the following amounts to members of the Council during the year:

	2025/26 £000s	2024/25 £000s (Restated)
Allowances	1,993	2,149
Expenses	44	55
Total	**2,037**	**2,204**

In 2025/26 the cost of the County Cars which includes repairs, maintenance, fuel and employment costs was £1.2k (£6.1k in 2024/25).

Note 8 | Material items of income and expense

Accounting policy

Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Material Items of Income and Expense

The net loss on disposal of non-current assets of £12.3m (£58.2m in 24-25) includes a loss of £6.8m (£61.3m in 24-25) which relates to schools transferring to academy status, at nil value, as instructed by the Secretary of State for Education.

Note 9 | Note to the Expenditure Funding Analysis

This note provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

For further details on each column, please refer to the numbered paragraphs after the tables as per the column headers.

2025/26	Drawdown to/from Reserves (Note 1) £000s	Investment Income reported at Directorate Level (Note 1) £000s	Chief Executive's Department Recharges (Note 1) £000s	Realignment for Accounting Purposes (Note 1) £000s	Adjustments for Trading Activities (Note 1) £000s
Adult Social Care & Health	1,886	0	0	0	0
Children, Young People & Education	539	469	9	0	0
Growth, Environment & Transport	-1,164	547	190	-675	55
Chief Executive's Department	-1,831	3,462	-199	675	-469
Deputy Chief Executive's Department	7,914	0	0	0	0
Non Attributable Costs including Corporately Held Budgets	26,961	12,948	0	-103,926	0
Schools' Delegated Budgets	-32,981	0	0	0	0
Net Cost of Services	**1,324**	**17,426**	**0**	**-103,926**	**-414**
Other income and expenditure from the Expenditure & Funding Analysis	23,297	-17,426	0	103,926	3,401
Total	**24,620**	**0**	**0**	**0**	**2,986**

2025/26	Total to arrive at amount charged to the General Fund £000s	Adjustments for capital purposes (Note 2) £000s	Net change for the Pensions Adjustments (Note 3) £000s	Other Differences (Note 4) £000s	Total Adjustment between Funding and Accounting Basis £000s
Adult Social Care & Health	1,886	3,510	-7,904	369	**-4,025**
Children, Young People & Education	1,016	21,046	-27,389	48,199	**41,856**
Growth, Environment & Transport	-1,047	66,159	-4,897	311	**61,573**
Chief Executive's Department	1,639	13,278	-2,317	-77	**10,885**
Deputy Chief Executive's Department	7,914	14,429	-1,645	0	**12,784**
Non Attributable Costs including Corporately Held Budgets	-64,017	6,586	-2	-55,830	**-49,246**
Schools' Delegated Budgets	-32,981	0	0	0	**0**
Net Cost of Services	**-85,591**	**125,008**	**-44,154**	**-7,028**	**73,827**
Other income and expenditure from the Expenditure & Funding Analysis	113,197	-202,190	-4,360	-6,703	**-213,252**
Total	**27,607**	**-77,181**	**-48,514**	**-13,730**	**-139,425**

2024/25 £000s	Drawdown to/from Reserves (Note 1) £000s	Investment Income reported at Directorate Level (Note 1) £000s	Chief Executive's Department Recharges (Note 1) £000s	Realignment for Accounting Purposes (Note 1) £000s	Adjustments for Trading Activities (Note 1) £000s
Adult Social Care & Health	2,370	0	5	0	0
Children, Young People & Education	2,883	551	64	181	0
Growth, Environment & Transport	1,849	358	679	0	48
Chief Executive's Department	1,121	0	-748	0	0
Deputy Chief Executive's Department	16,617	3,299	0	0	-366
Non Attributable Costs including Corporately Held Budgets	-21,480	19,369	0	-111,492	0
Schools' Delegated Budgets	-30,315	0	0	0	0
Net Cost of Services	**-26,954**	**23,577**	**0**	**-111,311**	**-318**
Other income and expenditure from the Expenditure & Funding Analysis	22,976	-23,577	0	111,311	-1,327
Total	**-3,978**	**0**	**0**	**0**	**-1,645**

2024/25	Total to arrive at amount charged to the General Fund £000s	Adjustments for capital purposes (Note 2) £000s	Net change for the Pensions Adjustments (Note 3) £000s	Other Differences (Note 4) £000s	Total Adjustment between Funding and Accounting Basis £000s
Adult Social Care & Health	2,375	8,460	-4,140	-189	**4,131**
Children, Young People & Education	3,680	27,967	-15,342	44,927	**57,552**
Growth, Environment & Transport	2,934	60,766	-2,796	507	**58,476**
Chief Executive's Department	373	5	-1,417	40	**-1,372**
Deputy Chief Executive's Department	19,550	17,926	-833	-55	**17,038**
Non Attributable Costs including Corporately Held Budgets	-113,604	5,554	-1	-16,326	**-10,773**
Schools' Delegated Budgets	-30,315	0	0	0	**0**
Net Cost of Services	**-115,006**	**120,677**	**-24,528**	**28,903**	**125,053**
Other income and expenditure from the Expenditure & Funding Analysis	109,384	-172,123	-10,343	412	**-182,054**
Total	**-5,622**	**-51,446**	**-34,871**	**29,315**	**-57,002**

1. Adjustments to arrive at amount charged to the General Fund

Drawdown to and from Reserves – for management reporting purposes the Council includes drawdowns to and from reserves, this needs reversing to arrive at the amount chargeable to the General Fund.

Investment Income and realignment of Non Attributable Costs (financing items) for Accounting Purposes – the Council also includes investment income in its directorate reporting and within Financing Items are such items as interest payable, Minimum Revenue Provision (MRP) and bank fees, however this is reported in the financial statements below the cost of services line and the table above shows these items being reallocated.

Chief Executive's Department Recharges – for management reporting purposes the Council records Members Grants to the Chief Executive's Department, however for accounting purposes this is reallocated across the other directorates.

Trading Activities – for management reporting purposes the Council includes the contribution received from its trading activities, however this needs adjusting to reflect the surplus or deficit of the trading activities. The Council also is required to consolidate a joint operation into its accounts.

2. Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

3. Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

4. Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For services this represents the following:

i) The finance costs charged to the Comprehensive Income and Expenditure Statement that are different from the finance chargeable in the year in accordance with statutory requirements.

ii) ii) The officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis that is different from the remuneration charged in the year in accordance with statutory requirements.

iii) The Schools Budget deficit charged to the Comprehensive Income and Expenditure Statement.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 10 | Segmental income

Income from Sales, Fees and Charges, including Internal Recharges, are analysed on a segmental basis below:

	2025/26 £000s	2024/25 £000s
Adult Social Care & Health	-147,299	-136,125
Children, Young People & Education	-124,694	-123,160
Growth, Environment & Transport	-64,725	-55,235
Chief Executive's Department	-33,210	-13,853
Deputy Chief Executive's Department	-2,595	-15,565
Non Attributable Costs	-7,854	-5,496
Total	**-380,378**	**-349,434**

Note 11 | Expenditure and income analysed by nature

The Council's expenditure and income is analysed as follows:

	2025/26 £000s	2024/25 £000s
Expenditure		
Employee benefits expenses	1,046,504	1,000,814
Other services expenses	2,321,259	2,123,601
Support service recharges	100,217	87,006
Depreciation, amortisation and impairment	116,077	120,713
Interest payments (including interest on defined liability of the Kent Pension Fund)	34,649	39,363
Precepts and levies	2,527	2,398
Loss or gain on the disposal of assets	12,342	58,242
Total expenditure	**3,633,575**	**3,432,137**
Income		
Fees, charges and other service income	-440,189	-365,071
Interest and investment income	-25,173	-38,630
Income from Council Tax and Non-Domestic Rates	-1,074,612	-1,010,469
Government grants and contributions	-2,173,570	-2,050,877
Total income	**-3,713,543**	**-3,465,047**

	2025/26 £000s	2024/25 £000s
Surplus or deficit on the provision of services	**-79,968**	**-32,910**

Included in the 2025/26 'Fees, charges and other services income' is £131.3m (£120.1m in 2024/25) of Revenue from Contracts with Service Recipients specifically relating to Social Care.

Note 12 | Adjustments between accounting basis and funding basis under regulations

Adjustments in 2025/26

31 March 2026	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-125,610			125,610
Revaluation gains/(losses) on Property Plant and Equipment and Assets held for Sale	-2,277			2,277
Movements in the fair value of Investment Properties	-3,485			3,485
Amortisation of intangible assets	-145			145
Capital Grants and contributions applied	111,413			-111,413
Income in relation to donated assets				
In year revenue expenditure funded from capital under statute	-73,137			73,137
Prior year revenue expenditure funded from capital under statute including long term debtor and PFI IFRS 16 remeasurement adjustments	-997			997
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-39,295			39,295

31 March 2026	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Amounts of capital inventory written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-1,333			1,333
Realised & unrealised gains/(losses) on financial assets held at FVPL	2,922			-2,922
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	67,485			-67,485
Capital expenditure charged against the General Fund	29,051			-29,051
Amounts relating to non-current assets derecognised on the granting of finance leases, adjusted for unguaranteed residual value	-323			323
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	75,595		-75,595	
Application of grants to capital financing transferred to the Capital Adjustment Account			85,973	-85,973
Cessation of recyclable grant repaid to accountable body	-325	325		
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	26,154	-26,154		

31 March 2026	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Transfer of cash sale proceeds from disposal of investment property credited to the Comprehensive Income and Expenditure Statement				
Transfer of cash sale proceeds from disposal of capital inventory credited to the Comprehensive Income and Expenditure Statement	1,400	-1,400		
Use of the Capital Receipts Reserve to finance new capital expenditure		22,463		-22,463
Loan repayments	800	-7,804		7,004
Movement in Donated Assets Account				
Amounts relating to deferred capital receipts	323	-675		352
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	5,057			-5,057
Adjustment primarily involving the Pooled Investment Adjustment Account:				
Unrealised gains/losses on financial assets held at FVPL	9,032			-9,032
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-51,411			51,411
Employer's pensions contributions and direct payments to pensioners payable in the year	99,925			-99,925

31 March 2026	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Adjustments primarily involving theDSG Adjustment Account:				
Amount by which Schools Deficit has moved in year.	3,282			-3,282
KCC contribution to the DSG Safety Valve Agreement				
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	5,907			-5,907
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-582			582
Total adjustments	**139,426**	**-13,245**	**10,378**	**-136,559**

Adjustments in 2024/25

31 March 2025	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-118,557			118,557

31 March 2025	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Revaluation gains/(losses) on Property Plant and Equipment and Assets held for Sale	-5,037			5,037
Movements in the fair value of Investment Properties	470			-470
Amortisation of intangible assets	-174			174
Capital Grants and contributions applied	119,755			-119,755
Income in relation to donated assets				
In year revenue expenditure funded from capital under statute	-53,968			53,968
Prior year revenue expenditure funded from capital under statute including long term debtor adjustments	-251			251
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-80,923			80,923
Amounts of capital inventory written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-187			187
Realised & unrealised gains/(losses) on financial assets held at FVPL	74			-74
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	64,536			-64,536
Capital expenditure charged against the General Fund	23,874			-23,874
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	77,497		-77,497	

31 March 2025	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Application of grants to capital financing transferred to the Capital Adjustment Account			66,148	-66,148
Cessation of recyclable grant repaid to accountable body	-1,512	1,512		
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	21,723	-21,723		
Transfer of cash sale proceeds from disposal of investment property credited to the Comprehensive Income and Expenditure Statement				
Transfer of cash sale proceeds from disposal of capital inventory credited to the Comprehensive Income and Expenditure Statement	243	-243		
Use of the Capital Receipts Reserve to finance new capital expenditure		35,484		-35,484
Loan repayments	957	-10,471		9,514
Movement in Donated Assets Account				
Realisation of deferred capital receipts		-638		638
Adjustment primarily involving theFinancial Instruments AdjustmentAccount:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1,515			-1,515
Adjustment primarily involving the Pooled Investment Adjustment Account:				

31 March 2025	General fund balance £000s	Capital receipts reserve £000s	Capital grants unapplied £000s	Movement in unusable reserves £000s
Unrealised gains/losses on financial assets held at FVPL	2,981			-2,981
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-60,942			60,942
Employer's pensions contributions and direct payments to pensioners payable in the year	95,813			-95,813
Adjustments primarily involving the DSG Adjustment Account:				
Amount by which Schools Deficit has moved in year.	-30,315			30,315
KCC contribution to the DSG Safety Valve Agreement				
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	-1,173			1,173
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	604			-604
Total adjustments	**57,003**	**3,921**	**-11,349**	**-49,575**

Note 13 | Other operating expenditure

	2025/26 £000s	2024/25 £000s
Levies	2,527	2,398
Gains or losses on the disposal of non-current assets	12,342	58,242
Assets held for sale - revaluation movements	177	29
Total	**15,045**	**60,669**

Note 14 | Financing and investment income and expenditure

	2025/26 £000s	2024/25 £000s
Interest payable and similar charges	43,162	51,289
Net interest on the net defined benefit liability	-8,114	-11,489
Gain or loss from settlements	158	-2,036
Pensions - administration expenses and curtailments	3,596	3,182
Interest receivable and similar income	-15,409	-21,687
Income and expenditure in relation to investment properties and changes in fair value	1,087	-2,804
Changes in fair value of financial assets held at fair value through profit and loss	-11,954	-3,055
Other investment income	-2,190	-2,295
Total	**10,336**	**11,105**

Note 15 | Taxation and non-specific grant income

Collection fund accounting policy

To reflect that billing authorities act as agents for major preceptors in collecting their share of Council Tax and Non-Domestic Rating income, transactions and balances will be allocated between billing authorities and major preceptors. Thus, the risks and rewards that the amount of Council Tax and Non-Domestic Rates collected could vary from that predicted will be shared proportionately by the billing authorities and major preceptors.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Revenue relating to such things as Council Tax and Non-Domestic Rates, are measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

A debtor/creditor position between billing authorities and major preceptors is required to be recognised for the cash collected by the billing Council from Council Tax and Non-Domestic Rates debtors that belongs proportionately to the billing Council and the major preceptors. This is because the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers and Non-Domestic Ratepayers. The effect of any bad debts written off, or movement in the impairment provision, are also shared proportionately.

Part of the arrangement for the retention of business rates is that authorities will assume the liability for refunding ratepayers that have successfully appealed against the rateable value of their property. At the end of 31 March 2026, the Council's estimated share of these liabilities is £5.2m.

	2025/26 £000s	2024/25 £000s
Income from Council Tax	-1,003,244	-940,164
Non-Domestic Rates income and expenditure	-71,368	-70,305
Non-ringfenced government grants	-464,876	-425,318
Capital grants and contributions	-139,051	-162,642
Total	**-1,678,539**	**-1,598,429**

KCC's share of surplus on the Council Tax is £8.9m (2024/25 surplus of £3.2m). For 2025/26, the Business Rate Collection Fund has a surplus of £0.2m (2024/25 a surplus of £0.1m). See the Collection Fund Adjustment Account detailed in Note 24.

Note 16 | Grant income

Accounting policy

Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and 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 contribution 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 in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26:

	2025/26 £000s	2024/25 £000s
Credited to taxation and non-specific grant income		
Council Tax yield including Collection Fund	-1,003,244	-940,164
Local share of Business Rates and Business Rates Collection Fund	-71,368	-70,305
Revenue Support Grant (RSG)	-15,680	-11,806
Social Care Support Grant	-137,144	-117,046
Business Rate Top-up	-149,108	-147,445
Business Rate Compensation Grant	-51,287	-53,180
Improved Better Care Fund (iBCF)	-61,701	-50,015
New Homes Bonus (NHB) and NHB Adjustment Grants	-1,927	-2,059
Services Grant	0	-1,312
Adult Social Care Discharge Fund	0	-11,687
Social Care Reform Grant	-26,969	-26,969
Children's Social Care Prevention Grant	-6,760	0
Domestic Violence Grant	-4,031	
Grant for Employer National Insurance changes	-10,073	
Other unringfenced grants	-196	-3,800
Capital government grants and contributions	-139,051	-162,642
Total	**-1,678,539**	**-1,598,430**
Credited to services		
Dedicated Schools Grant (DSG)	-1,040,276	-923,625
Education Funding Agency (EFA)	-98,330	-115,641
Other DFES	-81,267	-54,930
Department of Health	-107,626	-115,606
Department for Transport	-17,056	-10,763
Asylum	-69,918	-61,301
Department of Energy Security & Net Zero	-11	0
Ministry of Housing, Communities & Local Government	-46,902	-17,058
Department for Environment, Food & Rural Affairs	-1,524	-2,901
Other	-30,865	-32,366
Total	**-1,493,774**	**-1,334,191**

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. The balances at the year-end are as follows:

	2025/26 £000s	2024/25 £000s
Capital grants receipts in advance		
Department for Education	-197	-197
Other grants	-60,145	-67,157
Other contributions	-157,459	-116,392
Total	**-217,801**	**-183,746**

Note 17 | Property, plant and equipment

Accounting policy

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above our de minimis of £10k (£2k in schools) is capitalised on an accruals basis. In this context, enhancement means work that has substantially increased the value or use of the assets. Work that has not been completed by the end of the year is carried forward as "assets under construction”.

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 the manner intended by management,
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

- infrastructure, community assets and assets under construction – depreciated historical cost,
- surplus assets – fair value based on 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,
- 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

The Council has a policy in place to revalue its assets on a rolling programme basis. All assets will be revalued at least every five years, supported by indexation in the intervening years. Assets will also be revalued after significant works or events that may affect their value, such as indications of significant impairment. Revaluation gains are written to the Revaluation Reserve, after reversing any revaluation losses on that asset previously posted to the Comprehensive Income and Expenditure Statement. Revaluation losses will be written off against any balance on the Revaluation Reserve for that asset or to the Comprehensive Income and Expenditure Statement where no revaluation gain exists in the reserve for that asset. These amounts are then written out through the Movement in Reserves Statement so that there is no impact on Council Tax.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

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

- writing down the balance on the Revaluation Reserve for that asset up to the accumulated gains
- writing down the relevant service line in the Comprehensive Income and Expenditure Statement where there is no balance or insufficient balance on the Revaluation Reserve.

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

Depreciation

Depreciation is calculated on a straight-line basis over each asset's useful economic life and is charged to the relevant service revenue account in the year following completion of the asset.

The periods over which assets are depreciated are as follows:

- Land -nil
- Buildings - 3-60 years (as determined by the valuer)
- Vehicles, plant and equipment - 3-25 years
- Roads & other highways infrastructure - 5-120 years
- Community assets - nil
- Assets under construction - nil
- Investment properties, Assets Held for Sale - nil
- Heritage Assets - nil

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Property will be split into five components:

- Land
- Structure
- Mechanical and Electrical
- Fixtures and Furnishings
- Temporary Buildings

These components are a significant value of the asset as a whole and have significantly different useful lives.

Under component accounting, the Authority applies a de minimis threshold of £2m per asset except Secondary Schools which have a threshold for componentisation of £8m.

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

Disposals and Non-Current Assets Held for Sale

Assets are generally defined as 'held for sale' if their carrying amount is going to be recovered principally through a sale transaction rather than through continued use. This excludes from consideration any assets that are going to be abandoned or scrapped at the end of their useful lives. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Gains and Losses on Disposal of Non-Current Assets

When an asset is disposed of or decommissioned, the difference between the capital receipt from the sale and the carrying amount of the asset in the Balance Sheet, after identified costs have been removed, is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Schools transferring to academy status within the financial year are derecognised. On transfer the full carrying value is derecognised as an asset disposal for nil consideration. The net loss on disposal of non-current assets of £12.3m includes a loss of £6.8m which relates to schools transferring to academy status.

Capital receipts

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then normally only be used for new capital investment. There are certain circumstances that allow revenue expenditure to be funded from capital receipts, for example the revenue costs associated with transformation. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Conditional receipts are not included in these figures until it is prudent to do so.

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 fixed assets during the year:

- depreciation attributable to the assets used by the relevant service,
- revaluation and 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 fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

2025/26	Land and Buildings £000s	Vehicles, Plant and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s	PFI assets included in Property, Plant and Equipment £000s
Cost or valuation at 1 April	**2,521,832**	**62,520**	**6,047**	**136,458**	**98,885**	**2,825,742**	**276,372**
Additions	43,495	7,627		65,938	1,314	**118,374**	2,949
Donations						**0**	
Revaluation increases or decreases recognised in the Revaluation Reserve	-19,861				-10,616	**-30,477**	-5,068
Revaluation increases or decreases recognised in the Surplus or deficit on the provision of services	-3,188				-4,523	**-7,711**	-2,382
Derecognition - disposals	-7,077	-90			-30,369	**-37,536**	
Derecognition - other	-670	-3,703				**-4,373**	
Assets reclassified to or from Assets held for sale					-4,415	**-4,415**	
Transfers to or from Assets under construction	46,395	319		-53,985	941	**-6,330**	
Other movements in cost or valuation	-34,488				36,863	**2,375**	993
At 31 March	**2,546,438**	**66,673**	**6,047**	**148,411**	**88,080**	**2,855,649**	**272,864**

2025/26	Land and Buildings £000s	Vehicles, Plant and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s	PFI assets included in Property, Plant and Equipment £000s
Accumulated depreciation and impairment at 1 April	**-9,197**	**-37,442**	**0**	**0**	**-52**	**-46,691**	**-2,841**
Depreciation charge	-49,966	-5,467			-895	**-56,328**	-5,719
Depreciation written out to the Revaluation reserve	53,173				1,259	**54,432**	6,406
Depreciation written out to the Surplus or deficit on the provision of services	4,863				748	**5,611**	2,154
Impairment losses or reversals recognised in the Revaluation reserve						**0**	
Impairment loss or reversals recognises in the Surplus or deficit on the provision of services	-164			-130	-17	**-311**	
Derecognition - disposals	178	61			225	**464**	
Derecognition - other	31	3,703				**3,734**	
Other movements in depreciation and impairment	1,029			130	-1,437	**-278**	
At 31 March	**-53**	**-39,145**	**0**	**0**	**-169**	**-39,367**	**0**
Net Book Value at 31 March 2026	**2,546,385**	**27,528**	**6,047**	**148,411**	**87,911**	**2,816,282**	**272,864**
Net Book Value at 31 March 2025	**2,512,635**	**25,078**	**6,047**	**136,458**	**98,833**	**2,779,051**	**273,531**

2024/25	Land and Buildings £000s	Vehicles, Plant and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s	PFI assets included in Property, Plant and Equipment £000s
Cost or valuation at 1 April	2,506,828	63,036	6,047	114,799	99,220	**2,789,930**	301,472
Transfer of finance lease assets to Right of use assets under IFRS 16	-5,351					**-5,351**	
Adjusted balance as at 1 April	**2,501,477**	**63,036**	**6,047**	**114,799**	**99,220**	**2,784,579**	**301,472**
Additions	36,940	3,467		74,779		**115,186**	10,214
Donations						**0**	
Revaluation increases or decreases recognised in the Revaluation reserve	49,335				905	**50,240**	-1,350
Revaluation increases or decreases recognised in the Surplus or deficit on the provision of services	-3,901				-2,861	**-6,762**	
Derecognition - disposals	-61,725	-586			-14,659	**-76,970**	-33,968
Derecognition - other	-3,265	-3,539				**-6,804**	
Assets reclassified to or from Assets held for sale					-721	**-721**	
Transfers to or from Assets under construction	26,377	142		-58,458	896	**-31,043**	4
Other movements in cost or valuation	-23,406			5,338	16,105	**-1,963**	
At 31 March	**2,521,832**	**62,520**	**6,047**	**136,458**	**98,885**	**2,825,742**	**276,372**

2024/25	Land and Buildings £000s	Vehicles, Plant and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Total £000s	PFI assets included in Property, Plant and Equipment £000s
Accumulated depreciation and impairment at 1 April	-6,998	-35,610	0	0	0	**-42,608**	-162
Transfer of finance lease assets to Right of use assets under IFRS 16	51					**51**	
Adjusted balance as at 1 April	**-6,947**	**-35,610**	**0**	**0**	**0**	**-42,557**	**-162**
Depreciation charge	-47,981	-5,699			-294	**-53,974**	-5,506
Depreciation written out to the Revaluation reserve	42,427				176	**42,603**	2,827
Depreciation written out to the Surplus or deficit on the provision of services	2,530				120	**2,650**	
Impairment losses or reversals recognised in the Revaluation reserve						**0**	
Impairment loss or reversals recognises in the Surplus or deficit on the provision of services	-47	-16		-461		**-524**	
Derecognition - disposals	342	329			113	**784**	
Derecognition - other	90	3,539				**3,629**	
Other movements in depreciation and impairment	389	15		461	-167	**698**	
At 31 March	**-9,197**	**-37,442**	**0**	**0**	**-52**	**-46,691**	**-2,841**
Net Book Value at 31 March 2025	**2,512,635**	**25,078**	**6,047**	**136,458**	**98,833**	**2,779,051**	**273,531**
Net Book Value at 31 March 2024	**2,499,830**	**27,426**	**6,047**	**114,799**	**99,220**	**2,747,322**	**301,310**

Roads and Other Highways Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2025/26 £000s	2024/25 £000s
Net Book Value at 1 April	**1,012,395**	**947,805**
Additions	94,516	96,762
Derecognition		
Depreciation	-63,671	-59,830
Impairment		
Transfers from Assets under construction	4,596	27,658
Other movements in cost	-509	
Net Book Value at 31 March	**1,047,327**	**1,012,395**

Reconciliation to Property, plant and equipment balance:

£000s	2025/26 £000s	2024/25 £000s
Infrastructure assets	1,047,327	1,012,395
Other Property, plant and equipment assets	2,816,282	2,779,051
Net Book Value at 31 March	**3,863,609**	**3,791,446**

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amount to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Valuations of Property, Plant and Equipment carried at current value:

The following statement analyses the Net Book Value (NBV) of revalued assets by the year of valuation, highlighting those subject to indexation in 2025/26. The valuations and indices as at 31 March 2026 were provided by Wilks Head & Eve, overseen by Guy Harbord MRICS.

Valuation date of revalued assets	Indexation applied	Land and buildings NBV £000s	Surplus assets NBV £000s	Total NBV £000s
31 March 2024	Not indexed	1,442	2,105	3,547
31 March 2024	25/26	212,569	58,814	271,383
31 March 2025	Not indexed	4,756	1,266	6,022
31 March 2025	25/26	1,606,141	2,506	1,608,647
31 March 2026	Not indexed	693,796	23,219	717,015
Total		**2,518,704**	**87,910**	**2,606,614**

In addition, land and buildings totalling £27.683m are held at cost as at 31 March 2026, reflecting new assets that will be revalued in 2026-27.

The basis for valuation is set out in the statement of accounting policies and further explained below.

Basis of valuation

All valuations of land and buildings were carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors (RICS). In 2025/26 all land and buildings which have not had a valuation within the last four years have been valued. Adult education centres, family hubs, nurseries and some schools were revalued.

The following methods/assumptions have been applied in estimating the current values:

- Existing Use Value where the property is not specialised and is owner occupied, for example county offices.
- Depreciated Replacement Cost where no market exists for a property, which may be rarely sold or it is a specialised asset, for example schools.
- Fair value for surplus assets.

We have considered and analysed the assets which have not been revalued or indexed in 2025/26 and are confident that the carrying amount of these assets as at 31 March 2026 is not materially different to their current value as at 31 March 2025.

The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report.

Surplus Assets Fair Value Hierarchy

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2026 are shown in the following table:

Recurring fair value measurements using:	Level 2 inputs £000s	Level 3 inputs £000s	Fair value as at 31 March 2026 £000s	Valuation technique
Residential developments / conversions	776	51,732	**52,508**	Market approach
Car park		260	**260**	Income approach
Residential dwellings		1,714	**1,714**	Income and market approach
Non-residential institutions		9,624	**9,624**	Income and market approach
Assembly and leisure		665	**665**	Income and market approach
Amenity / woodland / grazing land		3,823	**3,823**	Market approach
Educational / agricultural land		4,888	**4,888**	Income and market approach
Industrial / commercial / mixed development		4,440	**4,440**	Market approach
Ransom strip		1,000	**1,000**	Market approach
Commercial warehousing / units /offices		8,989	**8,989**	Income and market approach
Total	**776**	**87,135**	**87,911**	

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2025 (excluding in year additions) are as follows:

Recurring fair value measurements using:	Level 2 inputs £000s	Level 3 inputs £000s	Fair value as at 31 March 2025 £000s	Valuation technique
Residential developments / conversions	800	69,334	**70,134**	Market approach
Car park		1,394	**1,394**	Income approach
Residential dwellings		4,085	**4,085**	Income and market approach
Non-residential institutions		1,816	**1,816**	Income approach
Assembly and leisure		671	**671**	Income and market approach
Amenity / woodland / grazing land		4,042	**4,042**	Market approach
Educational / agricultural land		5,034	**5,034**	Income and market approach
Industrial / commercial / mixed development		10,395	**10,395**	Market approach
Ransom strip		1,000	**1,000**	Market approach
Commercial warehousing / units		262	**262**	Income approach
Total	**800**	**98,033**	**98,833**	

NB The Council does not have any Level 1 valuations.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

The movements during the year of level 3 surplus assets held at fair value, are analysed below:

	2025/26 £000s	2024/25 £000s
Opening balance	98,033	98,420
Transfers into Level 3	33,332	12,654
Transfers out of Level 3	-5,108	-2,514
Additions	239	363
Donations	0	0
Derecognition	-26,104	-11,392
Total gains or losses for the period included in the Surplus or deficit on the provision of services resulting from changes in fair value	-3,776	-1,599
Total gains or losses for the period included in Other comprehensive income and expenditure resulting from changes in fair value	-9,333	1,703
Depreciation charge	-845	-208
Other changes	697	606
Closing balance	**87,135**	**98,033**

£3.8m of losses arising from changes in the fair value of surplus assets have been recognised in the Surplus or Deficit on the Provision of Services within the 'Strategic & Corporate Services' line and £9.3m of losses were recognised in Other Comprehensive Income and Expenditure within the '(Surplus)/deficit arising on revaluation of non-current assets' line.

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs - Level 3

	Fair value as at 31 March 2026 £000s	Unobservable input	Quantitative information	Sensitivity
Residential developments	51,732	1) Land value reduced to reflect uncertainty 2) Estimated fees, costs and values	1) £2,350,000 - £4,650,000 per hectare reduced by 0% - 90% 2) £235,000 - £931,757 per unit less construction costs and fees	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Car park	260	1) Estimated rent 2) Passing rent 3) Estimated yield	1) £65 - £350 per permit 2) £13,250 3) 5% - 8%	Due to the low fair value of this category a significant change in unobservable inputs would not result in a significantly lower or higher fair value
Residential dwellings	1,714	1) Rent 2) Lifelong tenancy valued to perpetuity 3) Sales price and restriction discount 4) Rate per bedroom per week	1) £1,400 - £6,516 per annum 2) Years purchase in perpetuity 4% 3) £385,000 - £500,000 per unit reduced by 50% 4) £1,064 per week	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Non-residential institutions	9,624	1) Estimated rent 2) Estimated yield	1) £1,924 - £6,200 per annum and £43 - £139 per square metre 2) 6.5% - 9%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Assembly and leisure	665	1) Passing rent 2) Estimated yield 3) Estimated land value	1) £150 per annum and £55 per square metre 2) 8% - 10% 3) £100,000 per hectare	Significant changes in unobservable inputs could result in a significantly lower or higher fair value

	Fair value as at 31 March 2026 £000s	Unobservable input	Quantitative information	Sensitivity
Amenity / woodland / grazing land	3,823	1) Estimated land value	1) £22,230 - £100,000 per hectare	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Educational / agricultural land	4,888	1) Estimated rent 2) Estimated yield 3) Estimated land value	1) £300 - £3,150 per annum 2) 5% - 9% 3) £22,230 - £4,400,000 per hectare	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Industrial / commercial / mixed development	4,440	1) Land value reduced to reflect uncertainty	1) £250,000 - £2,250,000 per hectare reduced by 0% - 75%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Ransom strip	1,000	1) Estimated land value	Expert valuer judgement based on geographical relationship with neighbouring land	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Commercial warehousing / units / office	8,989	1) Estimated rent 2) Estimated yield	1) £95 - £188 per square metre 2) 12% - 12.5%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Total	**87,135**			

Valuation Process for Surplus Assets

The fair value of the Council's surplus assets is measured at least every five years, supported by indexation in the intervening years, in line with our revaluation policy for Property, Plant and Equipment. All valuations are carried out by appointed external valuers in accordance with the professional standards of the Royal Institution of Chartered Surveyors and reviewed internally by finance officers.

Highest & Best Use of Surplus Assets

In estimating the fair value of the Council's surplus assets, the highest and best use of 41 of the 98 assets is their current use. Of the remaining 57 assets, 53 are vacant, and 4 have alternative uses as a result of existing lease arrangements.

Contractual Commitments

The Council have contractual commitments to make payments of circa £109.6m in future years (£125.8m in 2024/25).

Note 18 | Investment property

Accounting policy

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 amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals 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.

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:

	2025/26 £000s	**2024/25 £000s**
Rental income from Investment property	2,867	2,700
Direct operating expenses arising from Investment property	-469	-366
Net gain or loss	**2,398**	**2,334**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancement.

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

	2025/26 £000s	2024/25 £000s
Balance at start of the year	**43,317**	**43,168**
Additions:		
Purchases		
Construction		
Subsequent expenditure		32
Disposals		
Net gains or losses from fair value adjustments	-3,485	470
Transfers:		
To or from Inventories		
To or from Property, plant and equipment	-245	-353
Other changes		
Balance at the end of the year	**39,587**	**43,317**

Fair Value Hierarchy

Details of the Authority's investment properties, and information about the fair value hierarchy as at 31 March 2026 are shown below:

Recurring fair value measurements using:	Level 2 inputs £000s	Level 3 inputs £000s	Fair value as at 31 March 2026 £000s	Valuation technique
Residential developments		7,397	**7,397**	Market approach
Offices	23,847	2,641	**26,488**	Income approach
Industrial / commercial development		1,238	**1,238**	Market approach
Car park		53	**53**	Income approach
Ransom strip		488	**488**	Market approach
Industrial units	2,914	229	**3,143**	Income approach
Affordable housing	780		**780**	Market approach
Total	**27,541**	**12,046**	**39,587**	

Details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2025 are shown below.

Recurring fair value measurements using:	Level 2 inputs £000s	Level 3 inputs £000s	Fair value as at 31 March 2025 £000s	Valuation technique
Residential developments		6,827	**6,827**	Market approach
Offices	12,197	18,188	**30,385**	Income approach
Industrial / commercial development		1,363	**1,363**	Market approach
Car park		53	**53**	Income approach
Ransom strip		500	**500**	Market approach
Industrial units	3,306	103	**3,409**	Income approach
Affordable housing	780		**780**	Market approach
Total	**16,283**	**27,034**	**43,317**	

NB The council does not have any Level 1 valuations.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

The movements during the year of level 3 investment property held at fair value, are analysed below:

	2025/26 £000s	2024/25 £000s
Opening balance	27,034	10,813
Transfers into Level 3	959	17,612
Transfers out of Level 3	-16,260	-1,267
Additions		32
Disposals		
Total gains or losses for the period included in the Surplus or deficit on the provision of services resulting from changes in fair value	313	-156
Other changes		
Closing balance	**12,046**	**27,034**

£0.3m of gains arising from changes in the fair value of the investment property have been recognised in the 'Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure' line.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs - Level 3

	Fair value as at 31 March 2026 £000s	Unobservable input	Quantitative information	Sensitivity
Residential developments	7,397	1) Estimated land value 2) Discount for uncertainty	1) £2,630,000 - £3,800,000 per hectare 2) 50% - 65%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Offices	2,641	1) Estimated rent 2) Estimated yield 3) Void period	1) £113.15 - £161.46 per square metre 2) 10.5% - 11.5% 3) 1.5 years	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Industrial / commercial / mixed development	1,238	1) Estimated land value 2) Discount for uncertainty	1) £1,200,000 - £4,100,000 per hectare 2) 15% - 50%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Car parks	53	1) Estimated rent 2) Estimated yield	1) £250 per space 2) 8.0% - 8.5%	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Ransom strip	488	1) Estimated land value 2) Planning consent risk	Expert valuer judgement based on geographical relationship with neighbouring land	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Industrial units	229	1) Estimated rent 2) Estimated yield 3) Void period	1) £109.55 - £133.99 per square metre 2) 6.5% - 9.25% 3) 1.5 years	Significant changes in unobservable inputs could result in a significantly lower or higher fair value
Total	**12,046**			

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by appointed external valuers in accordance with the professional standards of the Royal Institution of Chartered Surveyors and reviewed internally by finance officers.

Highest & Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of 22 of the 28 properties is their current use. The remaining 6 are held for capital appreciation.

Note 19 | Capital expenditure and financing

Accounting policy

Government Grants and Contributions

Where capital grants are credited to the Comprehensive Income and 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 Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute represents expenditure which may be properly capitalised but does not result in the creation of a non-current asset. The expenditure has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Capital expenditure on assets that do not belong to the council such as Academy schools are charged here and are written out in the year. These charges are reversed out to the Capital Adjustment Account through the Movement in Reserves Statement to mitigate any impact on council tax.

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of right of use assets and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2025/26 £000s	2024/25 £000s
Opening Capital financing requirement	**1,295,904**	**1,268,288**
Adjustments on transition to new accounting under IFRS 16		50,425
Adjusted Opening Capital financing requirement	**1,295,904**	**1,318,713**
Capital investment		
Property, plant and equipment	212,890	211,947
Revenue expenditure funded from capital under statute	73,137	53,968
Long-term debtors	7,636	6,132
Other	4,454	14,941
	1,594,021	**1,605,701**

	2025/26 £000s	2024/25 £000s
Sources of finance		
Capital receipts	-22,464	-35,484
Government grants and other contributions	-197,386	-185,903
Direct revenue contributions	-29,051	-23,874
MRP / loans fund principal	-67,485	-64,536
Closing Capital financing requirement	**1,277,635**	**1,295,904**
Movement	**-18,269**	**-22,809**

Explanation of movements in-year		
Increase or decrease in underlying need to borrow (supported by government financial assistance)		
Increase or decrease in underlying need to borrow (unsupported by government financial assistance)	-23,791	-37,657
Assets acquired under IFRS 16	4,099	14,848
PFI IFRS 16 liability remeasurement	1,423	
Increase or decrease in Capital financing requirement	**-18,269**	**-22,809**

Note 20 | PFI and similar contracts

Accounting policy

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets, written down by any capital contributions.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs - recognised as additions to Property, Plant and Equipment.

Value of PFI assets at each balance sheet date and analysis of movement in those values

Value of assets

	6 schools £000s	Swanscombe schools £000s	Westview / Westbrook £000s	Better Homes, Active Lives £000s	3 BSF Schools £000s	Excellent Homes for All £000s	Total £000s
As at 31 March 2025	36,425	10,725	23,816	63,369	75,512	60,693	270,540
Additions	489	79	731	247	1,088	314	**2,948**
Transfers out							**0**
Transfers in							**0**
Revaluations	281	35	-407	131	831	125	**996**
Depreciation	-816	-217	-530	-1,192	-1,733	-1,152	**-5,640**
Other movements	54	42	727		170		**993**
As at 31 March 2026	**36,433**	**10,664**	**24,337**	**62,555**	**75,868**	**59,980**	**269,837**

NB The value of PFI assets in Note 16 includes £3,027k in relation to service concession arrangements (IFRIC 12) assets that are not included in this note.

Finance Lease Liability

	6 schools £000s	Swanscombe schools £000s	Westview / Westbrook £000s	Better Homes, Active Lives £000s	3 BSF Schools £000s	Excellent Homes for All £000s	Total £000s
As at 31 March 2025	55,190	5,828	21,141	42,404	45,720	26,842	**197,125**
IFRS 16 re-measurement	345	83	727	0	267	0	**1,422**
As at 1 April 2025	55,535	5,911	21,868	42,404	45,987	26,842	**198,547**
Additions							**0**
Liability repaid	-2,698	-1,784	-1,198	-2,112	-2,340	-1,293	**-11,425**
As at 31 March 2026	**52,837**	**4,127**	**20,670**	**40,292**	**43,647**	**25,549**	**187,122**

The original recognition of these fixed assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the 6 Schools PFI, the liability was written down by an initial capital contribution of £4.541m. For the Better Homes, Active Lives PFI the liability was written down by an initial capital contribution of £0.65m.

Details of payments to be made under PFI contracts

6 schools

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	2,955	4,694	4,793	2,715	**15,157**
Within 2-5 years	15,557	15,941	19,171	9,956	**60,625**
Within 6-10 years	34,325	10,128	23,964	7,364	**75,781**

RPIx is used as the basis for indexation in the 6 schools PFI contract.

Swanscombe Schools

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	2,310	606	1,057	240	**4,213**
Within 2-5 years	1,818	267	483	58	**2,626**

RPIx is used as the basis for indexation in the Swanscombe Schools PFI contract.

Westview / Westbrook

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	1,788	1,599	2,266	232	**5,885**
Within 2-5 years	8,165	5,002	9,063	1,309	**23,539**
Within 6-10 years	10,717	1,889	4,532	516	**17,654**

The RPIx and Average Weekly Earnings (AWE) indices are both used as bases for indexation in the Westview/Westbrook PFI Contract.

Better Homes, Active Lives

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	2,180	2,862	0	330	**5,372**
Within 2-5 years	9,809	9,875	0	1,800	**21,484**
Within 6-10 years	16,037	8,040	0	2,777	**26,854**
Within 11-15 years	12,265	1,676	0	382	**14,323**

No indexation is applied to the Better Homes, Active Lives PFI contract.

3 BSF Schools

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	2,538	4,056	3,043	1,725	**11,362**
Within 2-5 years	10,594	13,939	12,171	8,742	**45,446**
Within 6-10 years	30,515	9,535	13,134	3,623	**56,807**

RPIx is used as the basis for indexation in the BSF Wave 3 PFI contract.

Excellent Homes for All

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	1,231	1,169	1,097	435	**3,932**
Within 2-5 years	5,378	4,099	4,387	1,860	**15,724**
Within 6-10 years	8,185	3,624	5,484	2,362	**19,655**
Within 11-15 years	10,754	1,608	4,935	2,358	**19,655**

No indexation is applied to the Excellent Homes for All PFI contract.

Total for all PFI contracts

	Repayment of liability £000s	Interest £000s	Service charges £000s	Lifecycle costs £000s	Total £000s
Within 1 year	13,002	14,986	12,256	5,677	**45,921**
Within 2-5 years	51,321	49,123	45,275	23,725	**169,444**
Within 6-10 years	99,779	33,216	47,114	16,642	**196,751**
Within 11-15 years	23,019	3,284	4,935	2,740	**33,978**
Total	**187,121**	**100,609**	**109,580**	**48,784**	**446,094**

Swan Valley and Craylands, 6 Group Schools, and 3 BSF Schools

On 24 May 2001, the Council contracted with New Schools (Swanscombe) Ltd to provide Swan Valley Secondary School and Craylands Primary School under a Private Finance Initiative (PFI). The schools opened in October 2002. Under the PFI contract the Council pays an agreed charge for the services provided by the PFI contractor. The unitary charge commenced in October 2002, PFI credits were received from April 2003 and were backdated to October 2002. This charge is included in the Council's revenue budget and outturn figures. At the time the contract was signed the total estimated contract payments were £65.5m over the 25 year (termination end of September 2027) contract period. In September 2013 Swan Valley Community School converted into Ebbsfleet Academy , this has since been renamed Leigh Academy Ebbsfleet to align with Leigh Academy Trust's rebranding/naming approach.

On 7 October 2005, the Council contracted with Kent Education Partnership to provide 6 new secondary schools (Hugh Christie Technology College, Holmesdale Technology College (now Holmesdale School), The North School (now an Academy), Ellington School for Girls, The Malling School and Aylesford School - Sports College) under a Private Finance Initiative (PFI). The development of these schools straddled both the 2006-07 and 2007-08 financial years. Three of these schools opened part of their new buildings during the 2006-07 financial year (Hugh Christie, Holmesdale and The North). The other three schools opened their new buildings during 2007-08 (Ellington School for Girls, The Malling and Aylesford). From September 2009 Ellington School for Girls merged with Hereson Boys School to become Ellington and Hereson School, which is also a Trust. The school has now been renamed the Royal Harbour Academy. The Royal Harbour Academy Lower Site, serving Years 7 and 8 is the only site in the PFI. The Upper Site is not part of the contract. The North School became an academy in January 2022. In September 2022 both Aylesford and Holmesdale Schools became academies. The Royal Harbour Academy school became an academy on 1 April 2023. Hugh Christie Technology College became an academy on 1 April 2024 , this too has changed its name to Leigh Academy Hugh Christie.

The unitary charge commenced in November 2006, PFI credits commenced in June 2007 and were backdated to November 2006. This charge is included in the Council's revenue budget and outturn figures. At the time the contract was signed the total estimated contract payments were £373.9 million over the 28 year contract period.

On 24 October 2008, the Council contracted with Kent PFI Company 1 Ltd to provide 3 new secondary schools in Gravesend (St John's Catholic School, Thamesview School and Northfleet Technology College) under a Private Finance Initiative (PFI) which formed part of the Building Schools for the Future programme. All three schools opened their new buildings during the 2010-11 financial year. The unitary charge commenced in July 2010 upon the opening of the three schools, PFI credits commenced in March 2011 and were backdated to July 2010. This charge is included in the Council's revenue budget and outturn figures. At the time the contract was signed the total estimated contract payments were £250.8 million over the 25 year contract period. St John's Catholic School is transitioning to an academy. The transition date is projected as 1 September 2026.

Central Government provides a grant to support the PFI schemes. This Revenue Support Grant is based on a formula related to the Capital Expenditure in the scheme: this is called the notional credit approval and amounts to £11.62m of credits for Swan Valley and Craylands, £80.75m for the 6 schools and £98.94m for the 3 schools. This approval triggers the payment of a Revenue Support Grant over the life of the schemes of 25 years (Swan Valley and Craylands), 28 years (6 schools), and 25 years (3 schools). This grant amounts to just under £23m (Swan Valley and Craylands), just over £177m (6 schools) and just over £193m (3 schools).

Westbrook and Westview

In 2025/26, the Council made payments of £5.9m to Integrated Care Services (ICS) for the maintenance and operation of Westbrook and Westview recuperative care facilities. The Council is committed to making payments of £5.9m for 2026/27 under this PFI contract. The actual amount paid will depend on the performance of ICS in delivering the services under the contract which will run until April 2033.

Gravesham Place

The NHS are the accountable body for this PFI arrangement and in accordance with accounting procedures this is not included on KCC's balance sheet. However, in 2026-27 the Council is committed to making payments estimated at £4.0m per year for the maintenance and facilities management, including laundry and catering, of Gravesham Place integrated care centre. The actual amount is subject to an annual inflationary uplift, other contractual adjustments and is also dependent on the performance of Land Securities in delivering the services under the contract. The contract will run until April 2036.

Better Homes, Active Lives PFI

In October 2007 the Council signed a PFI contract with Kent Community Partnership Ltd (a wholly owned subsidiary of Housing 21) to provide 340 units of accommodation of which 275 units are Extra Care accommodation, 58 units for people with learning difficulties, and 7 units for people with mental health problems. The contract for the provision of services will last until 2038-39. In 2025/26 the Council made payments of £5.4m to the contractor and is committed to paying the same amount next year, although this will depend on the performance of Kent Community Partnership delivering the services under the contract.

Excellent Homes for All PFI

In June 2014 the Council signed a PFI contract with Galliford Try PLC (now Galliford Try Ltd) who will provide 238 units of specialist accommodation on seven sites across Kent. There will be 218 units of Extra Care accommodation, 9 units for people with mental health problems and 11 move-on apartments. In 2025/26 the Council made unitary charge payments of £3.9m to the contractor and is committed to paying the same amount each year, although this will depend on the performance of the Kent EHFA Projectco Limited delivering the services under the contract. The contract runs until 2040-41.

Note 21 | Heritage assets

Accounting policy

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets above our de minimis of £10k are recognised in the balance sheet wherever possible at valuation or cost. In most cases, insurance valuations are used. However, the unique nature of many heritage assets makes valuation complex and so where values cannot be obtained, either due to the nature of the assets or the prohibitive cost of obtaining a valuation, they are not recognised in the balance sheet, but comprehensive descriptive disclosures are included in the statement of accounts.

An impairment review of heritage assets is carried out where there is physical deterioration of a heritage asset.

	Historic Buildings £000s	**Artwork - paintings and sculptures £000s**	**Archives £000s**	**Historical and archaeo-logical artefacts £000s**	**Civic regalia £000s**	**Total £000s**
Cost or valuation at 1 April 2024	2,349	2,670	3,319	188	21	8,547
Additions	178					178
Donations						0
Revaluation increases or decreases recognised in the revaluation reserve						0
Revaluation increases or decreases recognised in the surplus or deficit on provision of services						0
Cost or valuation at 31 March 2025	**2,527**	**2,670**	**3,319**	**188**	**21**	**8,725**
Cost or valuation at 1 April 2025	2,527	2,670	3,319	188	21	8,725
Additions	95					95
Donations						0
Disposals		-1,126				-1,126
Revaluation increases or decreases recognised in the revaluation reserve						0

	Historic Buildings £000s	Artwork - paintings and sculptures £000s	Archives £000s	Historical and archaeo-logical artefacts £000s	Civic regalia £000s	Total £000s
Revaluation increases or decreases recognised in the surplus or deficit on provision of services						0
Cost or valuation at 31 March 2026	**2,622**	**1,544**	**3,319**	**188**	**21**	**7,694**

Historic Environment & Monuments

Eight windmills are included in the balance sheet at a value of £2.511m, which represents spend on these assets including £95k capital expenditure added to these assets in 2025/26. These are either Grade I or II listed buildings and are located across Kent. KCC first took windmills into our care in the 1950s when, with the millers gone, there was no one else to protect these landmark buildings. We now own eight, ranging from Post Mills of Chillenden and Stocks at Wittersham to the magnificent Smock Mill at Cranbrook – the tallest in England. Kent County Council works with local groups to actively preserve the future of the windmills and to support their repair and, where records exist, restoration. We also encourage improvements to the buildings and sites, to encourage greater public access and greater use of the windmills as an educational resource.

Thurnham Castle, located within White Horse Wood Country Park is a late 11th/early 12th century motte and bailey castle with gatehouse and curtain walls in flint and traces of an oval or polygonal shell keep, built on a steep spur of the North Downs. Above ground remains consist of some surviving sections of walling and earthworks of the main castle mound. This is valued at £111k in the balance sheet which represents spend on the asset. Situated within Shorne Woods Country Park is the site of the medieval manor house **Randall Manor**. The site now consists of below ground archaeological remains, along with earthworks relating to associated fishponds and field systems.

Hildenborough war memorial consists of a cross shaft with a carved relief of a crucifixion scene.

It stands on a plinth on a stepped dais. The inscription to the dead of the First World War is on the front face of the plinth below the cross with names on the side faces and additional names of the fallen on the risers of the steps.

The former World War II Air Raid Wardens' post stands in a fenced and partly walled enclosure at the side of the steps down from Folkestone Road to the approach to Dover Priory railway station. It is a small flat-roofed concrete structure with all apertures boarded up.

Martello Tower No. 5 situated at Folkestone Grammar School is a Scheduled Monument, one of a chain of forts that protected the south coast from the threat of invasion in the Napoleonic period. It stands within the grounds of the school, immediately west of the buildings.

The church of St Martin-le-Grand and remains of the Dover Classis Britannica fort are incorporated and displayed at the Dover Discovery Centre, which houses Dover Library. It was formerly the White Cliffs Experience. The Roman remains relate to the 2nd century fort that occupied the site and the area to the southwest. The church of St Martin-le-Grand was an early foundation that developed through the medieval period. At the time of the Reformation, it fell into disuse and buildings were constructed in and around the church. The remains of the church are exposed in the land between the centre and the museum to the northeast.

A grade II listed **Statue of Queen Victoria** is situated outside of the Adult Education Centre, Gravesend.

Artwork

Included in the balance sheet, at insurance valuations, are the following collections:

Kent Visual Arts Loan Service, a collection of original artwork currently held in storage at Sessions House. Some items were disposed of in 25-26.

The Antony Gormley Boulders Sculpture was disposed of in 25-26.

KCC Sessions House collection and Contemporary collection, collections of artworks in storage in Sessions House. Some items were disposed of in 25-26.

Glass Screen by Chris Ofili. Translucent glazed screen lit from below, by Chris Ofili (2003), welcoming you to Folkestone Library.

Kent History Tree & Leaves. The "History Tree" at the Kent History and Library Centre was installed in September 2013, created by Anne Schwegmann-Fielding in collaboration with Michael Condron. It is an 8 metre stainless steel tree, adorning the front of the building, with translucent mosaic at its base and 17 steel and mosaic leaves changing from green to red blowing along the pillars.

Archive Collections

Kent County Council looks after its own records and those of its predecessor authorities. In addition, it collects and makes accessible other historic records under the terms of the 1962 Public Records Act and the 1972 Local Government Act. These records include those of public bodies such as courts, health trusts and coroners, of district councils and of individuals and organisation in the county. There are about 12kms of records, dating back to 699AD, and they are stored in BS5454 conditions at the Kent History Centre in Maidstone. Approximately 25% of the records are owned by KCC, the values of which are included in the balance sheet as follows (valuations are insurance valuations unless otherwise specified):

General archive collections, £952k

Knatchbull/Brabourne Manuscripts, £1,845k. Family and estate papers relating to the Knatchbull/Brabourne family comprising of accounts, correspondence, legal papers, and manorial records.

Rare Books collection, valued at £209k based on an informal estimate given by an antiquarian book dealer.

Amherst Family Papers £314k based on a valuation obtained before they were bought via a Heritage Lottery Fund bid.

The **Kent Historic Environment Record** is primarily a digital database (including GIS display) of Kent's archaeological sites, find spots, historic buildings, and historic gardens. It also includes paper records of archaeological, historic building and historic landscape reports. The County aerial photograph series is now located in the Kent History centre.

Archaeological & Historical Artefacts

Kent County Council has accepted ownership of the majority of the **HS1 archaeological archives** as owner of last resort to prevent the collections from being broken up or disposed of. The collections comprise approximately 70 cubic metres of boxes containing archaeological artefacts including pottery, bone, stone, metalwork, and worked flint. They are generally of little financial value. The collections are currently housed half at Kent Commercial Services, Aylesford, half in a store at Dover Eastern Docks, a small number of items in Invicta House, Maidstone, and waterlogged wood in Chatham Historic Dockyard. During 2014-15, in order to keep the HS1 archive together in one ownership, KCC has also acquired the finds from the Anglo-Saxon cemetery excavations at Saltwood Tunnel which have been declared as treasure under the Treasure Act 1996 and valued at £37.5k. The finds are currently stored within the Art Store at Kent County Council.

KCC owns approximately 4,000 objects, housed at **Sevenoaks Kaleidoscope Museum**. The collection comprises social history, fine art, archaeology and geology.

A **marble roman bust & portrait**, found at Lullingstone Villa, dating back to 2nd Century AD are valued at £60k and £40k, respectively. These are currently on long term loan from Sevenoaks Museum to the British Museum. The museum holds a pa**inting by John Downton** and a **18th/19th soldier's quilt** recently valued at £50k by an industry expert.

There is a collection of around 100 artefacts kept at Ramsgate Library, remnants of a fire at the library in 2004, including prize cups, watches, signs & plaques, pots, printing plates, weights and measures.

There is a wooden model of Broadstairs Lifeboat that was launched 84 times between 1868 -1888, displayed in a wood and glass cabinet. This model has been restored by a member of the public and is now on display in Broadstairs Library.

KCC owns **Scientific Calibration Equipment** dating back to the 1800s in the display cases.

Civic Regalia

KCC's silver collection is valued at £21k. This includes The Chairman's Plate, The Silver Salver, The Silver Gilt Cup, and The 500 Squadron Silver collection.

Note 22 | Leases

Accounting policy

The Council as Lessee

The Council adopted IFRS 16 from 1 April 2024 with arrangements that were previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) being brought on to the balance sheet with a right of use asset and lease liability recognised at the date of initial application. With the exception of nil consideration leases the Council applied the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application.

New agreements 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. As permitted by the Code leases for items of low value (under £10,000) and leases with a term shorted than 12 months are exempt from the arrangements.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The Council initially recognises lease liabilities measured at the present value of lease payments, discounted by applying the authority's incremental borrowing rate. The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value initially.

Right of use assets are held under the cost model as a proxy for current value where appropriate as permitted by the Code. Where this is not appropriate then a valuation is required in line with the requirements of the Code and these assets are carried at a revalued amount. Indexation has not been applied to right-of-use assets, as there is no appropriate index for these assets as the Council has a constantly evolving leasehold interest in them.

The right-of-use asset is depreciated on a straight-line basis over the shorter period of remaining lease term and useful life of the underlying asset.

The lease liability is subsequently measured at amortised cost, using the effective interest method. Where a lease liability remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation and any asset impairments. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

In-year changes to right-of-use assets

	2025/26 £000s	2024/25 £000s
Balance at 1 April	36,667	25,338
Additions	4,427	20,137
Lease Modifications	579	1
Revaluations	7	-1,581
Depreciation and amortisation	-5,300	-4,229
Disposals	-1,056	-2,999
Balance at 31 March	**35,323**	**36,667**

Comprehensive Income & Expenditure Statement

	2025/26 £000s	2024/25 £000s
Interest expense on lease liabilities	1,987	1,771
Expense relating to short-term leases	119	609
Expense relating to low-value leases	1,117	1,244
Income from sub-letting right of use assets	-612	-864

Maturity analysis of lease liabilities

	2025/26 £000s	2024/25 £000s
Less than one year	6,520	6,048
One to five years	17,010	17,233
More than five years	35,265	37,239
Total undiscounted liabilities	**58,795**	**60,519**

The Council as Lessor

The fundamental principles of lessor accounting remain largely consistent with the previous IAS 17 standard. Lessors must classify each lease out as either a finance lease or operating lease. This classification determines how the lease is accounted for under IFRS 16. There is no requirement to reassess existing leases under lessor accounting for the implementation of IFRS 16.

Sub-leases

When a lessor sub-leases an asset, it must classify the sub-lease as either a finance lease or an operating lease based on the same criteria used for the original lease. IFRS 16 requires the classification of subleases to be assessed by reference to the right-of-use asset acquired by the authority under the head lease, and not the underlying asset.

For finance leases, the lessor derecognises the leased asset and recognises a lease receivable equal to the net investment in the lease. Interest income is recognised over the lease term.

The Council entered into a significant sublease in 2013 for a commercial warehouse property with Global Commercial Services Group Ltd, which runs until 4 October 2038. The sublease has been classified as a finance lease, as it transfers substantially all the risks and rewards associated with the right-of-use asset to the sublessee. As a result, the Council has derecognised the right-of-use asset and recognised a net investment in the lease. The annual lease income under the arrangement is £1.2m. The net investment in the sub lease is £11.4m at 31 March 2026.

Net investment in sub leases

2025/26	KCC £000s	Trading Operations £000s	**Total £000s**
Net investment at 1 April 2025	12,099	12,536	**24,635**
New leases entered into	0	4,528	**4,528**
Payments by lessees	-670	-5,501	**-6,171**
Net investment at 31 March 2025	**11,429**	**11,563**	**22,993**

2024/25	KCC £000s	Trading Operations £000s	**Total £000s**
Net investment at 1 April 2025	12,737	9,170	**21,907**
New leases entered into	0	7,708	**7,708**
Payments by lessees	-638	-4,342	**-4,980**
Net investment at 31 March 2025	**12,099**	**12,536**	**24,635**

Note 23 | Usable reserves

Accounting policy

The Council holds general fund reserves as a consequence of income exceeding expenditure, budgeted contributions to reserves or where money has been earmarked for a specific purpose. These reserves are set at a level appropriate to the size of the budget and the level of assessed risk.

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 and 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. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Reserve	Balance at 31 March 2025 £000s	Movement in year £000s	Balance at 31 March 2026 £000s	Purpose of reserve
Usable capital receipts	-40,313	-13,245	-53,557	Proceeds of fixed assets and loan repayment available to meet future capital expenditure
General fund - KCC	-78,451	12,889	-65,562	Resources available to meet future unforeseen events
General fund - Commercial Services	-111	-298	-409	Resources available to meet future unforeseen events
Capital grants unapplied	-175,001	10,378	-164,623	See note below
Earmarked reserves*	-255,614	45,389	-210,225	See Note 24
Schools reserves*	-58,490	1,477	-57,013	See table below
Total	**-607,980**	**56,590**	**-551,390**	

The Net Movement in year figures in rows with an asterisk (*) in the table above match the 'Transfers to/from Earmarked Reserves' figures in the Earmarked GF Reserves column in the Movement in Reserves Statement (MIRS).

Capital grants unapplied of £164.6m as at 31 March 2026 includes the schools capital reserves of £1.282m. This has increased from the surplus of £0.432m held by schools as at 31 March 2025. The remainder reflects Government grants and contributions received in year for projects in progress.

Schools reserves

At 31 March 2026 funds held in school revenue reserves stood at £57.0m. These reserves are detailed in the table below:

Reserve	Balance at 31 March 2025 £000s	Movement in year £000s	Balance at 31 March 2026 £000s
Schools delegated revenue budget reserves - committed	-19,252	0	-13,577
Schools delegated revenue budget reserves - uncommitted	-38,912	0	-42,997
Unallocated schools budget	0	0	0
Community focused extended school reserves	-325	0	-439
Total	**-58,490**	**0**	**-57,013**

Note 24 | Unusable reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice.

Reserve	Balance at 31 March 2025 £000s	Movement in year £000s	Balance at 31 March 2026 £000s	Purpose of reserve
Revaluation reserve	-1,494,008	27,564	-1,466,444	Store of gains on revaluation of fixed assets
Capital adjustment account	-1,151,119	-117,190	-1,268,308	Store of capital resources set aside for past expenditure
Financial instruments adjustment account	14,389	-5,885	8,505	Movements in fair value of assets and premiums
Collection Fund adjustment account	-3,238	-5,907	-9,145	Movement between the CIES and amount required by regulation to be credited to the General fund
Pensions reserves (KCC)	29,294	8,857	38,151	Balancing account to allow inclusion of pensions liability in the Balance Sheet
Pensions reserves (DSO)	0	510	510	Balancing account to allow inclusion of pensions liability in the Balance Sheet
Pooled investment adjustment account	2,589	-9,033	-6,444	Movements in fair value of pooled investment funds
Accumulated absences account	9,636	663	10,299	This absorbs the differences on the General fund from accruing for untaken annual leave
Post employment account	81	-81	0	This absorbs the differences on the General fund from accruing for redundancy and retirement costs agreed but not due until future years
Deferred capital receipts reserve	-12,092	352	-11,740	Holds amounts due from assets which have been sub-leased but for which cash settlement has yet to take place and will reduce as payments are received
DSG adjustment account	133,745	-3,282	130,463	Recognition of deficits in respect of the schools budget
Total	**-2,470,723**	**-103,430**	**-2,574,153**	

Revaluation reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and 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 revaluation gains accumulated since 1 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.

Revaluation reserve	**2025/26 £000s**	**2024/25 £000s**
Balance at 31 March	-1,494,009	-1,483,685
Adjustments on transition to new accounting arrangements for leases under IFRS 16		8,721
Restated balance as at 1 April	**-1,494,009**	**-1,474,964**
Upward revaluation of assets	-65,853	-115,467
Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the provision of services	41,928	23,308
Surplus or deficit of non-current assets not posted to the surplus or deficit on the provision of services	**-23,925**	**-92,159**
Difference between fair value depreciation and historical cost depreciation	26,811	25,368
Accumulated gains on assets sold or scrapped	24,678	47,746
Amount written off to the Capital adjustment account	**51,489**	**73,114**
Balance at 31 March	**-1,466,445**	**-1,494,009**

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 and 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 and gains recognised on donated assets that have yet to be consumed by the Council.

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

Note 12 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital adjustment account	**2025/26 £000s**	**2024/25 £000s**
Balance at 31 March	-1,151,119	-1,057,934
Adjustments on transition to new accounting arrangements for leases under IFRS 16		21,659
Restated balance as at 1 April	**-1,151,119**	**-1,036,275**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	125,610	118,557
Revaluation losses on Property, Plant and Equipment and Assets Held for Sale	2,277	5,037
Income in relation to donated assets		0
Amortisation of intangible assets	145	174
Revenue expenditure funded from capital under statute	74,134	54,219
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	39,295	80,923
- Amounts of capital inventory written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,333	187
- Realised and unrealised gains/losses on financial assets held at FVPL	-2,922	-74
	239,872	**259,023**
Adjusting amounts written out of the Revaluation Reserve	-51,489	-73,114
Net written out amount of the cost of non-current assets consumed in the year	**-962,736**	**-850,366**
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	-22,464	-35,484
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-111,413	-119,755
Application of grants to capital financing from the Capital Grants Unapplied Account	-85,973	-66,148
Statutory provision for the financing of capital investment charged against the General Fund	-67,485	-64,536
Capital expenditure charged against the General Fund	-29,051	-23,874
	-316,386	**-309,797**

Capital adjustment account	2025/26 £000s	2024/25 £000s
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,485	-470
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0
Write down of long-term debtors	7,005	9,514
Amounts relating to non-current assets derecognised on the granting of finance leases, adjusted for unguaranteed residual value	323	
Balance at 31 March	**-1,268,309**	**-1,151,119**

Financial instruments adjustment account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Financial instruments adjustment account	2025/26 £000s	2024/25 £000s
Balance at 1 April	14,390	16,770
Premiums/discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0	0
Proportion of premiums/discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	-828	-865
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-5,057	-1,515
Balance at 31 March	**8,505**	**14,390**

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 and Expenditure Statement as the 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 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.

Pensions reserve	**2025/26 £000s**	**2024/25 £000s**
Balance at 1 April	29,294	34,829
Remeasurement of the net defined liability/(asset)	57,881	29,336
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	51,411	60,942
Employer's pension contributions and direct payments to pensioners payable in the year	-99,925	-95,813
Balance at 31 March	**38,661**	**29,294**

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 rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund adjustment account	**2025/26 £000s**	**2024/25 £000s**
Balance at 1 April	-3,239	-4,412
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	-5,907	1,173
Balance at 31 March	**-9,146**	**-3,239**

Accumulated absences account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated absences account	**2025/26 £000s**	**2024/25 £000s**
Balance at 1 April	9,636	9,860
Settlement or cancellation of accrual made at the end of the preceding year	-9,636	-9,860
Amounts accrued at the end of the current year	10,299	9,636

Accumulated absences account	2025/26 £000s	2024/25 £000s
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	663	-224
Balance at 31 March	**10,299**	**9,636**

Post-employment account

The Post-employment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for early retirement and redundancy payments that are agreed in year but are due in future years. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Post employment account	2025/26 £000s	2024/25 £000s
Balance at 1 April	81	461
Settlement or cancellation of accrual made at the end of the preceding year	-81	-384
Amounts accrued at the end of the current year	0	4
Balance at 31 March	**0**	**81**

Pooled investment adjustment account

The Pooled Investment Adjustment Account absorbs the timing differences arising from the gains or loss made by the Council arising from increases or decreases in the value of its investments that are measured at fair value through profit or loss. On derecognition the cumulated gain or loss is posted back to the General Fund Balance in accordance with statutory regulation. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

Pooled investment adjustment account	2025/26 £000s	2024/25 £000s
Balance at 1 April	2,588	5,569
Upward revaluation of investments		
Downward revaluation of investments	-9,032	-2,981
Change in impairment loss allowances		
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		
Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balance for financial assets designated to fair value through other comprehensive income		
Balance at 31 March	**-6,444**	**2,588**

DSG adjustment account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools budget. Where the authority has incurred a deficit on its schools budget, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

DSG adjustment account	2025/26 £000s	2024/25 £000s
Balance at 1 April	133,745	103,430
Adjustment to DSG adjustment account based in accordance with accounting requirements (from Earmarked Reserves)	-36,130	0
School budget deficit transferred from General Fund in accordance statutory requirements	47,048	45,415
KCC's contribution to the DSG Safety Valve agreement	-14,200	-15,100
Balance at 31 March	**130,463**	**133,745**

Note 25 | Earmarked reserves

The following describes each Earmarked Reserve categorisation for the balances shown as at 31 March 2026 or 31 March 2025.

Vehicles, plant, and equipment (VPE)

These are reserves for the replacement and acquisition of vehicles, plant, and equipment. They are supported by an asset management plan showing the projected replacement timeline and cost. These reserves help to reduce fluctuations in spend.

Smoothing Reserves

These are reserves which are used to manage large fluctuations in spend or income across years.

Major Projects

These reserves are for future spending on projects.

Partnerships

These are reserves are resulting from our partnerships and are ringfenced for the benefit of the partnership or are held for investing in strategic priorities.

Grants and External Funds

These reserves are for unspent grants which we are not required to repay, but which have restrictions on what they may be used for, and time limited projects funded from ringfenced external sources.

Departmental Under/Overspends

This reserve relates to the re-phasing of projects/initiatives and bids to use underspends at the year-end which are approved as roll forwards into the following year. These are subject to approval by Cabinet.

Insurance Reserve

This is a reserve for the potential cost of insurance claims in excess of the amount provided for in the insurance fund provision.

Public Health reserve

As set out in the Local Authority Circular issued for the Public Health grant, any unused funds at the end of the financial year have been placed into a reserve and are to be used to meet eligible public health spend in future years.

Special funds

These are reserves held primarily to facilitate the implementation of economic development and tourism initiatives and policy and regeneration expenditure.

Surplus on trading accounts

Holds the Commercial Services trading surplus.

Reserve	Balance at 31 March 2025 £000s	Movement in year £000s	Balance at 31 March 2026 £000s
Vehicles, Plant & Equipment (VPE)	-23,114	839	-22,275
Smoothing	-111,838	1,518	-110,320
Major projects	-34,534	10,156	-24,378
Partnerships	-44,476	36,263	-8,213
Grants and external funds	-7,745	-12,139	-19,885
Departmental over/underspends	-599	-532	-1,130
Insurance	-12,212	3,501	-8,711
Public Health	-16,720	2,449	-14,271
Special funds	-797	51	-746
Surplus on trading accounts	-3,581	3,284	-297
Total	**-255,614**	**45,389**	**-210,225**

Note 26 | Provisions

Accounting policy

It is the policy of Kent County Council to make provisions in the Accounts where there is a legal or constructive obligation to make a payment, but the amount or timing of the payment is uncertain. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. The most significant provision made is for insurance claims. In addition, provision is made for outstanding income where there is doubt as to whether it will be realised.

The Council has made a provision for insurance claims. The Council's insurance arrangements involve both internal and external cover. For internal cover, an Insurance Fund has been established to provide cover for property, combined liability and motor insurance claims. The Fund comprises a provision for all claims notified to the Council at 31 March each year and a Reserve for claims not yet reported but likely to have been incurred.

The Post Employment Provision covers the costs of early retirements, redundancy costs, and any other post employment costs for ex-employees/employees who have confirmed leaving dates.

The Accumulated Absences Provision is required to cover the costs of annual leave entitlements carried over to the following financial year. If an employee were to leave, they would be entitled to payment for this untaken leave.

	Insurance £000s	Post employment £000s	Accumulated absences £000s	Other £000s	Total £000s
Short term					
Balance at 1 April 2025	-2,964	-361	-9,636	-10,926	-23,888
Additional provisions made in year	-4,039	-109	-7,032	-22,253	-33,434
Amounts used in year	3,155	361	6,369	5,897	15,782
Unused amounts reversed in year				84	84
Balance at 31 March 2026	**-3,848**	**-109**	**-10,299**	**-27,199**	**-41,456**
Long term					
Balance at 1 April 2025	-7,557	0	0	-897	-8,454
Additional provisions made in year	-2,416			-28	-2,444
Amounts used in year					0
Unused amounts reversed in year				35	35
Balance at 31 March 2026	**-9,973**	**0**	**0**	**-889**	**-10,862**
Total provisions at 31 March 2026	**-13,821**	**-109**	**-10,299**	**-28,088**	**-52,318**

Insurance

There is uncertainty over the timing of when insurance claims will be settled due to the complexity of some claims. The short-term and long-term split is calculated using a percentage based on past claims settled. Included within the insurance provision is £600k for the Municipal Mutual Insurance (MMI) provision.

Post employment

The provision relates to early retirements and redundancies and are individually insignificant.

Accumulated absences

The provision relates to annual leave entitlement carried forward at 31 March 2026. It will not be discharged until a cash settlement is made or an employee takes their settlement, or the liability has ceased.

Note 27 | Debtors

31 March 2026	Short term £000s	Long term £000s	Total £000s
Medway Council (transferred debtors)		25,608	**25,608**
Recoverable VAT	57,866		**57,866**
Trade receivables	83,147		**83,147**
Payments in advance	32,923		**32,923**
General debtors	298,352	39,035	**337,387**
Total	**472,288**	**64,643**	**536,931**
31 March 2025			
Medway Council (transferred debtors)		26,674	**26,674**
Recoverable VAT	28,400		**28,400**
Trade receivables	137,858		**137,858**
Payments in advance	32,379		**32,379**
General debtors	175,969	43,562	**219,531**
Total	**374,606**	**70,236**	**444,842**

Note 28 | Creditors

31 March 2026	Short term £000s	Long term £000s	Total £000s
Receipts in advance	89,719		**89,719**
Contract liabilities	1,891		**1,891**
Deferred income	8,636		**8,636**
General creditors	351,077	431	**351,508**
Total	**451,323**	**431**	**451,754**
31 March 2025			
Receipts in advance	101,961		**101,961**
Contract liabilities	2,064		**2,064**
Deferred income	8,906		**8,906**
General creditors	334,000	533	**334,533**
Total	**446,931**	**533**	**447,464**

Capital creditors amounting to £24.2m are included in the accounts at 31 March 2026 (£31.9m in 2024/25).

Note 29 | Cash and cash equivalents

Cash is represented by cash in hand/overdraft and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They comprise call and business accounts.

In the Cash Flow Statement and Balance Sheet, 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.

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

	At 31 March 2026 £000s	At 31 March 2025 £000s
Bank current accounts	-64,730	-40,297
Call accounts (same day access funds)	34,090	142,511
Total	**-30,640**	**102,214**

Note 30 | Cash flows from operating activities

The cash flows for operating activities include the following items:

	2025/26 £000s	2024/25 £000s
Interest received	-15,077	-21,030
Interest paid	43,724	51,605
Employee costs	1,084,169	1,011,956
Income from Council Tax	-1,074,612	-1,010,469
Government grants	-2,145,334	-1,955,249
	-2,107,130	**-1,923,187**
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Movement in pension liability	48,514	34,871
Carrying amount of non-current assets sold	-39,295	-80,923
Carrying amount of capital inventory sold	-1,333	-187
Carrying amount of financial assets held at fair value through profit or loss	11,954	3,056
Amortisation of fixed assets	-145	-174
Depreciation of fixed assets	-125,610	-118,557
Impairment and downward valuations	-2,277	-5,037
Increase or decrease in debtors	83,028	-15,283
Increase or decrease in creditors	-11,418	2,696
Increase or decrease in stock	-1,641	-435

	2025/26 £000s	2024/25 £000s
Movement on investment properties	-3,485	470
Revenue expenditure funded by capital under statute (REFCUS)	-74,134	-54,219
Other	-7,720	5,864
	-123,562	**-227,858**
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from sale of property, plant and equipment, investment property and intangible assets	28,677	22,923
Capital grants applied	186,683	195,740
Balance at 31 March	**215,360**	**218,663**

Note 31 | Cash flows from investing activities

	2025/26 £000s	2024/25 £000s
Purchase of property, plant and equipment, investment property, and intangible assets	300,193	264,479
Purchase of short-term and long-term investments	2,248,238	2,147,683
Proceeds from sale of property, plant and equipment, investment property, and intangible assets	-26,154	-21,723
Proceeds from capital inventory	-1,400	-243
Proceeds from short-term and long-term investments	-2,308,608	-2,129,972
Other receipts from investing activities	-223,977	-238,755
	-11,708	**21,469**

Note 32 | Cash flows from financing activities

	2025/26 £000s	2024/25 £000s
Relating to finance leases and on-balance sheet PFI contracts	10,975	10,166
Repayments of short- and long-term borrowing	122,225	39,330
	133,200	**49,496**

Note 33 | Reconciliation of liabilities arising from financing activities

	1 April £000s	Financing cash flows £000s	Non-cash changes - acquisition £000s	Non-cash changes - other £000s	31 March £000s
2025/26					
Long-term borrowings	-650,338	90,000		15,224	-545,114
Short-term borrowings	-90,510	32,225		-14,263	-72,548
IFRIC 12	-1,684	174			-1,510
Lease liabilities	-40,222	4,598	-4,978	879	-39,723
On Balance Sheet PFI liabilities	-197,125	10,003			-187,122
Total	**-979,879**	**137,000**	**-4,978**	**1,840**	**-846,017**
2024/25					
Long-term borrowings	-702,562			52,224	-650,338
Short-term borrowings	-78,369	39,330		-51,471	-90,510
IFRIC 12	-1,849	165			-1,684
Lease liabilities	-29,154	3,780	-17,975	3,127	-40,222
On Balance Sheet PFI liabilities	-207,170	10,045			-197,125
Total	**-1,019,104**	**53,320**	**-17,975**	**3,880**	**-979,879**

Note 34 | Trading operations

The results of the various trading operations for 2025/26 are shown below prior to transfers to and from reserves.

Business unit or activity	Turnover £000s	Expenditure £000s	Surplus or deficit 2025/26 £000s	Surplus or deficit 2024/25 £000s
Kent County Supplies and Furniture Provision of educational and office supplies (from warehouse stock and by direct delivery) and furniture assembly and professional services	4,702	3,478	1,224	1,907
Brokerage Services Procurement and distribution of Services, including Laser energy buying group	14,546	12,054	2,492	3,929

Business unit or activity	Turnover £000s	Expenditure £000s	Surplus or deficit 2025/26 £000s	Surplus or deficit 2024/25 £000s
Transport Services Provision of lease cars, minibuses, and lorries, plus vehicle maintenance and repairs	0	0	0	0
Total	**19,248**	**15,532**	**3,716**	**5,836**

Note 35 | Audit costs

In 2025/26 the following fees were paid relating to external audit and inspection:

	2025/26 £000s	2024/25 £000s
Fees payable to Grant Thornton UK LLP for external audit services carried out by the appointed auditor including the use of experts	480.5	462.6
Fees payable in respect of other services provided by the appointed auditor	12.5	10.0
	493.0	**472.6**

The 2025/26 £12.5k fee payable for other services relates to the Teachers' Pensions end of year certificate.

Note 36 | Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) (No 2) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school.

These accounts have been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG). Further regulations which came into force on 29 November 2020 and mandated that any deficit must not be charged to the local authorities' revenue account but instead must be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget.

These regulations also mean that the use of funding from the revenue account to make good any deficit can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

As of 31 March 2026, cumulative DSG deficit is £130.5m. The statutory instrument, which prevents the deficit from being offset against usable reserves, expires on 31 March 2028.

The Authority entered the Department for Education's 'Safety Valve' process in Summer 2022, which involves the Local Authority reforming its high needs systems and associated spending in return for additional funding to contribute to the historic deficit. This deficit is held in the DSG Adjustment Account. This arrangement ended on 31 March 2026 and is being replaced by a new local authority funding model as part of the wider proposed

SEN reforms. The first phase of this is the High Needs Sustainability Grant which, subject to an approved SEND Reform Plan, will be received in Autumn 2026.

Details of the deployment of DSG receivable for 2025/26 are as follows:

	Central expenditure £000s	Individual schools budget £000s	Total £000s
Final DSG for 2025/26 before academy and high needs recoupment			1,973,422
Academy and high needs figure recouped for 2025/26			-939,118
Total DSG after academy and high needs recoupment for 2025/26			1,034,304
Brought forward from 2024/25			133
Carry-forward to 2026/27 agreed in advance			
Agreed initial budget distribution in 2025/26	301,623	732,814	1,034,437
In-year adjustments	18,106	-4,357	13,749
Final budgeted distribution for 2025/26	**319,729**	**728,457**	**1,048,186**
Less actual central expenditure	-367,177		-367,177
Less Actual ISB deployed to schools		-728,457	-728,457
Plus Local Council contribution for 2025/26	14,600		14,600
In-year carry-forward to 2026/27	-32,848	0	-32,848
DSG unusable reserve at the end of 2024/25			-133,745
Adjustment to DSG accounting in 2025/26*			36,130
Revised DSG unusable reserve at the end of 2024/25			-97,615
Addition to DSG unusable reserve at the end of 2025/26**			-32,848
Total of DSG unusable reserve at the end of 2025/26			-130,463
Net DSG position at the end of 2025/26			**-130,463**

*In 2025/26 the surplus balance on Safety Valve contributions from 2022/23 applicable to the deficit at the end of 2024/25 was transferred into the DSG Adjustment Account to align with the DfE's expected presentation.

**2025/26 in-year DSG Deficit after additional contributions from both the DfE and KCC.

Details of the deployment of DSG receivable for 2024/25 are as follows:

	Central expenditure £000s	Individual schools budget £000s	Total £000s
Final DSG for 2024/25 before academy and high needs recoupment			1,777,974
Academy and high needs figure recouped for 2024/25			-856,380
Total DSG after academy and high needs recoupment for 2024/25			921,594
Brought forward from 2023/24			36,263
Carry-forward to 2025/26 agreed in advance			0
Agreed initial budget distribution in 2024/25	316,703	641,154	957,857
In-year adjustments	13,774	-2,533	11,241
Final budgeted distribution for 2024/25	**330,477**	**638,621**	**969,098**
Less actual central expenditure	-339,629		-339,629
Less Actual ISB deployed to schools		-638,621	-638,621
Plus Local Council contribution for 2024/25	15,100		15,100
Carry Forward to 2024/25	5,948	0	5,948
Plus Carry-forward to 2025/26			36,263
DSG unusable reserve at the end of 2023/24			-103,430
Addition to DSG Safety Valve reserve at the end of 2024/25*			-30,315
Total of DSG unusable reserve at the end of 2024/25			-133,745
Net DSG position at the end of 2024/25			**-97,482**

*2024/25 in-year DSG Deficit after additional contributions from both the DfE and KCC.

Note 37 | Related party transactions

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 significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills). Grants received from government departments are set out in Note 10.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Member's allowances paid in 2025/26 is shown in Note 7. During 2025/26 works and services to the value of £0.270m (£1.312m in 2024/25) were commissioned from companies which three (five in 2024/25) Members have had an interest in. Contracts were entered into in full compliance with the Council's standing orders.

Other Public Bodies (subject to common control by central government)

The Council has pooled budget arrangements for the provision of a range of services including drug and alcohol related services, registered nursing care contribution in care homes, and integrated care centres providing nursing, respite, and recuperative care to Older People.

Payments of Employers' Pension Contributions were made to the Pension Fund in respect of members of the Local Government Pension Scheme and to the Teachers Pension Agency in respect of teachers. The amounts of these payments are detailed in notes to the Consolidated Income and Expenditure Statement in Note 38.

As administrator of the Kent Pension Fund, KCC has direct control of the Fund. Transactions between KCC Pension Fund and the Council in respect of income for pensions admin, investment monitoring and other services amounted to £8.764m and cash held by the Pension Fund on behalf of KCC is £6.077m.

Payments to other local authorities and health bodies, excluding precepts, totalled £80.2m. Receipts from other local authorities and health bodies totalled £43.5m. Details of the highest values with individual public bodies is shown in the table below.

Local authority or health body	2025/26 £000s
Payments	
Kent Community Health NHS Foundation Trust	45,362
Maidstone & Tunbridge Wells NHS Trust	7,509
NHS Kent And Medway ICB	3,576
Parkwood Hall Cooperative Academy	1,611
London South East Academies Trust	1,631
Tunbridge Wells Borough Council	1,507
Receipts	
NHS Kent & Medway ICB	-25,601
Medway Council	-6,859

Entities Controlled or Significantly Influenced by the Council

The Council has one active subsidiary company, Global Commercial Services Group Ltd. During 2025/26 the total values of payments made to and received from Global Commercial Services Group Ltd and its group companies totalled £120.7m (£84.1 in 2024/25).

Kent County Council also has an interest in the following companies:

Active companies with less than or equal to 50% control	2025/26 £000s
Kent PFI Holdings Company 1 Ltd	32,328
Trading Standards South East Ltd	23

Active companies with less than or equal to 50% control	2025/26 £000s
Aylesham & District Community Workshop Trust	15
TRICS Consortium Ltd	4
Discovery Park Technology Investments LP	1

The information on the above companies have been disclosed as either a Member or an officer of the Council sits on the company board as a representative of the Council.

Note 38 | Pension costs

Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, Kent County Council paid £75.3m (£73.0m in 2024/25), to the Teachers Pension Agency in respect of teachers' pension costs, which represented 28.7% (28.7% in 2024/25) of teachers' pensionable pay. In addition, Kent County Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2025/26 these amounted to £4.6m (£4.9m in 2024/25), representing 1.8% (1.9% in 2024/25) of pensionable pay.

Public Health staff employed by the Authority are members of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. The Authority is not able to identify the underlying scheme assets and liabilities for the staff transferred. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26 Kent County Council paid £0.05m (£0.06m in 2024/25), to the NHS Pension Scheme in respect of public health pension costs, which represented 14.4% (14.4% in 2024/25) of employees pensionable pay.

Defined Benefit Pension Scheme

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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in one post-employment scheme:

- The Local Government Pension Scheme, administered locally by Kent County Council – this is a funded defined benefit career average revalued earnings 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.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

- The Kent County Council Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Kent County Council Superannuation Fund Committee, a committee of Kent County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee and consist of the Director of Finance of Kent County Council and external Investment Fund managers (for details of investment fund managers see note 15d of the Pension Fund Accounts)
- The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when they are paid as pensions. However, the charge we are required to make against the Council Tax is based on the cash payable in the year, so the real cost is reversed out through the Movement in Reserves Statement.

Under the requirements of IAS19, the Council is required to show the movement in the net pensions deficit for the year. This can be analysed as follows:

Local Government Pension Scheme	**2025/26 £000s**	**2024/25 £000s**
Comprehensive income and expenditure statement		
Cost of services:		
Current service cost	-54,777	-69,538
Past service cost	-994	-1,747
	-55,771	**-71,285**
Financing and investment income and expenditure:		
Net interest expenses	8,114	11,489
Gain or loss from settlements	-158	2,036
Administration expenses	-3,596	-3,182
Total charged to the surplus or deficit on the provision of services	**-51,411**	**-60,942**
Other post employment benefit charged to the Comprehensive income and expenditure statement:		
Return on plan assets (excluding the amount included in net interest expenses)	192,435	-65,077
Actuarial gains and losses arising on changes in demographic assumptions	-48,143	8,880
Actuarial gains and losses arising on changes in financial assumptions	118,019	472,152
Actuarial gains and losses arising on the impact of the asset ceiling	-230,194	-460,155
Experience loss or gain on defined benefit obligation	-110,142	9,748
Other	20,144	5,116
Total charged to the Comprehensive income and expenditure statement	**-57,881**	**-29,336**

Local Government Pension Scheme	2025/26 £000s	2024/25 £000s
Total charged to the Comprehensive income and expenditure statement	**-109,292**	**-90,278**
Movement in reserves statement:		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	51,411	60,942
Actual amount charged against the General fund balance for pensions in year:		
Employers' contributions payable to scheme	-99,925	-95,813
Total Movement in reserves statement	**-48,514**	**-34,871**

Other Employees

Other employees of the County Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme.

In 2025/26, Kent County Council paid an employer's contribution of £99.9m (£95.8m in 2024/25) into the Pension Fund, representing 21% (21% in 2024/25) of pensionable pay. The employer's contribution rate is determined by the Fund's actuary based on triennial actuarial valuations, and for 2025/26 was based on the review carried out as at 31 March 2022. Under Pension Fund Regulations the rates are set to meet 100% of the overall liabilities of the Fund.

Pension Assets and Liabilities in the Balance Sheet

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

Local Government Pension Scheme	2025/26 £000s	2024/25 £000s
Present value of the defined benefit obligation	3,106,446	2,975,720
Fair value of plan assets	-3,833,142	-3,453,559
Sub total	**-726,696**	**-477,839**
Impact of asset ceiling	735,376	477,839
Present value of unfunded obligation	29,981	29,294
Net liability arising from defined benefit obligation	**38,661**	**29,294**

Reconciliation of movements in fair value of the plan assets

Local Government Pension Scheme	2025/26 £000s	2024/25 £000s
Opening fair value of scheme assets	3,453,559	3,366,662
Interest on assets	197,000	177,022
Remeasurement gains/(losses)	192,435	-65,077
Other actuarial gains/(losses on assets	15,558	0

Local Government Pension Scheme	2025/26 £000s	2024/25 £000s
Contributions from employer	104,511	100,929
Contributions from employees	33,194	31,208
Benefits paid	-157,490	-152,762
Other	-5,625	-4,423
Closing fair value of scheme assets	**3,833,142**	**3,453,559**

The actual return on scheme assets in the year was £389,435k (2024/25: £111,945k).

Reconciliation of present value of scheme liabilities

Local Government Pension Scheme	2025/26 £000s	2024/25 £000s
Opening balance at 1 April	3,005,014	3,384,692
Current service cost	54,777	69,538
Interest cost	161,543	164,648
Contribution from scheme participants	33,194	31,208
Remeasurement gains and losses:		
- Actuarial gains and losses arising on changes in demographic assumptions	48,143	-8,880
- Actuarial gains and losses arising on changes in financial assumptions	-118,019	-472,152
- Experience gains and losses on defined benefit obligation	110,142	-9,748
- Other	-4,586	-5,116
Past service costs	994	1,747
Benefits paid	-152,904	-147,646
Liabilities extinguished on settlements	-1,871	-3,277
Closing balance at 31 March	**3,136,427**	**3,005,014**

Local Government Pension Scheme assets

Local Government Pension Scheme (£000s)	2025/26 £000s	2025/26 %	2024/25 £000s	2024/25 %
Equities	2,246,935	59%	1,966,606	57%
Gilts	211,482	6%	204,715	6%
Other bonds	535,295	14%	513,387	15%
Property	374,473	10%	282,806	8%
Cash	105,683	3%	136,586	4%
Absolute return	191,333	5%	176,390	5%
Infrastructure	167,940	4%	173,069	5%
Total	**3,833,141**	**100%**	**3,453,559**	**100%**

The percentages of the total fund held in each asset class were as follows:

		2025/26 % Quoted	2025/26 % Unquoted	2024/25 % Quoted	2024/25 % Unquoted
Fixed interest government securities	UK	0%		0%	
	Overseas	0%		6%	
Index linked government securities	UK	5%		4%	
	Overseas	0%		10%	
Corporate bonds	UK	4%		11%	
	Overseas	10%		42%	
Equities	UK	12%			
	Overseas	42%		5%	
Property	All		10%		8%
Others	Absolute return portfolio	5%			
	Private equity		5%		5%
	Infrastructure		4%		5%
	Derivatives		0%		
	Cash or temporary investments		3%		4%
Total assets		**78%**	**22%**	**78%**	**22%**

The decrease in pension deficit during the year has arisen principally due to the technical decrease in the valuation of the liabilities. International Accounting standard IAS19 requires the liabilities to be valued using assumptions based on gilt and corporate bonds yields. Had these markets remained at their 2025 levels then the pensions deficit would have been £118,019k higher at £156,680k.

IAS19 does not have any impact on the actual level of employer contributions paid to the Kent County Council Fund. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 is £87,053k.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The County Council Fund liability has been assessed by Barnett Waddingham.

The principal assumptions used by the actuary have been:

		2025/26	2024/25
Mortality assumptions - longevity at 65 for current pensioners	Men	21.6 years	20.7 years
	Women	23.9 years	23.3 years
Longevity at 65 for future pensioners	Men	23.2 years	22.0 years
	Women	25.6 years	24.7 years

	2025/26	2024/25
Rate of increase in the Consumer Price Index	2.9%	2.9%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.9%	2.9%
Rate for discounting scheme liabilities	6.1%	5.8%
Take-up option to convert annual pension into retirement lump sum	50%	50%

The estimation of the defined benefit obligation 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 for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may 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 assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit obligation	**Increase in assumption**	**Decrease in assumption**
Adjustment to discount rate (increase or decrease by 0.1%)	3,094,001	3,179,867
Adjustment to long-term salary increase (increase or decrease by 0.1%)	3,138,025	3,134,837
Adjustment to pension increase and deferred revaluation (increase or decrease by 0.1%)	3,180,905	3,101,551
Adjustment to mortality age rate assumption (increase or decrease by 1 year)	3,256,497	3,021,533

Highways ex Direct Works DLO Pension Fund

The Balance Sheet includes £0.5m to reflect the unfunded liability of the Highways (ex. Direct Works DLO) Pensions Fund as calculated by the actuary in March 2026 in accordance with IAS19.

Global Commercial Services Group Ltd

The Balance Sheet includes the assets and liabilities for the wholly-owned subsidiaries of KCC. All entities have closed resolution body status which allows them to treat the pension as a defined contribution pension scheme with the Council keeping the assets and liabilities on its Balance Sheet.

Note 39 | Financial instruments

Accounting Policy

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 carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are two main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take a form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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. They are subsequently measured at their 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.

However, the Council has made a number of loans to start-up companies at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure

Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains or losses that arise from the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its contractual financial assets held at amortised cost or fair value through other comprehensive income, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligation. Credit risk plays a crucial factor in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

For loans and investments, the loss allowance is equal to 12-month expected credit losses (ECLs) unless credit risk has increased significantly in which case it is equal to lifetime ECLs. For trade receivables without a significant financing component, the loss allowance is always equal to lifetime ECLs.

To calculate ECLs, a two-year delay in cash flows is assumed to arise in the event of default. For 12-month ECLs, only default events occurring in the next 12 months are considered.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

Any gains or losses that arise from the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Financial Instruments

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

The Council's financial liabilities held during the year are measured at amortised cost and comprised of:

- long-term loans from the Public Works Loan Board and commercial lenders
- short-term loans from other local authorities
- overdraft with NatWest Bank
- finance leases on land and buildings
- Private Finance Initiative contracts detailed in Note 19
- trade payables for goods and services received.

Financial Assets

The financial assets held by the Council during the year are held under the following two classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

- cash
- bank current and deposit accounts
- fixed term deposits with the DMO
- fixed term deposits with banks and building societies
- treasury bills issued by the UK Government
- covered bonds issued by financial institutions and backed by a pool of assets
- loans to other local authorities
- trade receivables for goods and services delivered.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds
- shares in unlisted companies
- unquoted equity investments relating to KCC wholly owned companies
- pooled equity, bond, and property investment funds

Categories of Financial Instruments

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

	2025/26 Long-term £000s	2025/26 Short-term £000s	2024/25 Long-term £000s	2024/25 Short-term £000s
Financial assets:				
Investments				
Fair value through profit or loss	216,973	27,450	205,018	132,979
Amortised cost	90,789	9,953	111,451	52,690
	307,762	**37,403**	**316,469**	**185,669**

	2025/26 Long-term £000s	2025/26 Short-term £000s	2024/25 Long-term £000s	2024/25 Short-term £000s
Debtors				
Amortised cost	50,475	378,538	53,606	312,155
Amortised cost - soft loans	14,168	12,169	16,631	9,496
Non-financial assets		81,580		52,955
	64,643	**472,287**	**70,237**	**374,606**
Cash and cash equivalents				
Total	**372,405**	**509,690**	**386,706**	**560,275**
Financial liabilities:				
Borrowing				
Amortised cost	545,113	72,548	650,338	90,510
Non-financial liabilities	216,705	22,561	230,288	20,587
	761,819	**95,109**	**880,626**	**111,097**
Creditors				
Amortised cost	431	352,968	533	336,064
Non-financial liabilities		98,354		110,867
	431	**451,323**	**533**	**446,931**
Cash and cash equivalents		64,730		40,297
Total	**762,250**	**611,162**	**881,159**	**598,325**

Financial instruments designated at fair value through profit or loss

For Money Market Funds, Bond, equity and property funds the fair value is calculated at Level 1 valuation techniques. The shareholdings in our wholly owned subsidiaries and unquoted equity are not subject to credit risk and is therefore limited to the value of our investment. Fair value is calculated at Level 3 valuation techniques.

	2025/26 Surplus or deficit on the provision of services £000s	2025/26 Other comprehensive income and expenditure £000s	2024/25 Surplus or deficit on the provision of services £000s	2024/25 Other comprehensive income and expenditure £000s
Net gains or losses on:				
Financial assets measured at fair value through profit or loss	-9,032		-2,982	
Financial assets measured at amortised cost				
Financial assets measured at fair value through other comprehensive income				
Financial liabilities measured at amortised cost	-828		-866	-866
Total	**-9,860**	**0**	**-3,848**	**-866**
Interest revenue				
Financial assets measured at amortised cost	8,620		8,410	
Financial assets measured at fair value through profit or loss	13,296		15,418	
Total	**21,916**	**0**	**23,828**	**0**
Interest expenses	**-29,432**		**-31,275**	
Fee income				
Financial assets or financial liabilities that are not at fair value through profit or loss	**-18,071**			
Trust and other fiduciary activities				
Total	**-18,071**	**0**	**0**	**0**
Fee expense				
Financial assets or financial liabilities that are not at fair value through profit or loss			-18,627	
Trust and other fiduciary activities				
Total	**0**	**0**	**-18,627**	**0**

Fair value of financial assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the table below, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2026 £000s	As at 31 March 2025 £000s
Fair value through profit or loss:				
Money market funds	Level 1	Unadjusted quoted prices in active markets for identical shares	27,450	132,979
Equity shares	Level 1	Unadjusted quoted prices in active markets for identical shares	0	0
Bond, equity and property funds	Level 1	Unadjusted quoted prices in active markets for identical shares	186,568	177,535
Equity funds	Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly	8,428	9,826
Unquoted equity	Level 3	Company net assets multiplied by the percentage share capital owned	21,977	17,657
Total			**244,423**	**337,997**

Sensitivity of Fair Value Measurement using Significant Unobservable Inputs - Level 3

Significant changes in unobservable inputs could result in a significantly lower or higher fair value.

Reconciliation of Fair Value Measurements (using significant Unobservable Inputs) categorised within Level 3 of the Fair Value Hierarchy

The movements during the year of level 3 Unquoted Equity held at fair value, are analysed below:

	2025/26 £000s	2024/25 £000s
Opening balance	17,657	17,082
Transfers into Level 3		
Transfers out of Level 3		
Additions		
Derecognition		
Total gains or losses for the period:		
- included in the surplus or deficit on the provision of services	4,320	575
- included in other comprehensive income and expenditure		
Closing balance	**21,977**	**17,657**

The Fair Values of Financial Assets and Financial Liabilities that are not carried at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table on the previous page), all other financial liabilities and financial assets held by the Council as well as long-term debtors and creditors are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

Financial liabilities	**31 March 2026 Carrying amount £000s**	**31 March 2026 Fair value £000s**	**31 March 2025 Carrying amount £000s**	**31 March 2025 Fair value £000s**
Financial liabilities held at amortised cost:				
PWLB loans	401,486	371,589	433,872	412,618
Long-term LOBO and market loans	216,175	191,320	306,976	300,230
Cash and cash equivalents	64,730	64,730	40,297	40,297
Other long-term loans				
PFI and finance lease liabilities	188,628	210,470	200,383	221,770
Total	**871,020**	**838,109**	**981,528**	**974,915**

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders above current market rates.

Financial assets (£000s)	**31 March 2026 Carrying amount £000s**	**31 March 2026 Fair value £000s**	**31 March 2025 Carrying amount £000s**	**31 March 2025 Fair value £000s**
Financial assets held at amortised cost:				
Long-term investments	90,789	91,869	111,451	116,093
Short-term investments	9,953	9,953	52,690	52,690
Cash and cash equivalents				
Soft loans	14,168	7,704	16,631	7,724
Total	**114,910**	**109,526**	**180,772**	**176,507**

Long-term and short-term debtors and creditors carrying value is a fair approximation of their fair value.

Fair value hierarchy for financial assets and financial liabilities that are not carried at fair value

	Quoted prices in active markets for identical assets (Level 1) £000s	Other significant observable inputs (Level 2) £000s	Significant unobservable inputs (Level 3) £000s	Total £000s
As at 31 March 2026:				
Financial liabilities				
Long-term PWLB loans		371,589		371,589
Long-term LOBO and market loans		191,320		191,320
PFI and finance lease liabilities			210,470	210,470
Total	**0**	**562,909**	**210,470**	**773,379**
Financial assets				
Investments held at amortised cost	73,886	27,786	150	101,822
Soft loans to third parties			7,704	7,704
Total	**73,886**	**27,786**	**7,854**	**109,526**
As at 31 March 2025:				
Financial liabilities				
Long-term PWLB loans		412,618		412,618
Long-term LOBO and market loans		300,230		300,230
PFI and finance lease liabilities			221,770	221,770
Total	**0**	**712,848**	**221,770**	**934,618**
Financial assets				
Investments held at amortised cost	103,456	65,176	150	168,782
Soft loans to third parties			7,724	7,724
Total	**103,456**	**65,176**	**7,874**	**176,506**

The fair value for financial liabilities and financial assets included in Level 2 and Level 3 in the table above have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026 using the following methods and assumptions:

- PWLB loans have been valued by discounting the contractual cash flows over the whole life of the instrument at the available market rate for local authority loans
- LOBO loans have been increased by the value of the embedded options. Lender's options to increase the interest rates of the loans have been valued according to the proprietary model for Bermudan cancellable swaps. Borrower's options have been valued at zero on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- PFI and finance lease liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements)

- Soft loans have been valued by discounting the contractual payments at the market rate of interest for a similar loan

Financial assets	Financial liabilities
No early repayment or impairment is recognised	No early repayment or impairment is recognised
Estimated ranges of interest rates at 31 March 2026 based on new lending rates for equivalent loans at that date	Estimated ranges of interest rates at 31 March 2026 based on new lending rates for equivalent loans at that date
The fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount. For trade receivables this equates to the invoiced or billed amount	The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount

Note 40 | Nature and extent of risks arising from financial instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council,
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments,
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measurables as interest rates and stock market movements.

Credit Risk: Treasury Investments

Council manages credit risk by ensuring that treasury 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. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £20m is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in UK banks, building societies, and companies, a lower limit of £15m applies. The Council also sets limits on investments in certain sectors. No more than £250m in total can be invested for a period longer than one year.

The credit quality of the £73.9m of the Council's investments in covered bonds is enhanced as these bonds are collateralised by pools of residential mortgages. The collateral significantly reduces the likelihood of the Council suffering a credit loss on these investments.

The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating:

Credit rating	2025/26 £000s	2024/25 £000s
AAA	102,566	237,520
AA-	7,357	33,228
A+	0	5,073
A	0	0
A-	0	0
Unrated pooled funds / equity / other local authorities	0	0
Unrated Pooled Funds	204,860	198,857
Equity	30,405	27,209
Other local authorities		
Total	**345,188**	**501,887**

All deposits outstanding as at 31 March 2026 met the Council's credit rating criteria on 31 March 2026.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by [three] or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent.

Collateral and Other Credit Enhancements

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately.

Liquidity risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and at higher rates from banks. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

Time to maturity	2025/26 £000s	2024/25 £000s
Not over 1	45,225	32,225
Over 1 but not over 2	8,225	25,225
Over 2 but not over 5	24,674	24,674
Over 5 but not over 10	119,924	122,591
Over 10 but not over 20	131,391	136,949
Over 20 but not over 30	104,800	49,800
Over 30 but not over 40	90,600	140,600
Over 40	45,500	150,500

Time to maturity	2025/26 £000s	2024/25 £000s
Uncertain date*	40,000	50,000
Total	**610,339**	**732,564**

*The Council has £50m of 'Lender's option, borrower's option' (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. £40m of these LOBO loans have option dates in 2026-27. Due to current lower interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

Market risk

The Council is exposed to market risk both from its short-term cash investments as well as from its investments in pooled equity, bond and property funds. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The Council manages its investment risk through its treasury management strategy particularly by investing in a diversified range of pooled funds across a range of asset classes.

Interest Rate Risk

The Council is exposed to risks arising from movements in interest rates. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in the Provision of Services. The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2026, £226.9m (2025: £188.7m) of net principal borrowed (i.e. borrowing net of investments) was exposed to fixed rates and £40m (2025: £50m) to variable rates.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
Increase in interest payable on variable rate borrowings	500
Increase in interest receivable on variable rate investments	600
Impact on Provision of Services (surplus)	**1,100**
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	**0**
Decrease in fair value of loans and investments at amortised cost*	**3,164**

*No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council's investments will fluctuate in value as the result of changes in market prices. The Council has sought to mitigate the price risk through diversification in line with its treasury management strategy. The market prices of the Council's bond investments are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk. The value of the Council's investments in pooled funds are subject to the value of the underlying investments. The following table shows the impact on the value of the Council's investments of falls in property and equity prices however these would have no impact on the General Fund until the investments are sold.

	£000s
5% fall in commercial property prices	-2,625
5% fall in equity prices	-6,308

Foreign Exchange Risk

The Council has no foreign currency investments and therefore is not directly exposed to the risk of adverse movements in exchange rates.

Note 41 | Contingent liabilities

Accounting Policy

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They are factored into the consideration of an adequate level of reserves.

Note 42 | Subsidiary undertakings

Accounting Policy

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of wholly owned subsidiaries and jointly controlled entities. An assessment of the transactions between the Council and the subsidiaries and the jointly controlled entities is conducted each year.

The Council wholly owns Global Commercial Services Group Limited (GCSG). This is a Local Authority Trading Company (LATCo) and the group companies are consolidated as part of our Group Accounts. GCSG is the holding company for other trading companies as detailed in the Narrative section.

Subsidiary Undertakings

Kent County Council (KCC) and Thanet District Council (TDC) wished to bring forward the economic development and regeneration of the sites known as Eurokent and Manston Park. A Member Agreement was signed on 22 August 2008 and a joint arrangement vehicle was set up, the East Kent Opportunities LLP (EKO

LLP), which was incorporated on 4 March 2008. KCC and TDC have 50:50 ownership, control and economic participation in the joint arrangement. KCC and TDC contributed 38 acres of land each to EKO LLP. The land was valued for stamp duty land tax (SDLT) at £5.5m (KCC contribution) and £4.5m (TDC contribution).

The powers used are the 'well-being powers' provided to local authorities in Part 1 of the Local Government Act 2000. In 2025/26, in the final, audited EKO LLP accounts, the net assets of the joint operation are £10.4m with an operating loss of -£0.1m.

Note 43 | 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.

Two schools on the balance sheet as at 31 March 2026 are due to convert to academy status by 1 September 2026 and one school on the balance sheet as at 31 March 2026 is due to convert to academy status by 1 November 2026. The net book value of the assets as at 31 March 2026 is £17.8m. There are nine playing fields on the balance sheet as at 31 March 2026 that are due to convert to academy status during 26-27, the net book value of these is £1.5m.

There have been no events since 31 March 2026, up to the date when these accounts were authorised, that require any adjustment to these accounts.

Note 44 | Other notes

Pension Fund

Once credited to the Pension Fund, monies may only be used to provide for the statutory determined pension and other payments attributable to staff covered by the Fund. The assets and liabilities of the Pension Fund are shown separately from those of Kent County Council, although the legal position is that they are all in the ownership of Kent County Council as the administering Council. Any actuarial surplus or deficit is apportioned to the constituent member bodies of the Fund. Details of the Fund are disclosed in the Pension Fund Accounts.

GROUP ACCOUNTS

Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Global Commercial Services Group Ltd.

The following pages include:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint ventures.

In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group
- Joint Ventures – where the Council exercises joint control with one or more organisations. Where these are material they are included in the group and have been accounted for on an equity basis.
- No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Global Commercial Services Group (Holdco)	100% Subsidiary	Consolidated
Commercial Services Trading	100% Subsidiary	Consolidated
CSG Global Education	100% Subsidiary	Consolidated
Landscapes for Learning	100% Subsidiary	Consolidated
Lifecycle Management Group	100% Subsidiary	Consolidated
Prospects Payroll Ltd	100% Subsidiary	Consolidated
Impact Energy People Partners		
Groupe WF Education	100% Subsidiary	Consolidated
Commercial Services Education Holdings	100% Subsidiary	Consolidated
Commercial Services Education	100% Subsidiary	Consolidated
Kent Waste Management	Joint Venture	Consolidated
Consolidated Education Supplies	100% Subsidiary	Consolidated
Commercial Services Kent	100% Subsidiary	Consolidated
Bowerhouse II Solar	100% Subsidiary	Consolidated
Interventions Alliance Local Partnership	100% Subsidiary	Consolidated
Hampshire & Kent CS LLP	Joint Venture	Consolidated
Luton & Kent CS LLP	Joint Venture	Consolidated
Surrey & Kent CS LLP	Joint Venture	Consolidated
Dudley & Kent CS Ltd	Joint Venture	Consolidated

Dorset & Kent CS LLP	Joint Venture	Consolidated
Halton & Kent CS LLP	Joint Venture	Consolidated
Hackney & Kent CS LLP	Joint Venture	Consolidated
Swindon & Kent CS LLP	Joint Venture	Consolidated
Gen2 Property	100% Subsidiary	Consolidated
Invicta Law	100% Subsidiary	Consolidated
Cantium Business Solutions	100% Subsidiary	Consolidated
EDSECO	100% Subsidiary	Consolidated

Basis of the Preparation of Group Financial Statements

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated by:

- adding like items of assets, liabilities, reserves, income and expenses together on a line by line basis to those of other group members in the financial statements; and
- eliminating intra-group balances and transactions in full.

Joint ventures have been consolidated using the equity method by:

- adjusting the investment originally recognised at cost for the company's post-acquisition change in its share of the net assets of the investee,
- including the company's share of profits and losses in its Comprehensive Income and Expenditure Statement.

Commercial entities

Global Commercial Services Group Ltd (formerly Kent Holdco Ltd) was incorporated on 19 December '18. It is a company limited by shares and wholly owned by Kent County Council. The principal activity of the company is that of a holding company and it was established as part of a move to a group structure giving Kent County Council a single point of contact with a streamlined management and executive function.

On 1 October '19 the shareholding for Kent County Trading Ltd (KCTL), Gen2 Property Ltd, Cantium Business Solutions Ltd and the guarantor for EDSECO Ltd were transferred from Kent County Council to Global Commercial Services Group Ltd. At this time KCTL (another holding company) existed with Commercial Services Trading Ltd (CSTL) and Commercial Services Kent Ltd (CSKL) sitting beneath it. To consolidate the groups KCTL was dissolved on 2 January '24. This leaves Global Commercial Services Group Ltd as the only holding company with all subsidiaries sitting under it.

Over time additional companies have been acquired or set up sitting under CSTL or CSKL. They are a mixture of wholly owned companies and joint ventures owned 50% by CSTL or CSKL and a partner organisation.

Kent Waste Management (established in '24) is the only joint venture sitting under CSTL. The other companies are all wholly owned and were acquired between '20 and '25. Impact Energy People Partners was previously called People Tech Services and was shown last year as a joint venture under CSKL but is now wholly owned and sits under CSTL.

Intervention Alliance Local Partnerships is a joint venture owned equally by CSKL and Interventions Alliance. It was incorporated in March '26.

There are eight recruitment joint ventures sitting under CSKL, these were established between November ‘18 (Hampshire) and the most recent in February ‘26 (Swindon & Kent). Bowerhouse II Solar was purchased in March ‘22.

Group Accounting Policies

The accounting policies used in the preparation of the Group Accounts are the same as for the single entity accounts of Kent County Council as set out in the notes relating to specific financial statement lines and the general accounting policies can be found at Note 2 to the Core Accounts.

IFRS16

Kent County Council adopted IFRS16 leases and accordingly for consolidation of the group entities accounting policy for leases has been amended to reflect the same policy.

Indexation

Indexation of any group holdings will be reviewed either by Kent County Council (KCC) or Global Commercial Services (GCS) and are subject to a final check during the consolidation process.

Group Comprehensive Income and Expenditure Statement

The following statement shows the accounting cost in the year of providing the Group's services in accordance with generally accepted accounting practices.

Year Ended 31 March 2026				
Service	**Notes**	**Gross Expenditure £000s**	**Gross Income £000s**	**Net Expenditure £000s**
Adult Social Care including Public Health	ASCH	1,065,589	-327,531	**738,058**
Children, Young People & Education	CYPE	1,801,682	-1,430,050	**371,632**
Growth, Environment & Transport	GET	362,375	-108,466	**253,909**
Chief Executive's Department	CED	115,301	-46,329	**68,972**
Deputy Chief Executive's Department	DCED	52,770	-6,194	**46,577**
Non Attributable Costs including Corporately Held Budgets	NAC	20,651	-10,784	**9,867**
Groups - GCS Limited		147,127	-47,110	**100,017**
Group Cost of Services		**3,565,495**	**-1,976,463**	**1,589,032**
Other operating expenditure	12			15,045
Net surplus on trading accounts	G2			-17,570
Financing and investment income and expenditure	13			16,021
Taxation and non-specific grant income	14			-1,678,539
Surplus or deficit on provision of services				**-76,011**
Share of (Surplus)/Deficit of associate or joint venture				-806
Taxation of Group Entities	G3			692
Group (Surplus)/Deficit	**G2**			**-76,125**
Surplus or deficit on revaluation of non-current assets				-23,717
Remeasurement of the net defined benefit liability				57,881
Surplus or deficit from investment in equity instruments designated at fair value through other comprehensive income				-828
Other comprehensive income and expenditure				**33,336**
Total comprehensive income and expenditure				**-42,788**

Year Ended 31 March 2025

Service	**Notes**	**Gross Expenditure £000s**	**Gross Income £000s**	**Net Expenditure £000s**
Adult Social Care including Public Health	ASCH	926,996	-309,131	**617,866**
Children, Young People & Education	CYPE	1,722,603	-1,320,017	**402,586**
Growth, Environment & Transport	GET	334,632	-72,124	**262,508**
Chief Executive's Department	CED	24,525	-21,043	**3,482**
Deputy Chief Executive's Department	DCED	126,732	-10,469	**116,264**
Non Attributable Costs including Corporately Held Budgets	NAC	17,273	-12,096	**5,177**
Groups - GCS Limited		132,720	-36,214	**96,506**
Group Cost of Services		**3,285,481**	**-1,781,092**	**1,504,389**
Other operating expenditure	12			60,669
Net surplus on trading accounts	G2			-17,407
Financing and investment income and expenditure	13			17,124
Taxation and non-specific grant income	14			-1,598,429
Surplus or deficit on provision of services				**-33,654**
Share of (Surplus)/Deficit of associate or joint venture				-651
Taxation of Group Entities	G3			1,181
Group (Surplus)/Deficit	**G2**			**-33,124**
Surplus or deficit on revaluation of non-current assets				-91,920
Remeasurement of the net defined benefit liability				29,336
Surplus or deficit from investment in equity instruments designated at fair value through other comprehensive income				-866
Other comprehensive income and expenditure				**-63,450**
Total comprehensive income and expenditure				**-96,574**

Group Movement in Reserves Statement

The following statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves and other reserves.

2025/26	General Fund and Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Profit and Loss Reserve £000s	Total Usable Reserves £000s	Unusable reserves £000s	Total Group Reserves £000s
Balance at 31 March 2025 carried forward	**-392,028**	**-40,313**	**-175,001**	**-10,150**	**-617,491**	**-2,463,086**	**-3,080,577**
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2025							
Movement in reserves during 2025-26							
Total Comprehensive Expenditure & Income	-188,320			112,195	-76,125	33,336	-42,788
Adjustments between Group Accounts and Kent County Council Accounts	112,862			-112,862			
Net Increase/Decrease before Transfers	**-75,458**			**-667**			
Adjustments between accounting basis & funding basis under regulations - Note 12	134,946	-13,245	10,378		132,079	-132,079	0
Net increase/Decrease before Transfers to Earmarked Reserves	**59,488**	**-13,245**	**10,378**	**-667**	**55,954**	**-98,742**	**-42,788**
Transfer between Usable and Unusable Reserves	**0**						
Transfers to/from Earmarked Reserves (total of *s on Note 23)							
Increase/Decrease (movement) in Year	**59,488**	**-13,245**	**10,378**	**-667**	**55,954**	**-98,742**	**-42,788**
Balance at 31 March 2026 carried forward	**-333,178**	**-53,558**	**-164,623**	**-10,817**	**-561,537**	**-2,561,828**	**-3,123,365**

2024/25	General Fund and Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Profit and Loss Reserve £000s	Total Usable Reserves £000s	Unusable reserves £000s	Total Group Reserves £000s
Balance at 31 March 2024 carried forward	**- 416,250**	**-44,234**	**-163,652**	**-9,299**	**-633,434**	**-2,367,468**	**-3,000,902**
Adjustments on transition to new accounting arrangements for leases	3,738			- 240	3,498	13,401	16,899
Transitional adjustments between accounting basis and funding basis	-4,249				-4,249	4,249	-
Adjusted balance at 1st April 2024	**-416,761**	**-44,234**	**-163,652**	**-9,539**	**-634,185**	**-2,349,818**	**-2,984,003**
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2024	**-**						-
Movement in reserves during 2024-25							
Total Comprehensive Expenditure & Income	-143,514			110,391	-33,124	-63,450	-96,574
Adjustments between Group Accounts and Kent County Council Accounts	111,002			-111,002			
Net Increase/Decrease before Transfers	**-32,512**	**-**	**-**	**-611**			
Adjustments between accounting basis & funding basis under regulations - Note 12	57,246	3,921	-11,349		49,818	-49,818	-
Net increase/Decrease before Transfers to Earmarked Reserves	**24,733**	**3,921**	**-11,349**	**-611**	**16,694**	**-113,268**	**-96,574**
Transfer between Usable and Unusable Reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers to/from Earmarked Reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase/Decrease (movement) in Year	**24,733**	**3,921**	**-11,349**	**-611**	**16,694**	**-113,268**	**-96,574**
Balance at 31 March 2025 carried forward	**-392,028**	**-40,313**	**-175,001**	**-10,150**	**-617,491**	**-2,463,086**	**-3,080,577**

Group Balance Sheet

The Balance sheet shows the value of the assets and liabilities recognised by the group at 31 March 2026.

	Notes	31 March 2026 £000s	31 March 2025 £000s
Property Plant & Equipment	16	3,878,692	3,806,499
Right of Use Asset		47,702	49,896
Heritage Assets	20	7,694	8,725
Investment Property	17	39,587	43,317
Net Investment in finance sublease (added by Companies)		5,860	6,261
Intangible assets		9,695	10,033
Investments in associates and joint ventures		1,002	847
Long-term investments	G9	287,328	300,546
Long-term debtors	G5	53,213	58,138
Deferred tax asset		91	43
Total Long-Term Assets		**4,330,862**	4,284,305
Inventories		5,671	7,447
Assets held for sale (<1yr)		4,238	692
Short-term debtors	G5	489.572	391,360
Short-term investments	G9	3,313	42,690
Cash and Cash equivalents	G7	51,552	160,603
Current tax asset	G5	194	239
Total Current Assets		**554,541**	603,031
Temporary borrowing	G9	-72,548	-90,510
Short-term Lease Liability	38/G9	-25,296	-23,092
Short-term provisions	25	-41,848	-24,545
Creditors	G6	-479,972	-479,125
Current tax liability	G6	-614	-654
Cash & Cash Equivalents	G7	-64,730	-40,297
Total Current liabilities		**-685,008**	-658,223
Creditors due after one year	G6	-13,998	-14,488
Provisions	25	-11,661	-8,825
Long-term borrowing	G9	-548,584	-650,338
Long-term Lease Liabilities		-44,496	-47,136
Other Long-Term Liabilities:	G9/37	-239,905	-243,252
Deferred tax liability		-580	-747
Capital Grants Receipts in Advance	15	-217,801	-183,746
Total Long-Term Liabilities		**-1,077,025**	-1,148,532
Net Assets/(Liabilities)		**3,123,370**	**3,080,582**
Usable Reserves		-561,538	-617,492
Unusable Reserves		-2,561,832	-2,463,090
Total Reserves		**-3,123,369**	**-3,080,582**

Group Cash Flow Statement

The cash flow statement shows the changes to cash and cash equivalents of the Group during the reporting period.

	Notes	2025/26 £000s	2024/25 £000s
Net (Surplus) or deficit on the provision of services		-76,010	-33,655
Adjustments to net surplus or deficit on the provision of services for non cash movements	G9	-135,861	-230,086
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G9	215,394	218,667
Taxation		903	1,031
Net cash flows from operating activities		**4,426**	-44,043
Investing Activities	G10	-9,426	18,293
Financing Activities	G11	138,484	53,073
Net increase (-) or decrease in cash and cash equivalents		133,484	27,323
Cash and cash equivalents at the beginning of the reporting period		120,306	147,628
Cash and cash equivalents at the end of the reporting period	G6	**-13,178**	120,305

The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Note G1 | Critical Judgements

All the critical judgements and estimation uncertainties disclosed in the Council's single entity accounts is materially applicable to the group entity. The critical judgements can be found in Note 4 and estimation uncertainties can be found in Note 5 of the single entity accounts.

Use of unaudited accounts for Group Accounts consolidation

The company accounts used for the Group Accounts consolidation is based on their unaudited draft accounts. This is due to the statutory timetable for completing local authority accounts means that company audited accounts would not be available and it is not unusual practice for unaudited accounts to be used. Consideration has been given to whether the audited accounts would be materially different, and the conclusion is that the risk is low.

Consideration of IFRS 15 - Revenue from Contracts with Customers

The subsidiary companies compile their accounts based on FRS102 which is similar to International Financial Reporting Standards (IFRS) but not all of the latest IFRS standards have been adopted into FRS102. To understand the differences in the accounting policies between Kent County Council and the individual companies a questionnaire was issued.

No issues were identified in relation to IFRS 15. The companies recognise revenue from contracts in accordance with the underlying contract and this will either be overtime or at a point in time which is not dissimilar to IFRS 15 requirements.

Elimination of Income and Expenditure

Income and expenditure between Kent County Council and the subsidiary companies is eliminated through a matching process on transaction by transaction basis. This applies to all transactions except those between Schools and the subsidiary companies where the balances provided by the subsidiary companies is used for the elimination.

A transaction by transaction matching process for schools is not possible as only schools balances are consolidated in the Council's single entity accounts. The risk of material unmatched items is assessed to be low.

Note G2 | Reconciliation of Group CIES

The income and expenses of the Council's subsidiary companies are consolidated in the Statement on a line by line basis.

	2025/26 £000s	2024/25 £000s
(Surplus) or deficit per single entity Comprehensive Income and Expenditure Statement	-79,968	-32 ,907
Adjustment removing fair value gain/loss included in the single entity accounts as part of Group Accounts consolidation.	4,511	394
(Surplus) or deficit attributable to subsidiaries	-667	-611
Total Group (Surplus) or Deficit	**-76,125**	**-33,124**

The consolidation adjustment to the 'Net Surplus on trading accounts' is due the following:

	2025/26 £000s	2024/25 £000s
Net Surplus on Trading accounts per single entity Comprehensive Income and Expenditure Statement	-3,716	-5,835
KCS and Laser expenditure with Subsidiaries	-14,698	-12,038
KCS and Laser income generated through sales to Subsidiaries	844	466
	-17,570	-17,407

Note G3 | Tax Expenses of Group Entities

The taxation figure included in the Group Comprehensive Income and Expenditure Statement represents:

	2025/26 £000s	2024/25 £000s
Tax in respect of the current year	735	1,171
Adjustment in respect of prior years	205	-78
Deferred tax in respect of the current year	-248	152
Deferred tax on actuarial loss/(gain) for the year	0	-64
Impact of the change in tax rates recognised in the Comprehensive Income and Expenditure Statement	0	0
Total Taxation Expenses	**692**	**1,181**

Note G4 | Debtors

The table provides details of amounts owed to the Group at the end of the year. Debtors included within the Group Accounts exclude any amounts owed within the Group.

	Short-Term Debtors		Long-Term Debtors		Total Debtors	
	31 March 2026 £000s	**31 March 2025 £000s**	**31 March 2026 £000s**	**31 March 2025 £000s**	**31 March 2026 £000s**	**31 March 2025 £000s**
Medway Council	0	0	25,608	26,674	25,608	26,674
Recoverable VAT	58,638	29,020	-	-	58,638	29,020
Trade Receivables	87,652	143,508	-	-	87,652	143,508
Payments in Advance	39,722	39,187	-	-	39,722	39,187
General Debtors	303,561	179,645	39,035	43,562	342,596	223,208
IFRS16 adjustment	-	-	-11,430	-12,099	-11,430	-12,099
	489,573	**391,360**	**53,213**	**58,138**	**542,786**	**449,498**

Note G5 | Creditors

The table provides details of amounts owed by the Group to creditors at the end of the year. Creditors included within the Group Accounts exclude any amounts owed within the Group.

	Short-Term Creditors		Long-Term Creditors		Total Creditors	
	31 March 2026 £000s	**31 March 2025 £000s**	**31 March 2026 £000s**	**31 March 2025 £000s**	**31 March 2026 £000s**	**31 March 2025 £000s**
Receipts in Advance	89,719	104,388	-	-	89,719	104,388
VAT Payable	3,508	3,058	-	-	3,508	3,058
Contract Liabilities	8,175	7,273	-	-	8,175	7,273
Other HMRC Liabilities	2,456	2,216	-	-	2,456	2,216
Deferred Income	15,952	16,047	13,567	13,955	29,519	30,002
General Creditors	360,777	346,796	431	533	361,208	347,329
	480,587	**479,779**	**13,998**	**14,488**	**494,585**	**494,266**

Note G6 | Cash & Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements.

	31 March 2026 £000s	**31 March 2025 £'000s**
Single Entity Cash and Bank balances	-64,730	-40,297
Subsidiary cash and bank balances	17,462	17,624
Call accounts (same day access funds)	34,090	142,979
Total Group Cash and Cash Equivalents	**-13,178**	**120,306**

Note G7 | Reserves

Movements on the Group reserves are detailed in the Group Movement in Reserve Statement. The reserves of the subsidiaries include:

	2024/25 Usable Reserves Retained Earnings £000s		2025/26 Usable Reserves Retained Earnings £000s
Adjustments due to IFRS16	**-250**		**0**
Balance at 1 April 2025	**-9,547**	**Balance 1 April 2025**	**-10,150**
Profit/(Loss) for the year	-6,111		-1,467
Adjustment for Prior Year Acquisition	8		0
Dividends paid/declared	5,500		800
Balance at 31 March 2026	**-10,150**	**Balance 31 March 2026**	**-10,817**

The disclosure note description relating to associate and joint venture has been amended to reflect the same description as in the Group Comprehensive Income and Expenditure Statement.

Note G8 | Financial Instruments

Categories of Financial Instruments

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

Financial Assets

	31 March 2026 Long Term £000s	31 March 2026 Short Term £000s	31 March 2025 Long Term £000s	31 March 2025 Short Term £000s
Investments				
- Fair value through profit or loss	197,541	27,450	189,942	132,979
- Amortised cost	90,789	9,953	111,451	52,690
	288,330	37,403	301,393	185,669
Debtors				
- Amortised cost	39,045	379,043	41,507	313,657
- Amortised cost - Soft Loans	14,168	12,169	16,631	9,496
- Non financial assets	0	98,360	0	68,207
	53,213	489,572	58,138	391,360
Cash & Cash Equivalents	0	17,462	0	17,624
Total	**341,543**	**544,437**	**359,531**	**594,653**

Financial Liabilities

	31 March 2026 Long Term £000s	31 March 2026 Short Term £000s	31 March 2025 Long Term £000s	31 March 2025 Short Term £000s
Borrowing				
- Amortised cost	548,583	72,548	650,338	90,510
- Non financial liabilities	216,705	25,296	230,288	23,092
	765,289	97,844	880,626	113,602
Creditors				
- Amortised cost	431	368,952	533	354,069
- Non financial liabilities	13,567	111,635	13,955	125,709
	13,998	480,587	14,488	479,778
Cash & Cash Equivalents	0	64,730	0	40,297
Total	**779,287**	**643,161**	**895,114**	**633,677**

Note G9 | Cash Flow - Group Operating Activities

The cash flows for operating activities include the following items:

	2025/26 £'000	2024/25 £'000
Interest received	-15,909	-22,141
Interest paid	44,308	52,263
Employee Costs	1,195,886	1,120,290
Income from Council Tax	-1,074,612	-1,010,469
Government Grants	-2,145,334	-1,955,249

	2025/26 £'000	2024/25 £'000
The Surplus or Deficit on the Provision of Services has been adjusted for the following non-cash movements		
Movement in pension liability	48,514	34,871
Carrying amount of non-current assets sold	-39,312	-80,940
Carrying amount of Capital Inventory sold	-1,333	-187
Carrying amount of Financial Assets held at FVPL	11,954	3,056
Amortisation of fixed assets	-1,784	-1,579
Depreciation of fixed assets	-127,254	-119,727
Depreciation of right of use assets	-600	-536
Impairment and downward valuations	-2,277	-5,037
Increase/(decrease) debtors	85,361	-19,749
(Increase)/decrease creditors	-16,904	12,121
Increase/(decrease) stock	-1,776	-1,497
Change in provisions	-162	-109
Movement on investment properties	-3,485	470
REFCUS	-74,134	-54,219
Other non-cash items charged to the net surplus/deficit on the Provision of Services	-13,087	-10
Negative Goodwill	0	2,036
IFRS16 back to back leases initial profit recognition	417	949
	-135,862	**-230,087**
The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities		
Proceeds from the sale of property plant and equipment, investment property, and intangible assets	28,711	22,927
Other adjustments for items included in the net Surplus or Deficit on the provision of service that are investing or financing activities:		
Payment of Collection Fund Deficit	0	0
Capital grants applied	186,683	195,740
	215,394	**218,667**

Note G10 | Group Cash Flow Statement - Investing Activities

	2025/26 £000s	2024/25 £000s
Purchase of property, plant and equipment, investment property, and intangible assets	303,161	266,483
Purchase of short-term and long-term investments	2,248,238	2,146,632
Proceeds from sale of property, plant and equipment, investment property, and intangible assets	-26,188	-21,727
Proceeds from capital inventory	-1,400	-243
Proceeds from short-term and long-term investments	-2,308,608	-2,133,472
Other receipts from investing activities	-224,628	-239,380
Net cash flows from investing activities	**-9,425**	**18,293**

Note G11 | Group Cash Flow Statement - Financing Activities

	2025/26 £000s	2024/25 £000s
Cash receipts of short- and long-term borrowing	-500	0
Other receipts from financing activities	-2,899	-2,554
Relating to finance leases and on-balance sheet PFI contracts	14,158	12,967
Repayments of short- and long-term borrowing	122,225	39,560
Other payments from financing activities	5,500	3,100
Net cash flows from financing activities	**138,484**	**53,073**

KENT PENSION FUND ACCOUNTS

The following financial statements are included in the Kent Pension Fund's Annual Report and Accounts 2025-26 available from the Fund's website at www.kentpensionfund.co.uk.

Fund Account for the year ended 31 March:

	Notes	2025-26 £000	2024-25 £000
Dealings with members, employers and others directly involved in the Fund			
Contributions	7	371,882	352,490
Transfers in from other pension funds	8	21,162	24,781
		393,044	377,270
Benefits	9	-353,466	-332,551
Payments to and on account of leavers	10	-15,269	-16,129
		-368,735	-348,680
Net additions from dealings with members		**24,309**	**28,590**
Management expenses	11	-55,868	-40,132
Net withdrawals including fund management expenses		**-31,559**	**-11,541**
Returns on investments			
Investment Income	13	188,885	169,754
Taxes on Income		0	-228
Profit and (loss) on disposal of investments and changes in the market value of investments	15a	805,011	151,075
Net return on investments		**993,896**	**320,601**
Net increase in the net assets available for benefits during the year		**962,337**	**309,060**
Opening net assets of the scheme		**8,451,611**	**8,142,551**
Closing net assets of the scheme		**9,413,948**	**8,451,611**

Net Assets Statement as at 31 March

	Notes	2025-26 £000	2024-25 £000
Investment assets		9,424,731	8,449,146
Investment liabilities		-4,638	-781
Net investment assets	15	**9,420,093**	**8,448,364**
Current assets	21	38,346	39,602
Current liabilities	22	-44,490	-36,356
Net assets available to fund benefits at the period end		**9,413,948**	**8,451,611**

Note 1 | Description of the Fund

General

The Kent Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Kent County Council (KCC) for the purpose of providing pensions and other benefits for the pensionable employees of KCC, Medway Council, the district and borough councils in Kent and a number of other employers within the county area. The Fund is a reporting entity and KCC as the Administering Authority is required to include the Fund's accounts as a note in its Report and Accounts. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The LGPS is a contributory defined benefit pension scheme.

The Scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The Fund is overseen by the Kent Pension Fund Committee (the Scheme Manager). The Local Pension Board assists the Scheme Manager to ensure the effective and efficient governance and administration of the Scheme.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join or remain in the Scheme or to make personal arrangements outside the Scheme. Employers in the Fund include Scheduled Bodies which are local authorities and similar entities whose staff are automatically entitled to be members of the Scheme; and Admission Bodies which participate in the Fund by virtue of an admission agreement made between the Administering Authority and the relevant body. Admission bodies include voluntary, charitable and similar entities or private contractors undertaking a local authority function following a specific business transfer to the private sector.

There are 265 employers actively participating in the Fund and the profile of members is as detailed below:

	Kent County Council 31-Mar-25	Kent County Council 31-Mar-25	Other Employers 31-Mar-25	Other Employers 31-Mar-25	Total 31-Mar-26	Total 31-Mar-25
Contributors	21,644	21,870	33,515	33,843	55,159	55,713
Pensioners	27,641	26,548	27,584	25,988	55,225	52,536
Deferred Pensioners	34,316	34,033	40,328	37,647	74,644	71,680
Total	83,601	82,451	101,427	97,478	185,028	179,929

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2025. Employers' contribution rates consist of a primary rate (representing the rate required to meet the cost of future accrual of benefits) and a secondary rate, which is an adjustment to the primary rate for employer specific circumstances (e.g. to allow for deficit recovery). Currently, employers' primary contribution rates range from 14.7% to 37.4% of pensionable pay.

Benefits

Pension benefits under the LGPS are based on the following:

	Service pre April 2008	**Membership from 1 April 2008 to 31 March 2014**	**Membership from 1 April 2014**
Pension	1/80 x final pensionable salary	1/60 x final pensionable salary	1/49 (or 1/98 if opted for 50/50 section) x career average revalued salary
Lump Sum	Automatic lump sum of 3/80 x final pensionable salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There is a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Kent Pension Fund website: www.kentpensionfund.co.uk .

Note 2 | Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2025-26 financial year and its position at 31 March 2026.

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 which is based upon International Financial Reporting Standards, as amended for the UK public sector. The accounts are prepared on a going concern basis.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS)19 basis is disclosed at note 20 of these accounts.

Going concern

The Statement of Accounts has been prepared on a going concern basis. The vast majority of employers in the pension scheme are scheduled bodies that have secure public sector funding, and therefore there should be no doubt in their ability to continue to make their pension contributions. Following the latest actuarial valuation and schedule of employer contribution prepayments, the Pension Fund has reviewed its cashflow forecast and is confident in its ability to meet is ongoing obligations to pay pensions from its cash balance for at least 12 months from the date of signing the accounts. In the event that investments need to be sold, 81% of the Fund's investments can be converted into cash within 3 months.

Note 3 | Summary of significant accounting policies

Fund Account - revenue recognition

a) Contribution income

"Normal contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset."

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in 'transfers in'. Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

Dividends, distributions, interest, and stock lending income on securities have been accounted for on an accruals basis and where appropriate from the date quoted as ex-dividend (XD). Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year. Where the Fund's investments are held in income accumulating funds that do not distribute income the accumulated income on such investments is reflected in the unit market price at the end of the year and is included in the realised and unrealised gains and losses during the year. Direct property related income mainly comprises of rental income which is recognised when it becomes due. Rental income is adjusted for provision for rent invoiced but collection of which is assessed as doubtful.

Fund Account - expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the year end. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities providing the payment has been approved.

e) Taxation

The Fund has been accepted by the HM Revenue and Customs as a registered pension scheme in accordance with paragraph 1(1) of Schedule 36 to the Finance Act 2004 and, as such, qualifies for exemption from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Tax is therefore only applicable to dividend income from equity investments. Income arising from overseas investments is subject to deduction of withholding tax unless exemption is permitted by and obtained from the country of origin. Investment income is shown gross of tax, and any recoverable tax at the end of the year is included in accrued investment income.

By virtue of KCC being the administering authority, VAT input tax is recoverable on all Fund activities including investment and property expenses.

f) Management expenses

All expenses are accounted for on an accruals basis. Costs relating to KCC staff involved in the administration, governance and oversight of the Fund, and overheads incurred by KCC and recharged to the Fund at the end of the year. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Fees incurred include fees directly paid to fund managers as well as fees deducted from the funds by pooled fund managers which is grossed up to increase the income from these investments.

Net Assets Statement

g) Financial assets

Financial assets other than cash and debtors are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any purchase or sale of securities is recognised upon trade and any unsettled transactions at the year-end are recorded as amounts receivable for sales and amounts payable for purchases. From the trade date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 and IFRS 9. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The values of investments as shown in the Net Assets Statement have been determined as follows:

- Quoted investments are stated at market value based on the closing bid price quoted on the relevant stock exchange on the final day of the accounting period.

- Fixed income securities (bonds) are recorded at net market value based on their current yields

- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager

- Investments in private equity funds and unquoted listed partnerships are valued based on the Fund’s share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued based on year end valuation as information may not be available, and therefore will be valued based on the latest valuation provided by the managers adjusted for cash flow and foreign exchange rate movements to the year end.

- Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income which is reinvested in the fund.

- Debtors / receivables being short duration receivables with no stated interest rate are measured at original invoice amount. Debtors are adjusted for provision made for doubtful debts relating to rent income.

h) Freehold and Leasehold Properties

The freehold and leasehold properties were valued at open market prices in accordance with the valuation standards laid down by the Royal Institution of Chartered Surveyors. The last valuation was undertaken by Colliers International, as at 31 December 2025. The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's length terms. The results of the valuation have then been indexed in line with the MSCI Monthly Index movement to 31 March 2026. The indexation is carried out by DTZ, who are managers of the Fund's direct property portfolio.

i) Derivatives

The Fund uses derivative instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. At the reporting date the Fund only held forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract. Under the European Market Infrastructure Regulations, the Fund's forward currency contracts are required to be covered by margin cash. These amounts are included in cash or cash equivalents held by the Fund and reflected in a corresponding margin cash liability under investment liabilities.

j) Foreign currency transactions

Assets and liabilities in foreign currency are translated into sterling at spot market exchange rates ruling at the year-end. All foreign currency transactions including income are translated into sterling at spot market exchange rates ruling at the transaction date. All realised currency exchange gains or losses are included in change in market value of assets.

k) Cash and cash equivalents

Cash comprises cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents managed by fund managers and cash equivalents managed by KCC are included in investments. All other cash is included in current assets.

l) Financial liabilities

The Fund recognises financial liabilities relating to investments at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund. Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and the methodology used is in line with accepted guidelines and in accordance with IAS 19. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

n) Contingent assets and liabilities

A contingent asset/liability arises where an event has taken place that gives the Fund a possible right/obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an inflow/outflow of resources will be required, or the amount of the right/obligation cannot be measured reliably. Contingent assets/liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

o) Pooling expenses

For the financial year 2025/26, the Fund is a member of the ACCESS pool, a group of 11 LGPS Administering Authorities who, as part of a Government initiative, had agreed to pool their investments to achieve cost and scale benefits. Pooling costs included in the Fund's accounts reflect the Fund's proportion of the cost of the governance arrangements of the pool.

p) Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in note 23.

q) Prior period adjustments, changes in accounting policies and errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by accounting practice or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or 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.

Note 4 | Critical judgements in applying accounting policy

The Fund’s investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods. In applying its accounting policies, the Fund exercises judgement in determining whether lease arrangements for directly held properties constitute finance or operating leases under IFRS 16. This assessment requires consideration of the extent to which the lease terms transfer control or substantially all risks and rewards of ownership to the tenants.

Following evaluation of the substance of the Fund's lease arrangements, including lease duration relative to the economic life of the properties, purchase options, and exposure to changes in fair value and residual value risk, it has been concluded that the Fund retains control and substantially all the risks and rewards of ownership. Accordingly, the leases have been classified as operating leases and the properties are retained within the investment portfolio at fair value.

Note 5 | Assumptions made about future and other major sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumption
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of 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 assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £105m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approx. £5m, and a one year increase to the life expectancy assumptions would increase the value of the liabilities by approx. £280m.
Private equity and infrastructure 3 investments (Note 17)	Valuation of unquoted private equity and infrastructure investments is highly subjective and inherently based on forward looking estimates and judgements involving many factors. They are valued by the investment managers using guidelines set out in the British Venture Capital Association.	The total private equity and infrastructure, which are level 3 investments, on the financial statements are £852m. Potential change in valuation due to changes in these factors is estimated in Note 17.
Freehold and leasehold property and pooled property funds (Note 17)	Valuation techniques are used to determine the fair values of directly held property and pooled property funds. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property.	The effect of 10% variations in the factors supporting the valuation would be an increase or decrease in the value of directly held property and property pooled funds of £92m on a fair value of £917m. Details of potential factors affecting the valuation are in Note 17.

Note 6 | Events after the reporting date

There have been no events since 31 March 2026, up to the date when these accounts were authorised, that require or do not require any adjustment to these accounts.

On 1 April 2026, the Kent Pension Fund became a shareholder in the Border to Coast Pensions Partnership to commence the new pooling partnership. This follows on from the Fund's earlier decision to transition from ACCESS to Border to Coast, as a result of the Government's Fit for the Future reforms, with the necessary governance and shareholder arrangements completed for membership from 2026/27.

Given this event occurred after the reporting date, this has had no impact on the financial statements of 2025/26. Any related shareholding and associated transactions will be reflected in future financial statements, starting at 2026/27.

Note 7 | Contributions receivable

	2025-26 £000	2024-25 £000
By category		
Employees' contributions	81,920	76,820
Employers' contributions		
-normal contributions	265,038	250,048
-deficit recovery contributions	19,017	20,138
-augmentation contributions	5,907	5,485
Total Employers' contributions	289,962	275,671
Total contributions receivable	**371,882**	**352,490**
By type of employer		
Kent County Council	130,382	123,564
Scheduled bodies	221,058	205,491
Admission bodies	20,441	23,436
	371,882	**352,490**

Note 8 | Transfers in from other pension funds

By category	2025-26 £000	2024-25 £000
Individual	21,162	24,781
Group	0	0
	21,162	**24,781**

Note 9 | Benefits payable

By Category	2025-26 £000	2024-25 £000
Pensions	289,203	276,634
Retirement commutation and lump sum benefits	55,350	47,587
Death benefits	8,913	8,330
	353,466	**332,551**
By type of employer		
Kent County Council	150,169	146,244
Scheduled bodies	180,713	165,802
Admission bodies	22,584	20,505
	353,466	**332,551**

Note 10 | Payments to and on account of leavers

	2025-26 £000	2024-25 £000
Group transfers	0	0
Individual transfers	13,453	14,536
Payments/refunds for members joining state scheme	2	3
Refunds of contributions	1,814	1,591
	15,269	**16,129**

Note 11 | Management expenses

	Notes	2025-26 £000	2024-25 £000
Administration costs		6,744	5,841
Governance and oversight costs		1,921	1,297
Investment management expenses	12	46,876	32,615
Audit fees		148	149
Pooling expenses		179	229
		55,868	**40,132**

The audit fees disclosed above excludes VAT. The amount includes fees of £136,773 relating to the 2025/26 external audit with the balance being related to 2023/24 and 2024/25 audits. In addition, the amount also includes non-audit fees of £3,500 in respect of an IAS 19 assurance letter issued to the National Audit Office (NAO) for the prior year and a proposed fee of £3,500 for the current year. These amounts are outside the PSAA scale and have been separately agreed.

Note 12 | Investment management expenses

	Notes	2025-26 £000	2024-25 £000
Investment managers fees	12a	33,520	29,817
Transaction costs		13,301	2,741
Custody fees		55	57
Total		**46,876**	**32,615**

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These indirect costs are not separately provided to the Fund.

12a. Investment management fees

	2025-26 £000	2024-25 £000
Bonds	4,730	4,433
Equities	17,015	14,411
Private equity / infrastructure	8,511	7,855
Property	3,265	3,118
Total	**33,520**	**29,817**

Note 13 | Summary of income from investments

	Notes	2025-26 £000	2025-26 %	2024-25 £000	2024-25 %
Bonds		17,573	9.3	16,798	9.9
Equities		0	0.0	14,411	8.5
Pooled investments		111,604	59.1	100,522	59.2
Private equity / infrastructure		16,247	8.6	9,423	5.6
Property	**14**	20,599	10.9	13,045	7.7
Pooled property investments		10,739	5.7	11,257	6.6
Cash and cash equivalents		12,075	6.4	4,183	2.5
Stock lending and miscellaneous		47	0.0	115	0.1
Total before taxes		**188,885**	**100.0**	**169,754**	**100.0**

Note 14 | Property income and expenditure

	2025-26 £000	2024-25 £000
Rental income from investment properties	32,708	24,503
Provision for doubtful debts	-3,347	-4,282
Direct operating expenses	-8,762	-7,176
Net operating income from property	**20,599**	**13,045**

Note 15 | Investments

	Market Value as at 31 March 26 £000	Market Value as at 31 March 25 £000
Investment assets		
Bonds	436,820	415,195
Equities	0	0
Pooled investments		
Fixed income	901,560	856,819

	Market Value as at 31 March 26 £000	Market Value as at 31 March 25 £000
Equities	5,601,975	4,892,344
Absolute return	470,115	430,001
Private equity/infrastructure funds	852,002	833,484
Property	714,804	473,188
Pooled property investments	202,540	231,081
Derivatives-forward currency contracts	236	369
Investment cash and cash equivalents	229,414	306,353
Investment income due	11,324	10,314
Amounts receivable for sales	0	0
Margin cash	3,942	0
Total investment assets	**9,424,731**	**8,449,146**
Investment liabilities		
Amounts payable for purchases	0	0
Margin cash liability	0	-688
Derivatives-forward currency contracts	-4,638	-94
Total investment liabilities	**-4,638**	**-781**
Net investment assets	**9,420,093**	**8,448,364**

Investment income due (debtors) includes a sum of £5.8m (2024-25 £6.0m) for rents and service charges payable by tenants of properties owned by the Pension Fund of which there is a high likelihood that a significant portion will not be fully recovered. A provision of £3.3m (2024-25 £4.3m) has therefore been made for doubtful rent debts.

15a. Reconciliation of movements in investments and derivatives

	Market Value as at 31 March 25 £000	Purchases at cost £000	Sales proceeds £000	Change in market value £000	Market Value as at 31 March 26 £000
Bonds	415,195	60,583	-42,033	3,075	436,820
Equities	0	0	0	0	0

Pooled investments	6,179,163	145,009	-90,122	739,600	6,973,650
Private equity/infrastructure	833,484	66,630	-106,214	58,102	852,002
Property	473,188	233,525	0	8,091	714,804
Pooled property investments	231,081	16,907	-40,724	-4,724	202,540
	8,132,110	522,654	-279,093	804,144	9,179,816
Derivative contracts					
- Forward currency contracts	275	1,820,533	-1,826,091	881	-4,402
	8,132,385	**2,343,187**	**-2,105,184**	**805,026**	**9,175,413**
Other investment balances					
- Investment cash and cash equivalents	306,353	4,188	-160,421	-15	229,414
- Amounts receivable for sales	0				0
- Amounts payable for purchases	0				0
- Margin cash	-688				3,942
- Investment income due	10,314				11,324
Net investment assets	**8,448,364**	**2,347,376**	**-2,265,605**	**805,011**	**9,420,093**

	Market Value as at 31 March 24 £000	**Purchases at cost £000**	**Sales proceeds £000**	**Change in market value £000**	**Market Value as at 31 March 25 £000**
Bonds	400,903	137,994	-122,757	-946	415,195
Equities	406,065	490,063	-944,550	48,422	0
Pooled investments	5,594,441	1,193,488	-630,510	21,745	6,179,163
Private equity/infrastructure	763,399	69,795	-60,633	60,923	833,484
Property	461,774	4,000	-1,359	8,773	473,188
Pooled property investments	265,421	67,221	-108,848	7,287	231,081
	7,892,002	1,962,562	-1,868,656	146,202	8,132,110
Derivative contracts					
- Forward currency contracts	-981	2,528,269	-2,530,849	3,836	275
	7,891,022	**4,490,830**	**-4,399,505**	**150,038**	**8,132,385**
Other investment balances					

- Investment cash and cash equivalents	240,140	8,405	-20,080	1,037	306,353
- Amounts receivable for sales	1,247				0
- Amounts payable for purchases	-2,444				0
- Margin cash	1,307				-688
- Investment income due	9,585				10,314
Net investment assets	**8,140,856**	**4,499,235**	**-4,419,585**	**151,075**	**8,448,364**

15b. Analysis of derivative contracts

Objectives and policy for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the investment manager.

Open forward currency contracts

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant portion of the Fund's fixed income portfolio managed by Goldman Sachs Asset Management is invested in overseas securities. To reduce the volatility associated with fluctuating currency rates, the investment manager hedges the overseas exposure of the portfolio.

Settlement	Currency bought	Local value £000	Currency sold	Local value £000	Asset value £000	Liability value £000
Up to one month	GBP	59	USD	-78	0	0
Up to one month	GBP	50	USD	-66	0	0
Up to one month	USD	608	GBP	-444	17	0
Up to one month	GBP	441	USD	-608	0	-20
Up to one month	USD	2,844	GBP	-2,066	90	0
Up to one month	GBP	130,404	USD	-178,008	0	-4,588
Up to one month	GBP	623	USD	-847	0	-20
Up to one month	USD	476	GBP	-348	13	0
Up to one month	USD	1,283	GBP	-957	15	0
Up to one month	USD	811	GBP	-607	8	0
Up to one month	USD	1,020	GBP	-763	11	0

Settlement	Currency bought	Local value £000	Currency sold	Local value £000	Asset value £000	Liability value £000
Up to one month	USD	704	GBP	-531	3	0
Up to one month	USD	1,329	GBP	-1,001	6	0
Up to one month	USD	578	GBP	-437	2	0
Up to two months	EUR	1,027	GBP	-901	0	-2
Up to two months	GBP	1,087	EUR	-1,241	0	0
Up to two months	GBP	63,982	EUR	-72,987	54	0
Up to two months	EUR	438	GBP	-383	0	0
Up to two months	EUR	448	GBP	-391	1	0
Up to two months	EUR	394	GBP	-342	3	0
Up to two months	EUR	413	GBP	-359	4	0
Up to two months	GBP	476	EUR	-548	0	-4
Up to two months	GBP	460	EUR	-530	0	-5
Up to two months	EUR	1,274	GBP	-1,105	10	0
					236	-4,638
Net forward currency contracts at 31 March 2026						**-4,402**
Prior year comparative						
Open forward currency contracts at 31 March 2025					**369**	-94
Net forward currency contracts at 31 March 2025						**275**

15c. Property holdings

	Year ending 31 March 26 £000	**Year ending 31 March 25 £000**
Opening balance	473,188	461,774
Additions	233,525	4,000
Disposals	0	-1,359
Net increase in market value	8,091	8,773

	Year ending 31 March 26 £000	Year ending 31 March 25 £000
Closing balance	**714,804**	**473,188**

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop these properties, other than to the extent reported in note 26.

The future minimum lease payments receivable by the Fund are as follows:

	Year ending 31 March 26 £000	Year ending 31 March 25 £000
Within one year	27,000	17,023
Between one and five years	65,158	47,626
Later than five years	52,909	32,131
	145,067	**96,779**

The above disclosures have been reduced by a credit loss allowance of 0.35% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This has been based on the Fund's own historic experience but also information on similar properties received from the Fund's property letting agents. The income has also been reduced to take into account the possibility of tenants taking advantage of break clauses in their non cancellable operating lease contracts to terminate tenancies.

15d. Investments analysed by fund manager

	Market Value as at 31 March 2026 £000	Market Value as at 31 March 2026 %	Market Value as at 31 March 2025 £000	Market Value as at 31 March 2025 %
Investments managed in the ACCESS Pool				
Baillie Gifford	961,953	10.2	985,230	11.7
M&G	784,733	8.3	669,267	7.9
Ruffer	205,229	2.2	186,826	2.2
Schroders	1,744,662	18.5	1,426,143	16.9
Columbia Threadneedle	275,461	2.9	207,610	2.5

	Market Value as at 31 March 2026 £000	Market Value as at 31 March 2026 %	Market Value as at 31 March 2025 £000	Market Value as at 31 March 2025 %
Robeco	992,254	10.5	840,382	9.9
	4,964,291	52.7	4,315,457	51.1
Investments managed outside the ACCESS Pool				
CQS	295,942	3.1	280,612	3.3
DTZ	824,930	8.8	603,240	7.1
Fidelity	43,730	0.5	45,819	0.5
Goldman Sachs	460,554	4.9	438,513	5.2
HarbourVest	350,139	3.7	326,547	3.9
Impax	73,647	0.8	65,479	0.8
Insight	767,310	8.1	853,325	10.1
Kames	27,225	0.3	26,755	0.3
Kent County Council investment team	204,923	2.2	129,368	1.5
M&G	343,749	3.6	332,277	3.9
Partners Group	420,883	4.5	431,872	5.1
Pyrford	264,885	2.8	243,174	2.9
Sarasin	0	0	920	0.0
Schroders	294,717	3.1	277,915	3.3
YFM	80,979	0.9	75,065	0.9
Link Fund Solutions	2,190	0.0	2,025	0.0
	4,455,802	47.3	4,132,907	48.9
Total	**9,420,093**	**100**	**8,448,364**	**100**

15e. Single investments exceeding 5% of net assets available for benefits

Investments	**31 March 2026** **£000**	**31 March 2026** **% of net assets**
WS ACCESS Global Equity Core Fund	961,953	10.2

Investments	31 March 2026 £000	31 March 2026 % of net assets
WS ACCESS UK Equity Fund	1,106,905	11.7
LDI Solutions Plus ICAV Active (Insight)	767,310	8.1
WS ACCESS Global Dividend Fund	784,733	8.3
WS ACCESS Global Stars Fund	703,662	7.5
WS ACCESS Global Active Value Fund	637,757	6.8

Investments	31 March 2025 £000	31 March 2025 % of net assets
WS ACCESS Global Equity Core Fund	985,230	11.7
WS ACCESS UK Equity Fund	932,397	11.0
LDI Solutions Plus ICAV Active (Insight)	696,433	8.2
WS ACCESS Global Dividend Fund	669,267	7.9
WS ACCESS Global Stars Fund	639,354	7.6
WS ACCESS Global Active Value Fund	493,746	5.8

15f. Stock lending

The Custodians undertake a programme of stock lending to approved UK counterparties against non-cash collateral mainly comprising of Sovereigns and Treasury Bonds. The programme lends directly held global equities and bonds to approved borrowers against a collateral of Government and Supranational fixed interest securities of developed countries, which is marked to market on a daily basis. Securities on loan are included at market value in net assets on the basis that they will be returned to the Fund at the end of the loan term. Net income from securities lending received from the custodian is shown as income from investments in the Fund Account.

The amount of securities on loan at year end, analysed by asset class and a description of the collateral is set out in the table below:

31 March 2026

Loan Type	Market Value £000	Collateral Value £000	Collateral type
Equities	0	0	Treasury Notes and other Government debt
Bonds	25,712	26,571	Treasury Notes and other Government debt
	25,712	**26,571**	

31 March 2025

Loan Type	Market Value £000	Collateral Value £000	Collateral type
Equities	0	0	Treasury Notes and other Government debt
Bonds	30,538	32,836	Treasury Notes and other Government debt
	30,538	**32,836**	

Note 16 | Financial instruments

16a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement heading.

	31 Mar 26 **Fair value through profit and loss** **£000**	**31 Mar 26** **Assets at amortised cost** **£000**	**31 Mar 26** **Financial liabilities at amortised cost** **£000**	**31 Mar 25** **Fair value through profit and loss** **£000**	**31 Mar 25** **Assets at amortised cost** **£000**	**31 Mar 25** **Financial liabilities at amortised cost** **£000**
Financial assets						
Bonds	436,820			415,195		
Equities	0			0		
Pooled investments	6,973,650			6,179,163		
Property pooled investments	202,540			231,081		
Private equity/infrastructure	852,002			833,484		
Derivative contracts	236			369		
Cash & cash equivalents	215,696	18,592		299,099	20,480	
Other investment balances		15,267			10,314	
Debtors/ receivables		8,268			4,472	
	8,680,943	**42,126**	**0**	**7,958,391**	**35,267**	**0**
Financial Liabilities						

	31 Mar 26 Fair value through profit and loss £000	31 Mar 26 Assets at amortised cost £000	31 Mar 26 Financial liabilities at amortised cost £000	31 Mar 25 Fair value through profit and loss £000	31 Mar 25 Assets at amortised cost £000	31 Mar 25 Financial liabilities at amortised cost £000
Derivative contracts	-4,638			-94		
Other investment balances			0			-688
Creditors			-19,199			-13,524
	-4,638	**0**	**-19,199**	**-94**	**0**	**-14,211**
Total	**8,676,305**	**42,126**	**-19,199**	**7,958,297**	**35,267**	**-14,211**

16b. Net gains and losses on financial instruments

Financial assets	**31 March 2026** **£000**	**31 March 2025** **£000**
Fair value through profit and loss	796,274	141,139
Assets at amortised cost	645	1,163
Total	**796,919**	**142,302**

Note 17 | Valuation of assets and liabilities carried at fair value

The basis of the valuation of each class of investment asset is set out in the following table. There has been no change in the valuation techniques used during the year. All assets are carried at and have been valued using fair value techniques.

Description of asset	**Valuation hierarchy**	**Basis of valuation**	**Observable and unobservable inputs**	**Key sensitivities affecting the valuation provided**
Quoted equities	1	Bid market price on last day of accounting period	Not required	Not required
Quoted bonds	1	Market value on last day of accounting period	Not required	Not required
Quoted pooled investments	1	Net asset value/bid prices on last day of accounting period	Net asset values	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation provided
Cash and cash equivalents	1	Carrying value is deemed to be fair value due to short term nature of these instruments	Not required	Not required
Unquoted pooled investments	2	Net asset value/bid prices on last day of accounting period	Net asset values	Not required
Private equity and infrastructure funds	3	Fair values as per international private equity and venture capital guidelines (2022)	Valuation of underlying investment/assets/ companies/EBITDA multiples	Estimation techniques used in valuations, changes in market conditions, industry specific conditions
Pooled property	3	Net asset value/bid prices on last day of accounting period	Net asset values	Asset values can vary based on two key sensitivities: significant changes in yield movement and estimated rental value movement.
Direct property	3	Independent valuation by Colliers using RICS valuation standards	Market values of similar properties, existing lease terms estimated rental growth, estimated vacancies	Asset values can vary based on two key sensitivities: significant changes in yield movement and estimated rental value movement.
Quoted funds in administration	3	Net asset value/bid prices on last day of accounting period	Net asset values /or if the fund holds illiquid assets, valuation of underlying investment/assets/ companies/EBITDA multiples	If the fund holds illiquid assets, estimation techniques used in valuations, changes in market conditions, industry specific conditions
Forward exchange contracts	2	Market forward exchange rates on the last day of accounting period	Wide range of deals executed in the currency markets, exchange rate risk	Not required
Bespoke fund for equity protection programme assets	2	Net asset value of Fund based on valuation of underlying assets with quoted prices for bond holdings and market	Wide range of deals executed in the bond holdings but limited comparable transactions for	Valuation of derivatives is affected by the equity and foreign exchange market conditions

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation provided
		prices for derivatives	specialist equity derivatives	

Note: Quoted fund in administration refers to the UK equities Fund managed by Link Fund Solutions. Bespoke fund for equity protection programme assets is managed by Insight.

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above, are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

	Assessed valuation range (+/-)	Value as at 31 March 2026 £000	Value on increase £000	Value on decrease £000
Private equity	11.5%	431,119	480,698	381,540
Infrastructure	9.3%	420,883	460,025	381,741
Direct and pooled property	10.4%	917,344	1,012,748	821,940
Other level 3 investments	11.5%	2,190	2,442	1,938
Total		1,771,536	1,955,912	1,587,160

	Assessed valuation range (+/-)	Value as at 31 March 2025 £000	Value on increase £000	Value on decrease £000
Private equity	23.4%	401,612	495,589	307,635
Infrastructure	12.6%	431,872	486,288	377,456
Direct and pooled property	8.9%	704,268	766,948	641,588
Other level 3 investments	23.4%	2,025	2,499	1,551
Total		1,539,778	1,751,325	1,328,321

17a. Fair Value Hierarchy

Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Investments include quoted equities, quoted fixed interest securities, quoted index linked securities and quoted unit trusts.

Level 2

Assets and liabilities at Level 2 are those where quoted market prices are not available or where valuation techniques are used to determine fair value. These techniques use inputs that are based significantly on observable market data. Investments include derivatives, direct property investments, property unit trusts and investments in Link pooled funds for ACCESS.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data and are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. They include private equity and infrastructure investments the values of which are based on valuations provided by the general partners to the funds in which the Pension Fund has invested. Assurances over the valuation are gained from the independent audit of the accounts. These assets also include investments in quoted funds that were in administration as at 31 March 2026 and are invested in illiquid underlying assets.

These valuations are prepared by the fund managers in accordance with generally accepted accounting principles and the requirements of the law where these companies are incorporated. Valuations are usually undertaken periodically by the fund managers, who provide a detailed breakdown of the valuations of underlying assets as well as a reconciliation of movements in fair values. Cash flow adjustments are used to roll forward the valuations where the latest valuation information is not available at the time of reporting. The following table provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2026	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	436,820			436,820
Equities	0			0
Pooled investments	633,247	6,338,212	2,190	6,973,649
Pooled property investments			202,540	202,540
Private equity and infrastructure			852,002	852,002
Derivatives		236		236
Cash deposits	229,414			229,414
Other investment balances	15,267			15,267
Non- Financial assets at fair value through				

Values at 31 March 2026	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
profit and loss				
Property			714,804	714,804
Financial liabilities at fair value through profit and loss				
Derivatives		-4,638		-4,638
Other investment liabilities	0			0
Net investment assets	**1,314,748**	**6,333,809**	**1,771,536**	**9,420,093**

Values at 31 March 2025	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss				
Bonds	415,195			415,195
Equities	0			0
Pooled investments	586,567	5,590,571	2,025	6,179,163
Pooled property investments			231,081	231,081
Private equity and infrastructure			833,484	833,484
Derivatives		369		369
Cash deposits	306,353			306,353
Other investment balances	10,314			10,314
Non- Financial assets at fair value through profit and loss				
Property			473,188	473,188

Values at 31 March 2025	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Financial liabilities at fair value through profit and loss				
Derivatives		-94		-94
Other investment liabilities	-688			-688
Net investment assets	**1,317,741**	**5,590,846**	**1,539,778**	**8,448,364**

17b. Reconciliation of fair value measurements within level 3

	Private equity £000	Infrastructure £000	Direct and pooled property	Other £000	Total £000
Market value 1 April 2025	401,612	431,872	704,268	2,025	1,539,778
Transfers into level 3					0
Transfers out of level 3					0
Purchases during the year	56,198	10,431	250,432	0	317,062
Sales during the year	-43,566	-62,648	-40,724	0	-146,938
Unrealised gains/ losses	-6,854	14,368	-15,781	165	-8,102
Realised gains/losses	23,729	26,860	19,148	0	69,736
Market value 31 March 2026	**431,119**	**420,883**	**917,344**	**2,190**	**1,771,536**

	Private equity £000	Infrastructure £000	Direct and pooled property	Other £000	Total £000
Market value 1 April 2024	387,333	376,066	727,195	2,308	1,492,901
Transfers into level 3					0
Transfers out of level 3					0

	Private equity £000	Infrastructure £000	Direct and pooled property	Other £000	Total £000
Purchases during the year	50,941	18,854	71,221	0	141,017
Sales during the year	-49,683	-10,950	-110,207	0	-170,840
Unrealised gains/ losses	-19,735	47,316	483	-283	27,781
Realised gains/losses	32,756	586	15,577	0	48,919
Market value 31 March 2025	**401,612**	**431,872**	**704,268**	**2,025**	**1,539,778**

Note 18 | Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the value of its assets will fall short that of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Kent Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risks, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to security and derivative price risks. This arises from investments held by the Fund for which the future price is uncertain. All security investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The possible loss from shares sold short is unlimited. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments, and their activity is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Other price risk - sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Council has determined that the following movements in market price risk are reasonably possible for the 2025-26 reporting period.

Asset Type	Potential Market Movements (+/-)
UK Equities	7.7
Overseas equities	7.7
Emerging market equities	9.8
Global pooled equities inc UK	7.7
Bonds	7.1
Property	10.4
Infrastructure	9.3
Private equity	11.5

The potential price changes disclosed above are based on predicted volatilities calculated by our fund managers. The analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is shown below):

Asset Type	Value as at 31 March 26 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	229,414	0.0	229,414	229,414
Investment portfolio assets:				
UK equities	0	7.7	0	0
Overseas equities	0	7.7	0	0
Pooled emerging market equities	564,053	9.8	619,330	508,776
Global pooled equities inc UK	5,508,036	7.7	5,932,155	5,083,918
Bonds incl bond funds	1,338,380	7.1	1,433,405	1,243,355
Property pooled funds	202,540	10.4	223,604	181,476

Asset Type	Value as at 31 March 26 £000	Percentage change %	Value on increase £000	Value on decrease £000
Private equity	431,119	11.5	480,698	381,540
Infrastructure funds	420,883	9.3	460,025	381,741
Derivative assets	236	0.0	236	236
Total	**8,694,661**		**9,378,867**	**8,010,455**

The Fund has an equities downside protection programme to protect the Fund from falls and cap the returns within a given range and is designed to manage the risks associated with global equity investments and help achieve the Fund's required rate of return.

Asset Type	Value as at 31 March 25 £000	Percentage change %	Value on increase £000	Value on decrease £000
Cash and cash equivalents	306,353	0.0	306,353	306,353
Investment portfolio assets:				
UK equities	0	15.5	0	0
Overseas equities	0	15.9	0	0
Pooled emerging market equities	408,638	18.0	482,192	335,083
Global pooled equities inc UK	4,913,707	15.9	5,694,986	4,132,427
Bonds incl bond funds	1,272,014	8.0	1,373,775	1,170,253
Property pooled funds	231,081	8.9	251,647	210,515
Private equity	401,612	23.4	495,589	307,635
Infrastructure funds	431,872	12.6	486,288	377,456
Derivative assets	369	0.0	369	369
Total	**7,965,644**		**9,091,199**	**6,840,090**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposures to interest rate movements as at 31 March 2026 and 31

March 2025 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset type	31 March 26 £000s	31 March 25 £000s
Cash and cash equivalents	229,414	306,353
Cash balances	4,874	13,227
Bonds		
- Directly held securities	436,820	415,195
- Pooled funds	901,560	856,819
Total	**1,572,668**	**1,591,593**

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A one percent movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than one percent from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- one percent change in interest rates:

Asset type	Carrying amount as at 31 March 26 £000	Change in year in the net assets available to pay benefits +1% £000	Change in year in the net assets available to pay benefits +1% £000
Cash and cash equivalents	229,414	0	0
Cash balances	4,874	0	0
Bonds			
- Directly held securities	436,820	-17,691	17,691
- Pooled funds	901,560	-16,960	16,960
Total change in assets available	**1,572,668**	**-34,651**	**34,651**

Asset type	Carrying amount as at 31 March 25 £000	Change in year in the net assets available to pay benefits +1% £000	Change in year in the net assets available to pay benefits +1% £000
Cash and cash equivalents	306,353	0	0

Asset type	Carrying amount as at 31 March 25 £000	Change in year in the net assets available to pay benefits +1% £000	Change in year in the net assets available to pay benefits +1% £000
Cash balances	13,227	0	0
Bonds			
- Directly held securities	415,195	-17,231	17,231
- Pooled funds	856,819	-15,018	15,018
Total change in assets available	**1,591,593**	**-32,249**	**32,249**

Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits. The analysis demonstrates that a 100 bps increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect interest income received on those balances.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Through their investment managers, the Fund holds both monetary and non-monetary assets denominated in currencies other than GBP, the functional currency of the Fund. Most of these assets are not hedged for currency risk and the Fund is exposed to currency risk on these financial instruments. However, a significant proportion of the investments managed by Goldman Sachs Asset Management and all investments in the CQS Fund are hedged for currency risk through forward currency contracts. The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to current fluctuations. The following table summarises the Fund's currency exposure excluding the hedged investments as at 31 March 2026 and 2025:

Currency exposure - asset type	Asset value as at 31 March 26 £000	Asset value as at 31 March 25 £000
Overseas equities	0	0
Overseas pooled funds	5,273,897	4,686,215
Overseas bonds	0	0
Overseas private equity, infrastructure and property funds	771,022	758,419
Non GBP cash	11,585	13,435
Total overseas assets	**6,056,505**	**5,458,069**

Currency risk - sensitivity analysis

Following analysis of historical data and expected currency movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in the values of financial assets denominated in foreign currency are reasonably possible for the 2025/26 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. A relevant strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure - asset type	Asset value as at 31 March 26 £000	Change to net assets available to pay benefits +5.6% £000	Change to net assets available to pay benefits -5.6% £000
Overseas equities	0	0	0
Overseas pooled funds	5,273,897	5,569,236	4,978,559
Overseas bonds	0	0	0
Overseas private equity, infrastructure and property funds	771,022	814,199	727,845
Non GBP cash	11,585	12,234	10,936
Total change in assets available	**6,056,505**	**6,395,669**	**5,717,340**

Currency exposure - asset type	Asset value as at 31 March 25 £000	Change to net assets available to pay benefits +5.5% £000	Change to net assets available to pay benefits -5.5% £000
Overseas equities	0	0	0
Overseas pooled funds	4,686,215	4,943,957	4,428,473
Overseas bonds	0	0	0
Overseas private equity, infrastructure and property funds	758,419	800,132	716,706
Non GBP cash	13,435	14,174	12,696
Total change in assets available	**5,458,069**	**5,758,263**	**5,157,875**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position.

However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment of a receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Derivative contracts are also covered by margins which provide collateral against risk of default by the counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund has also set limits as to the maximum amount that may be placed with any one financial institution. The Fund's cash was held with the following institutions:

	Rating	Balance as at 31 March 26 £000	Balance as at 31 March 25 £000
Money market funds			
Northern Trust Sterling Fund	AAAm	38	187
SSGA Liquidity Fund	AAAm	0	0
Blackrock ICS	AAAm	56,214	11,361
Blackrock USD Government Liquidity Fund	AAAm	6,020	64
Aberdeen Sterling Liquidity Fund	AAAm	17,529	10,766
Goldman Sachs Liquid Reserve Government Fund	AAAm	10,723	11,425
Aviva Investors Sterling Liquidity Fund	AAAm	52,828	49,777
Federated (PR) Short-term GBP Prime Fund	AAAm	0	0
Deutsche Managed Sterling Fund	AAAm	4,894	2,311
HSBC Global Liquidity Fund	AAAm	0	0
LGIM Liquidity Fund	AAAm	65,827	53,457
Insight Sterling Liquidity Fund	AAAm	0	156,893
		214,073	**296,241**
Bank deposit accounts			
NatWest SIBA	A+	1,572	1,631
		1,572	**1,631**
Bank current accounts			
NatWest current account	A+	50	50
NatWest current account - Euro	A+	279	11,922
NatWest current account - USD	A+	4,544	28
Northern Trust - current accounts	AA-	6,943	7,470

	Rating	Balance as at 31 March 26 £000	Balance as at 31 March 25 £000
Barclays - DTZ client monies account	A+	6,826	2,237
		18,643	**21,707**
Total cash and cash equivalents		**234,288**	**319,579**

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments. The Council has immediate access to the Fund's money market fund and current account holdings.

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund’s cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2026 are due within one year.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Note 19 | Funding arrangements

In line with Local Government Pension Scheme (Administration) Regulations 2013 (as amended), the Fund is required to obtain an actuary's funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2025.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund and ensure that sufficient funds are available to meet all the benefits as they fall due for payment

- To ensure employer contribution rates are as stable as possible

- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return

- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so

At the 2025 valuation a maximum deficit recovery period of 8 years (2022 - 11 years) is used for all employers. Shorter recovery periods have been used where affordable. This will provide a buffer for future adverse experience and reduce the interest cost paid by employers. For Transferee Admission Bodies the deficit recovery period is set equal to the future working life of current employees or the remaining contract period, whichever is the shorter.

In the 2025 triennial valuation, the smoothed value of the Fund's assets at the valuation date was £8,595m and the liabilities were £8,259m. The assets therefore, represented 104% (2022 – 102%) of the Fund's accrued liabilities, allowing for future pay increases.

The primary contribution rate for the average employer, including payments to target full funding has decreased from 20.5% to 16.7% of pensionable salaries after the latest valuation. Secondary rates however differ from employer to employer depending upon their funding position and agreed deficit recovery period. The funding level for the Fund as a percentage has increased (due to good investment returns and employer contributions) although this has been partly offset by the changes in the financial assumptions used to calculate the liabilities.

The actuarial valuation has been undertaken on the projected unit method. At individual employer level the projected unit funding method has been used where there is an expectation that new employees will be admitted to the Fund. The attained age method has been used for employers who do not allow new entrants. These methods assess the costs of benefits accruing to existing members during the remaining working lifetime, allowing for future salary increases. The resulting contribution rate is adjusted to allow for any differences in the value of accrued liabilities and the market value of assets.

The 2025 actuarial assumptions were as follows:

Valuation of Assets:	Assets have been valued at a 6 month smoothed market rate
Rate of return on investments (discount rate)	4.9% p.a.
Rate of general pay increases:	
Long term	3.7% p.a.
Short Term	n/a
Assumed pension increases	2.7% p.a.

Note 20 | Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, every year the Fund's actuary undertakes a valuation of the Fund's liabilities on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

Actuarial present value of promised retirement benefits	31 March 26 £m	31 March 25 £m
Present value of promised retirement benefits	-7,430.1	-7,057.8
Fair value of scheme assets at bid value	9,418.2	8,424.9
Net asset	**1,988.1**	**1,367.1**

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. Based on the latest valuation, the fair value of net assets of the Fund represents 127% of the actuarial valuation of the promised retirement benefits. Future liabilities will be funded from future contributions from employers.

The liability above being calculated on an IAS 19 basis and differs from the results of the 2025 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects a market rate.

Assumptions used:	**% p.a.**
Salary increase rate	3.90%
Inflation/Pensions increase rate	3.30%/2.90%
Discount rate	6.15%

In December 2018 the Court of Appeal passed the McCloud judgement, which relates to age discrimination in relation to judges and firefighters pensions. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases and legislation is now being drafted to bring forward these changes. Updated Regulations are to be consulted on in 2023 with the earliest effective date expected to be October 2023. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. For the 2022 valuation, as instructed by the Department of Levelling Up, Housing and Communities (DLUHC), our actuaries had assumed that the legislation will bring forward the changes previously proposed, and had valued the benefits in line with this. The 2022 exercise had estimated the additional costs to be approximately 0.7% of the Fund's liabilities and these had been included in the total liabilities of the Fund at the 2022 valuation. A similar approach has been taken as part of the 2025 triennial valuation with estimates made for active members based on historic data. The liabilities calculated as part of the 2025 valuation reflects the fact that eligible members may receive a pension uplift at retirement if their benefits would have been higher had they continued to accrue service in the discontinued final salary scheme until 31 March 2022.

Note 21 | Current assets

	31 March 26 **£000**	**31 March 25** **£000**
Debtors		
- Contributions due - employees	5,833	5,118
- Contributions due - employers	19,371	16,785
	25,204	21,903
Sundry debtors	8,268	4,472
Total debtors	**33,472**	**26,375**
Cash	4,874	13,227
Total current assets	38,346	39,602

Note 22 | Current liabilities

	31 March 26 £000	31 March 25 £000
Creditors		
- Benefits payable	25,291	22,832
- Sundry creditors	19,199	13,524
Total current liabilities	**44,490**	**36,356**

Note 23 | Additional voluntary contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4(2)(b) of the LGPS (Management and Investment of Funds) Regulations 2009, these AVC contributions are not included within the Pension Fund Accounts. These contributions are paid to the AVC provider directly by the employer and are invested separately from the Pension Fund, with either Utmost Life, Prudential Assurance Company or Standard Life Assurance Company. These amounts are included within the disclosure note figures below.

	Prudential 2025-26 £000	Prudential 2024-25 £000	Standard Life 2025-26 £000	Standard Life 2024-25 £000	Utmost Life 2025-26 £000	Utmost Life 2024-25 £000
Value at 1 April	14,958	12,895	2,422	1,918	245	282
Value at 31 March	18,826	14,958	2,832	2,422	233	245
Contributions paid	4,047	4,047	808	595	0	0

Note 24 | Related party transactions

The Fund is required to disclose material transactions with related parties, not disclosed elsewhere, in a note to the financial statements. During the year each member of the Kent Pension Fund Committee is required to declare their interests at each meeting. None of the members of the Committee or senior officers undertook any material transactions with the Fund. As such, there are no related party transactions with related individuals or any entities where a related individual has control/influence or is a member of key management.

The Kent Pension Fund is administered by Kent County Council and consequently there is a strong relationship between the Council and the Pension Fund.

	2025-26 £000	2024-25 £000
KCC is the largest single employer of members of the Fund and during the year contributed:	98,513	93,395
A list of all contributing employers and amount of contributions received is included in the Fund's annual report available on the pension fund website		
Charges from KCC to the Fund in respect of pension administration, governance arrangements, investment monitoring, legal and other services.	8,764	7,082
Year end balance due to KCC arising out of transactions between Kent County Council and the Fund	-6,077	-7,445

The year end credit balance due to KCC mainly comprises of recharges and of VAT payable to KCC.

24a. Key management personnel

The key management personnel of the Fund for 2025-26 are the Corporate Director Finance as well as the Head of Pensions and Treasury. The Corporate Director Finance charges a proportion of their time to the Kent Pension Fund as part of the County Council's charge for the administration of the Fund. Full details of the salary of Corporate Director Finance can be found in the main accounts of Kent County Council.

Total costs charged to the Fund, including amounts recharged by the Corporate Director Finance, in respect of key management are shown below.

	31 March 26 £000	31 March 25 £000
Salary	123	**125**
Allowances	12	**12**
Other	19	**27**
Employer's pension contributions	28	**17**
Total	182	**181**

Note 25 | Contingent liabilities

The Fund is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the Kent Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

The Government has since legislated to address this issue. The Pension Schemes Bill received Royal Assent on 29 April 2026 and became the Pension Schemes Act 2026. The Act includes provisions intended to allow certain historic benefit amendments to be retrospectively validated through written actuarial confirmation, subject to the conditions set out in the legislation.

The Kent Pension Fund is continuing to monitor developments and is awaiting further advice on whether the issue is relevant to the LGPS and the Fund itself. However, at this time, the Fund is hopeful that there is no impact on the scheme.

Note 26 | Contractual commitments

Outstanding capital commitments (investments) as at 31 March 2026 totalled £289m (31 March 2025: £375m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over the life of each fund.

Note 27 | Contingent assets

31 admitted body employers in the Fund hold insurance bonds and 12 hold guarantees with their Employing Authority to guard against the possibility of being unable to meet their pension obligations. These bonds and guarantees are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

INDEPENDENT AUDITOR'S REPORT | KENT COUNTY COUNCIL FINANCIAL STATEMENTS

To follow

INDEPENDENT AUDITOR'S REPORT | KENT PENSION FUND FINANCIAL STATEMENTS

To follow

GLOSSARY OF TERMS

Agency - The provision of services by one local authority, on behalf of and reimbursed by the responsible local authority or central government.

Budget - A statement defining the Council's policy over a specified period and expressed in financial or other terms.

Capital expenditure - Expenditure on the provision and improvement of permanent assets such as land, buildings, and roads.

Capital receipts - Money obtained on the sale of a capital asset.

Derivatives - A derivative is a contract that derives its value from the performance of an underlying entity. Common derivatives include forwards, futures, options, and swaps.

Employee expenditure - The salaries and wages of employees together with national insurance, superannuation, and all other pay-related allowances. Training expenses and professional fees are also included.

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. Page 31 of the accounts provides clarification of level 2 and 3 inputs.

Government grants - Part of the cost of local government's services is paid for by central government from its own tax income. These grants are of two main types. Some (specific grants and supplementary grants) are for particular services such as Highways and Transportation. Others are in aid of local services generally.

Intangible Assets - Capital spend on items such as software licences and patents.

Local Authority Accounting Panel -The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting, Service Reporting Code of Practice, and the Prudential Code.

Long-term debtors - Amounts due to Kent County Council where payment is to be made over a period of time in excess of one year.

Minimum Revenue Provision - The amount that the Council is required to charge to the revenue account each year to provide for the repayment of debt.

Net operating expenditure - This comprises all expenditure minus all income, other than the precept and transfers from reserves.

Non-Delegated - Spend on Education Services which is not delegated to schools.

Precept - The levying of a rate by one authority which is collected by another. Kent County Council precepts upon the district council's collection funds for its income but some bodies, e.g. the Environment Agency, precept upon Kent County Council.

Public Works Loans Board - A Government controlled agency that provides a source of borrowing for public authorities.

Related party transaction - A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Revenue expenditure - Expenditure to meet the continuing cost of services including salaries, purchase of materials, and capital financing charges.

Revenue expenditure funded from capital under statute (Refcus) - Refcus includes expenditure that has been treated as capital expenditure but does not lead to the acquisition by the Council of a tangible asset.

Specific grants - See 'government grants'.

Support service costs - The 'overhead' cost to Service Directorates of support services, such as architects, accountants, and solicitors.

Unusable reserves - Those reserves that the Council is not able to utilise to provide a service.

Usable capital receipts - The proportion of the proceeds arising from the sale of fixed assets that can be used to finance capital expenditure.

Further information on the accounts can be obtained from the Chief Accountant (please call 03000 41 41 41).

This publication can be made available in alternative formats and can be explained in a range of languages. Please call 03000 41 41 41 or Text Relay 18001 03000 41 41 41.