Statement of Accounts

2025/26

The 2025/26 pre-audit Statement of Accounts of the Kent and Medway Towns Fire Authority is certified by the Director of Finance and Corporate Services as presenting a true and fair view of the Authority's income and expenditure for 2025/26 and its financial position at 31 March 2026.

These Accounts are unaudited and may be subject to change.

Barrie Fullbrook

Director of Finance and Corporate Services

26 June 2026

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Narrative Report

Introduction

This Narrative Report has been prepared to provide a fair, balanced and understandable guide to the Statement of Accounts of Kent and Medway Towns Fire Authority (the Authority) for the year ended 31 March 2026. It explains the Authority's role and governance arrangements, summarises the main issues affecting service and financial performance during the year, comments on the Authority's financial position at the year end and highlights the principal risks, uncertainties, and opportunities facing the Authority over the medium term. It is intended to help readers place the detailed financial statements in the wider context of the Authority's strategy, performance and stewardship of public resources.

The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Narrative Report accompanies, but does not replace, the primary financial statements and notes. The principal elements of the Statement of Accounts are summarised below.

Narrative Report: provides context for the Statement of Accounts and explains the Authority's financial position, performance and outlook.

The Statement of Responsibilities: sets out the responsibilities of the Authority and the Director of Finance and Corporate Services in relation to the Statement of Accounts.

The Comprehensive Income and Expenditure Statement (CIES): shows the accounting cost of providing the Authority's services during the year, together with all gains and losses recognised in accordance with proper accounting practice.

The Movement in Reserves Statement (MiRS): shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' (which are held for statutory purposes or to comply with proper accounting practices).

The Balance Sheet: shows the value of the Authority's assets and liabilities at the Balance Sheet date, together with the reserves that finance the net position.

The Cash Flow Statement: shows the movement in cash and cash equivalents of the Authority during the year.

The Expenditure and Funding Analysis: reconciles the way financial performance is reported to the Authority for management purposes to the position required by proper accounting practice.

The Firefighters' Pension Fund Account: summarises the transactions of the unfunded firefighters' pension scheme, into which contributions are paid and from which pensions are met, with grant support from Government where contributions are insufficient in year.

A glossary of the main terms used in the Statements is provided on pages 77 - 80.

The Fire Authority

The statutory name of the organisation is Kent and Medway Towns Fire Authority. For operational and public-facing purposes, the Authority now uses the name Kent and Medway Fire and Rescue Authority. References in these accounts to "the Authority" relate to the same legal entity throughout.

The Authority is a standalone combined fire and rescue authority established on 1 April 1998. Its purpose is to provide Kent Fire and Rescue Service across Kent and Medway. The Authority's statutory responsibilities include extinguishing fires, protecting life and property, rescuing people in emergencies including road traffic collisions, assessing local risk and maintaining a safe and resilient workforce.

The Service covers Kent and Medway, serving a geographically varied area of urban, rural and coastal communities. It operates from 56 fire stations and responds to a broad range of fire, rescue, prevention, protection and resilience demands.

The Authority comprises 21 elected councillors appointed by Kent County Council and 4 by Medway Council, the Kent Police and Crime Commissioner, and an independent member. The independent member sits on both the Authority and the Audit and Governance Committee to provide challenge and scrutiny. The full Authority generally meets three times a year, and the Audit and Governance Committee also meets three times a year. These arrangements form part of the Authority's wider governance framework, which includes its Constitution, Scheme of Delegation, Decision-Making Framework, Local Code of Good Governance and Annual Governance Statement.

Strategic Context 2025/26

The year 2025/26 was the first full year of delivery under the Authority's Community Risk Management Plan (CRMP) Delivery Plan 2025 - 2029. The CRMP is the Authority's core strategic planning document and is intended to align resources, prevention, protection, response and resilience activity with the risks facing communities across Kent and Medway.

The Delivery Plan is structured around seven broad themes: climate change and environment; health and society; rescues; major industry; buildings and places; transport; and utilities, fuel and power. This framework is intended to support longer-term planning and a more integrated approach to prevention, protection, response and resilience work.

The external operating environment continued to evolve during the year. The Authority therefore continued to respond to a changing risk profile, including wildfire and outdoor fire risk, water rescue demands, building safety reform and wider resilience demands. These pressures have implications not only for operational activity but also for workforce planning, response standards, estate and fleet investment, digital capability and future funding requirements.

Governance, Assurance and Financial Management

The Authority's governance arrangements are grounded in the Accounts and Audit Regulations 2015, the Fire and Rescue Services Act 2004, the Kent Fire Services (Combination Scheme) Order, and the CIPFA / SOLACE Delivering Good Governance in Local Government Framework. Responsibility for the approval of the Authority's Statement of Accounts and Annual Governance Statement is delegated to the Audit and Governance Committee.

The Authority applies the principles of the CIPFA Financial Management Code through leadership, accountability, transparency, assurance, and sustainability. Its Financial Regulations and related procedures set the control framework for financial planning, financial management, risk financing and insurance. These documents are reviewed and updated periodically so that they remain aligned to the Constitution, operational structures and working practices.

The Authority receives assurance from a range of sources, including budget monitoring, treasury management monitoring, risk management, performance reporting, internal audit, external audit, the Annual Governance Statement and external inspection reports. Together these arrangements are intended to support sound decision-making, value for money and the effective stewardship of public funds.

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Principal Risks and Uncertainties

The Authority operates in an increasingly complex environment. The table below summarises the risks judged to be most relevant at 31 March 2026, the current area of exposure and the main management response in place. The table is not intended to replicate the full corporate risk register; rather, it highlights those matters considered most material to the reader's understanding of current performance, financial resilience and the medium-term outlook.

Principal risk or uncertainty	Current area of exposure	Why it matters	Current management response
Medium-term funding and reform	High	Funding reform, business rate volatility and future grant arrangements could reduce financial headroom and increase reliance on savings, reprofiling or reserve drawdown.	Managed through the MTFP, annual budget setting, reserve strategy, scenario planning and regular monitoring of national announcements and consultations.
Response performance and operational availability	High	Response standards are a key indicator of operational effectiveness. Appliance availability, turnout times, traffic conditions and workforce resilience all affect performance.	Performance is monitored throughout the year. Management action includes review of appliance availability, on-call resilience, station-based performance and wider operational factors affecting attendance times.
Delivery of capital and infrastructure programmes	Medium / High	Delays in procurement, construction or implementation can postpone service benefits, affect the timing of reserve use and influence future financing decisions.	The capital programme is supported by project planning, monitoring, gateway controls, challenge on delivery timetables and periodic reprofiling where justified.
Inflation and pay award volatility	Medium / High	The Authority is highly exposed to employee costs and to inflationary pressures in utilities, contracts and supplies. Variances can quickly affect the base budget.	Budget assumptions are reviewed annually, and in-year monitoring is used to identify cost pressures and any mitigating action at an early stage.
Workforce capacity, skills and culture	Medium	The Authority depends on a skilled workforce across operational, professional and support roles. Recruitment, retention, development and culture all affect service resilience.	Workforce planning, training, leadership development, people policies and inspection follow-up plans are used to address emerging risks and capability gaps.
Structural and policy change	Medium	Local government reorganisation, reform of policing governance and wider public sector reform may affect partnerships, support service arrangements and the future operating model.	These developments are kept under review through the governance framework and strategic planning, with implications reflected in the MTFP and service planning where appropriate.

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Service Performance in 2025/26

During 2025/26 the Service attended 4,522 fires, compared with 3,919 in 2024/25. The increase was driven largely by higher levels of accidental and deliberate outdoor fires during the drier summer of 2025. Accidental dwelling fires accounted for 20% of all accidental fires attended in 2025/26. These incidents remained relatively stable at 554 (556 in 2024/25). Although the number of accidental dwelling fires remains low in historic terms, reducing fires in the home continues to be a core priority because of the potential impact on life risk.

The Service attended 1,140 road traffic collisions (RTCs), compared with 1,116 in 2024/25. The year-on-year increase was modest, but it means performance did not continue the short-term downward movement seen over the most recent period. Work with partners on road safety therefore remains an important element of the Authority's prevention activity.

Under its co-responder arrangements, some on-call fire stations and officers respond to immediately life-threatening medical emergencies in support of the ambulance service. During 2025/26 the Service attended 499 such incidents, compared with 787 in 2024/25. The Authority also supported ambulance and police partners with a wider range of incidents, including welfare entry and complex rescue events, attending 3,073 incidents of this type during the year.

The Authority changed the way it measures response times with effect from 1 April 2025, introducing separate standards for urban and rural incidents. Therefore, 2025/26 is the first full reporting year under the revised methodology, and direct comparison with prior-year response reporting should be treated with caution. For 2025/26, the new response targets are:

- Emergency incidents in urban areas attended within 9 minutes on 75% of occasions.
- Emergency incidents in rural areas attended within 15 minutes on 75% of occasions.
- Non-emergency incidents in any area attended within 30 minutes.

In 2025/26 the Service attended emergency incidents in urban areas within 9 minutes on 72% of occasions and emergency incidents in rural areas within 15 minutes on 71% of occasions. Non-emergency incidents were attended within 30 minutes on 98% of occasions. On average, response times to incidents in urban areas was 7 minutes 49 seconds and rural areas was 12 minutes 52 seconds. While performance against standard was below target, the reasons are understood, and management action is in train.

Several factors affect response performance, including appliance availability, on-call availability, turnout times, traffic conditions, roadworks, road closures, 20mph limits and the quality of address information available at the point of mobilisation. These contextual factors are relevant, but they do not remove the need for management to improve performance where possible. Improvement work during the year included continued review of appliance availability, workforce resilience and station-based performance to improve attendance times. Performance against these targets will continue to be monitored closely.

Prevention and protection activity remained a significant part of the Authority's work. During 2025/26 Customer Safety teams delivered 12,011 Safe and Well Visits, while crews and the task force team delivered a further 14,336 home safety visits. The Risk-Based Intervention Programme completed the first year of its three-year cycle, with crews and building safety teams carrying out 1,592 visits. The Service also completed 2,331 building regulation consultations during the year.

Detailed performance reporting is provided separately to Members during the year. The Narrative Report highlights only those matters considered most material to understanding the Authority's service delivery and year-end position.

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Estates, Fleet, and Digital Programmes

The Authority's Estates, Fleet, and Digital programmes support the CRMP by linking strategic priorities to the revenue and capital investment needed to sustain operational capability, resilience and compliance. This area is material to the Accounts because it informs capital expenditure, reserve usage, future financing requirements and the management of operational risk. In several areas the operational and financial effects of asset investment will arise over a number of years and remain dependent on successful delivery of the capital programme.

The estates programme continued to focus on condition, energy efficiency and operational fitness for purpose. Improvements across the estate included replacement boilers and heating systems, improved insulation, window replacements, and other energy-saving measures. New and refurbished buildings are being designed with improved energy efficiency standards and building management controls. These measures are intended to improve long-term asset resilience and reduce operating costs, although the financial benefits arise over time rather than immediately.

Fleet and equipment investment remained focused on operational availability, efficiency and risk reduction. The fleet remains the Authority's largest source of direct carbon emissions. During the year the Authority continued to introduce more fuel-efficient vehicles, maintain vehicle CCTV and improve vehicle risk management. Investment decisions in this area are taken not only for operational reasons but also because they affect maintenance costs, insurance outcomes, carbon performance and the timing of future capital financing.

The Authority's programme of digital investment includes work on the command-and-control system, mobile data terminals, the time and attendance system, the fleet management system, operational equipment records and wider data quality arrangements. These systems affect how resources are mobilised, how operational information is shared with crews, how workforce availability is understood and how asset condition and replacement needs are monitored.

Financial Performance in 2025/26

Setting the Revenue Budget for 2025/26 - In February 2025 the Authority approved a net revenue budget of £98.232m. The budget was constructed to align financial resources with the CRMP and associated enabling plans, while maintaining a balanced medium-term position.

The Government's policy statement in November 2024 confirmed that standalone fire and rescue authorities could increase Band D council tax by up to £5 without referendum and that Revenue Support Grant, Baseline Funding and business rates grants would be uplifted by September CPI (1.7%). It also confirmed the removal of the Minimum Funding Guarantee grant (£1.527m) and the Services Grant (£104k) for 2025/26. The final Local Government Finance Settlement for 2025/26 was published on 3 February 2025 and did not change the Authority's provisional funding position.

The Authority takes a prudent approach to budget development, ensuring that expenditure plans are fully resourced and that proposed savings are achievable. The previous year's budget is adjusted for the impact of pay and price increases plus any other identified pressures or savings. Approximately 82% of the Authority's net revenue budget relates to pay costs. The 2024/25 revenue budget included provision for a pay award of 3% for all colleagues but the nationally agreed pay awards for operational colleagues settled at 4% and for corporate colleagues settled at a flat increase of £1,290 or 2.5% (whichever is the greater). It was therefore necessary to increase the 2025/26 revenue budget to reflect these higher than budgeted prior year pay awards, as well as to increase the budget for the assumed pay award for 2025/26, which was 2% but later settled at 3.2% for all pay groups. The 1.2% pay award gap was largely offset by in year vacancies and holding recruitment into some non-operational vacant positions. Budget development continued to be highly sensitive to nationally agreed pay awards.

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Revenue Budget Funding - The Authority's revenue budget is funded by income from Council Tax, Non-Domestic (Business) Rates and various government grants. To ensure that the revenue budget is sustainable over the medium-term, the Authority agreed to increase the Council Tax charge by 5.5% for 2025/26, resulting in an annual increase of £4.95 for a Band D property. The Band D Council Tax charge was therefore increased to £94.86.

The Authority's funding package for 2025/26 consisted principally of £64.792m Council Tax precept, £21.243m Retained Business Rates, Business Rates Grants and Top-Up Grant, £11.549m Revenue Support Grant, and £648k Employers' National Insurance Grant. The Authority's overall funding package increased by £3.519m for 2025/26.

2025/26 Funding	£'000
Revenue Support Grant	11,549
Non-Domestic (Business) Rates	21,243
Council Tax	64,792
Employer National Insurance Grant	648
Total	**98,232**

Revenue Budget Expenditure - Pressures faced by the Authority on areas such as pay awards, inflationary prices growth and other commitments totalled £6.551m for 2025/26. One-off budget adjustments reduced the budget requirement by £1.139m, meaning savings of £1.893m were required to balance the 2025/26 revenue budget.

The revenue budget outturn for 2025/26 was an underspend of £1.738m. This was a favourable outturn, but it does not represent an equivalent level of recurring headroom in the base budget. The outturn was influenced by a mixture of one-off factors, and non-recurring income, including higher than budgeted investment income. Direct pension costs primarily relate to the cost of firefighter injury awards and ill health retirements. A significant budget overspend has occurred due to confirmation of ten firefighter ill health retirements during the year. This will impact on costs in future years so the financial impact will be reflected in the updated Medium-Term Financial Plan.

The table below provides a summary of the revenue budget outturn position. The Infrastructure Variance column shows movements (primarily re-profiling of spend) associated with infrastructure plan funded items. These variances have been presented separately as they have no overall impact on the net revenue budget outturn as they are offset by transfers to or from the Infrastructure Reserve.

Revenue Budget Outturn 2025/26

All figures are in £'000	Original Budget	Revised Budget	Outturn	Infra-structure Variance	-Under / Overspend
Service Costs	101,217	100,538	94,480	-4,638	-1,420
Direct Pension Costs	2,176	2,176	2,580	-	404
Capital Financing Costs	4,017	2,879	3,622	734	9
Investment Income	-1,594	-1,594	-2,631	-	-1,037
Transfers from (-) / to Reserves	-7,584	-5,767	-1,557	3,904	306
Total	**98,232**	**98,232**	**96,494**	**0**	
Net Revenue Budget surplus					**-1,738**

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A summary of the most significant revenue budget underspends and overspends is provided in the table below:

Revenue Budget Variances	£'000
Net underspend on employee costs (pay, training, insurance etc.)	-218
Direct pension costs	404
Utilities expenditure	-133
Premises repairs and maintenance	-311
Water hydrants repairs (net of Rolling Budget Reserve Transfer)	50
Airwaves charges	-537
Capital financing costs	9
Net additional grant income	-176
Additional investment income	-1,037
Net increase in transfers to reserve	306
Other minor net underspends	-95
Net Revenue Budget Underspend	**-1,738**

At the end of the year £559k was transferred to the Rolling Budget Reserve to fund commitments made in 2025/26, but where the associated costs will not be incurred, or recognised (stock adjustments), until after 31 March 2026. During the year £872k was transferred from this reserve to fund expenditure committed in 2024/25 but incurred in 2025/26, making the 2025/26 net movement on the Rolling Budget Reserve £313k.

Provisions and Reserves

Provisions - The Authority continues to hold provisions for insurance claims that have been notified but not yet settled totalling £137k, and for its share of provisions made by Kent billing authorities for business rates appeals totalling £608k. A general property provision was made in regard to land contamination identified at Ashford Fire Station. Work to remediate the site was completed in 2025/26.

Reserves - The General Reserve increased by £210k to £4.890m at 31 March 2026. This remains consistent with the Authority's policy of maintaining a general reserve balance at broadly 5% of the base revenue budget. The reported level remains in line with the approved reserve strategy; however, whether it remains sufficient over the medium term will continue to depend on the delivery of planned savings, the management of inflation and pay pressures, and the extent to which current MTFP assumptions remain valid.

Earmarked reserves are held for specific and planned purposes, including the management of known liabilities, funding volatility, transformation activity and future infrastructure investment. They are not generally available to support recurring expenditure on an ongoing basis. The majority of earmarked reserves are held within the Infrastructure Reserve and are expected to reduce over time as capital investment is delivered. The level of reserves should therefore be considered alongside the capital programme and MTFP rather than in isolation. Earmarked reserves decreased by £29k to £36.626m at 31 March 2026.

The Authority received £443k of capital receipts, net of selling costs, during the year from the sale of two properties and an old vehicle. No capital receipts were utilised to fund capital expenditure in 2025/26, so the Capital Receipts Reserve increased to £9.090m as at 31 March 2026.

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All figures are in £'000	**31 March 2026**
General Reserve	4,890
Earmarked Reserves	36,626
Capital Receipts Reserve	9,090
Total Usable Reserves	**50,606**

Capital Investment

Capital Budget and Expenditure - Capital expenditure in 2025/26 totalled £10.730m against a revised budget of £13.474m. The variance largely reflected reprofiling of schemes into 2026/27 rather than de-scoping of the programme. However, slippage on significant projects affects the timing of reserve usage, cash balances, and benefits realisation so these projects are closely monitored by the strategic leadership team.

Estate Development and Other Premises - expenditure on the Ashford Live Fire Training Facility continued during the year. Practical completion of the live fire building occurred after the year end on 1 May 2026. The 2025/26 capital outturn therefore reflects expenditure incurred to 31 March 2026, with £1.910m reprofiled into 2026/27. There were also delays to projects at Folkestone and Tonbridge fire stations, with £210k reprofiled because works started later than planned due to supplier availability. Other premises works incurred a minor overspend of £28k.

Information and Communication Systems - installation of mobile data terminal devices took longer than originally anticipated, with the final batch valued at £269k received in April 2026. This budget was therefore reprofiled into 2026/27.

Vehicles and Equipment - Changes to the specification of Urban Search and Rescue vehicles delayed procurement and led to £162k being reprofiled, while driver training appliances delivered on 2 April 2026 resulted in a further £99k being deferred. A late design change to the All-Terrain Rescue Unit vehicle delayed delivery and added a further £50k of reprofiling. Other minor variances on vehicles and equipment totalled £72k.

The table below gives a breakdown of the net £2.744m variance compared to the revised budget:

Capital Budget Outturn 2025/26

All figures are in £'000	**Original Budget**	**Revised Budget**	**Outturn**	**Variance**
Estate Development	10,081	11,039	8,919	-2,120
Other Premises	307	458	486	28
Information and Communication Systems	600	600	331	-269
Vehicles and Equipment	2,689	1,377	994	-383
Total	**13,677**	**13,474**	**10,730**	
Net Capital Budget Variance				**-2,744**

Details of the financing of the capital expenditure can be found in Note 22.

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Treasury Management and Cash Flow

Borrowing - The Authority did not plan to use external borrowing to finance capital expenditure in 2025/26. Instead, it continued to use internal borrowing from temporary cash balances to finance earlier unfinanced capital expenditure. This approach has supported affordability in the short term, but it also means that future liquidity and borrowing decisions will continue to depend on the pace of capital spending, reserve movements and the wider interest-rate environment. The Authority had no external borrowing at the year end.

Treasury Activity - Investments were managed in accordance with the approved Treasury Management and Investment Strategy, with priority given to security and liquidity while seeking an appropriate return. During 2025/26 the Bank of England reduced base rate on three occasions, with the base rate falling to 3.75% by the end of March 2026. Deposit rates therefore reduced over the course of the year. The Authority earned £2.724m of interest on cash deposits during 2025/26, equivalent to an average return of 4.14%. Treasury management remained in-house, supported by an external treasury adviser.

Cashflows - The Cash Flow Statement shows that cash and cash equivalent balances reduced by £7.184m over the year. At 31 March 2026 the Authority held £57.233m in cash and cash equivalents and short-term investments.

Pension Assets and Liabilities

The Authority is required to account for pension costs and liabilities in accordance with IAS 19 Employee Benefits. These balances are long-term accounting measures and do not represent an immediate call on the Authority's usable reserves. The amounts charged to the General Fund are determined through statutory funding arrangements and employer contribution requirements rather than by the year-end accounting valuation alone.

At 31 March 2026 the Authority recognised a firefighters' pension liability of £606.803m. The Balance Sheet therefore continues to report a substantial net liability position. This is normal for fire and rescue authorities and does not, in itself, mean that the Authority is unable to meet current obligations. However, it remains a material accounting issue because movements in actuarial assumptions can have a significant effect on the reported financial position and on the total comprehensive income and expenditure for the year.

Movements in the pension liability are volatile and depend on factors such as discount rates, inflation assumptions, salary assumptions and whether the actuarial exercise is a full valuation or a roll-forward. In 2025/26 the firefighters' scheme was subject to a roll-forward valuation. The reassessment of the net defined benefit liability resulted in a remeasurement of £14.475m, compared with £26.373m in 2024/25. Full details of pension assets and liabilities are set out in Note 25 to the Accounts.

Inspection

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspected Kent Fire and Rescue Service during the early part of 2025 and published the results in August 2025. The inspection provided an important source of independent external assurance on the Service's effectiveness, efficiency and how well it looks after its people.

Across the 11 graded areas, the Service was judged outstanding in understanding fire and risk, protecting public safety through fire regulation and making the Service affordable now and in the future. Five further areas were graded good, and three areas were graded adequate. This represented a strong overall result and provided positive assurance on several aspects of service delivery, risk understanding and financial planning.

The inspection identified areas for continued improvement. In particular, HMICFRS highlighted the availability of on-call fire engines and the need for quality assurance over all prevention activity so that home fire safety visits are completed to an appropriate standard. The Authority has incorporated inspection findings into service planning, performance monitoring and governance arrangements so that improvement actions can be tracked and delivered.

Outstanding	Good	Adequate	Requires Improvement	Inadequate
Understanding fire and risk	Preventing fire and risk	Responding to fires and emergencies		
Public safety through fire regulation	Responding to major incidents	Promoting fairness and diversity		
Future affordability	Best use of resources	Managing performance and developing leaders		
	Promoting values and culture			
	Right people, right skills			

Looking Forward – 2026/27 Onwards

The Authority enters 2026/27 with a balanced budget, reserve levels consistent with its approved strategy and an established governance and planning framework. Those factors provide a basis for continued financial management, but they do not remove the medium-term challenges facing the Authority. Future resilience will depend on the Authority's ability to respond to funding changes, inflationary and pay pressures, delivery of the capital programme and wider structural change across the public sector.

Based on the Authority's approved February 2026 planning assumptions, the 2026/27 budget was set on a balanced basis and the outline four-year MTFP indicates that around £2m of base savings will be needed to maintain long-term sustainability. These figures are planning assumptions rather than fixed outcomes and will continue to be refined as national policy and local conditions develop.

Funding Reform and Medium-Term Planning - The three-year local government finance settlement for 2026/27 to 2028/29 changed the shape of core local government funding and introduced a Baseline Funding Level guarantee that tapers over the period. The renaming of the Settlement Funding Assessment as the Fair Funding Allocation and the consolidation of legacy grants change the way funding is presented.

On the Authority's approved planning assumptions, the Fair Funding Review reduces funding by £1.3m in cash terms over the three-year period, with greater downside risk if business rate volatility increases as the guarantee tapers. This does not mean the exact effect is already fixed, but it does mean the Authority faces some medium-term uncertainty and will need to manage both cost control and reserve usage carefully.

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Capital Financing and Infrastructure - The capital plan for 2026/27 and later years is expected to be financed from a combination of revenue contributions, reserves, capital receipts and, if required, external borrowing. The pace of delivery of the infrastructure programme therefore matters not only operationally but also to future borrowing decisions, liquidity and treasury risk. Key priorities for the period ahead include completion of current major projects, continued investment in digital capability and ensuring that future capital commitments remain affordable and deliverable within the wider MTFP.

Structural and Policy Change - Local government reorganisation, the future fire funding formula and changes to policing governance all have the potential to affect the Authority's operating environment. These changes may alter the way support services are sourced, the way local funding is distributed and the configuration of partnership arrangements. At present the exact implications are uncertain, but they are sufficiently material to require active monitoring through the Authority's strategic planning and governance arrangements.

Other Operational and Financial Pressures - The Authority also continues to monitor broader pressures that could affect both service delivery and affordability, including energy and utility costs, inflation-linked contract costs and national concerns about water pressure and hydrant availability. Individually, these issues may not redefine the Authority's strategy, but collectively they reinforce the need for prudent financial planning and active risk management.

Overall, the single-year outturn for 2025/26 is more favourable than the medium-term picture. The Authority's current planning framework provides a basis for responding to these challenges, but continued financial resilience will depend on delivery of savings, disciplined capital management, effective risk management and the ability to respond promptly as national and local conditions change.

For further information on the accounts please contact the Director of Finance and Corporate Services on 01622 692121 ext. 8264 or write to the Director of Finance and Corporate Services, KFRS Headquarters, The Godlands, Tovil, Maidstone, Kent, ME15 6XB.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. For this Authority, that officer is the Director of Finance and Corporate Services;

- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and

- approve the Statement of Accounts.

The Director of Finance and Corporate Services' Responsibilities

The Director of Finance and Corporate Services is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and applied them consistently;

- made judgements and estimates that were reasonable and prudent; and

- complied with the local authority accounting Code.

The Director of Finance and Corporate Services 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.

In my opinion, the accounts that follow give a true and fair view of the financial position of the Kent and Medway Towns Fire Authority as at 31 March 2026 and of its income and expenditure for the year then ended.

Vince Maple
Chair of the Audit and Governance Committee
Kent and Medway Towns Fire Authority

This section will be signed by the Chair following audit and approval by the Audit and Governance Committee

Barrie Fullbrook
Director of Finance and Corporate Services
Kent and Medway Towns Fire Authority

26 June 2026

Independent Auditor's Report to the Members of Kent and Medway Towns Fire Authority

This section will be completed following conclusion of the external audit.

The pre-audit Statement of Accounts is published in advance of the audit.

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Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year for providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from Council Tax. The Authority raises Council Tax to fund expenditure in accordance with regulations, and this may be different from the accounting cost basis. The Council Tax position is shown in the Movement in Reserves Statement.

All figures are in £'000		**2024/25**					**2025/26**
Gross Exp.	**Gross Income**	**Net**		Note	**Gross Exp.**	**Gross Income**	**Net**
63,818	-6,403	57,415	Operational Response and Resilience		59,218	-3,924	55,294
8,245	-643	7,602	Prevention and Protection		8,626	-658	7,968
24,672	-1,096	23,576	Customer Services		24,316	-630	23,686
7,934	-	7,934	Pensions, Financing and Other Costs		3,450	-	3,450
104,669	**-8,142**	**96,527**	**Cost of Services**	7	**95,610**	**-5,212**	**90,398**
			Other Operating Expenditure				
39	-	39	Gain (-) / Loss on disposal of non-current assets		119	-	119
			Financing & Investment Income & Expenditure				
27	-	27	Interest payable and similar charges	7,23	9	-	9
30,496	-	30,496	Net interest on the defined benefit liability		34,502	-	34,502
-	-3,052	-3,052	Interest and Investment income	7	-	-2,724	-2,724
-	-86	-86	Gain (-) / Loss on financial instruments carried at fair value through profit or loss	7	-	93	93
			Taxation and Non-Specific Grant Income				
-	-60,765	-60,765	Council Tax income	7	-	-65,143	-65,143
-	-16,283	-16,283	Non-domestic rates and top-up grant	7	-	-16,805	-16,805
-	-757	-757	Capital Grants and Contributions	20	-	-	-
-	-17,656	-17,656	Non-ring-fenced Government grants	7,20	-	-16,709	-16,709
-	-25,467	-25,467	Government grant payable to pension fund	28	-	-16,569	-16,569
		3,023	**Deficit on Provision of Services**				**7,171**
		9,968	Surplus (-) / Deficit on revaluation of property, plant and equipment	8			-1,049
		-26,373	Re-measurements of the net defined benefit liability	16,25			-14,475
		-16,405	**Other Comprehensive Income and Expenditure**				**-15,524**
		-13,382	**Total Comprehensive Income and Expenditure**				**-8,353**

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 Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and ‘unusable reserves’ (which are held for statutory purposes or to comply with proper accounting practices). The Statement shows how the movements in year of the Authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amount’s 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 Authority.

General Fund Balance

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

Earmarked Reserves

The Authority holds a number of discretionary Earmarked Reserves to fund future expenditure or to meet potential future budget pressures. If an Earmarked Reserve is no longer required for its designated purpose the funds will be returned to the General Fund.

Capital Receipts Reserve

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

Movement in Reserves Statement

2024/25 All figures are in £'000	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2024 brought forward		**-4,260**	**-33,396**	**-8,554**	**-46,210**	**528,299**	**482,089**
Movement in reserves during 2024/25:							
Deficit on the provision of services	6	3,023	-	-	3,023	-	3,023
Other Comprehensive Income and Expenditure							
Re-measurements of the net defined benefit liability	25	-	-	-	-	-23,927	-23,927
Changes to injury scheme	25	-	-	-	-	-2,446	-2,446
Revaluation gains charged to revaluation reserve	16	-	-	-	-	-2,267	-2,267
Revaluation losses charged to revaluation reserve	16	-	-	-	-	12,235	12,235
Total Comprehensive Income and Expenditure		**3,023**	**-**	**-**	**3,023**	**-16,405**	**-13,382**
Adjustments between accounting basis and funding basis under regulations							
Adjustments to revenue resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pension costs transferred to or from the Pensions Reserve:							
Net retirement benefits as per IAS19	25	-44,034	-	-	-44,034	41,904	-2,130
Gain in relation to Government grant payable to Pension Fund	28	25,467	-	-	25,467	-25,467	-
Employer's contribution to pension schemes	16	17,908	-	-	17,908	-17,908	-
Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account)	16	-166	-	-	-166	166	-
Accrued annual leave (tfr'd to the accumulated absences reserve)	16	-89	-	-	-89	89	-

Movement in Reserves Statement

Reversal of entries included in the surplus or deficit on the Provision of Services, in relation to Capital Expenditure(these items are charged to the capital adjustment account)							
Depreciation and impairment of non-current assets	8	-6,276	-	-	-6,276	6,276	-
Revaluation gains / losses (-) on property, plant and equipment	16	-3,245	-	-	-3,245	3,245	-
Revaluation gains / losses (-) on assets held for sale	16	-	-	-	-	-	-
Assets sold written out as part of the gain/loss(-) on disposal		-131	-	-	-131	131	-
Total adjustments to revenue resources		**-10,566**	**-**	**-**	**-10,566**	**8,436**	**-2,130**
Adjustments between revenue and capital resources							
Transfer of non-current asset sale proceeds as part of the gain/loss on disposal		94	-	-94	-	-	-
Administrative costs of non-current asset disposals		-1	-	1	-	-	-
Statutory provision for the repayment of debt	16,22	104	-	-	104	-104	-
Voluntary provision for the repayment of debt	16,22	1,191	-	-	1,191	-1,191	-
Capital expenditure funded from revenue contribution	16,22	1,719	-	-	1,719	-1,719	-
Total adjustments between revenue and capital resources		**3,107**	**-**	**-93**	**3,014**	**-3,014**	**-**
Adjustment to capital resources							
Use of capital receipts reserve to finance capital expenditure	22	-	-	-	-	-	-
Capital Grant and contributions applied		150	-	-	150	-150	-
Donated Asset Contribution		607	-	-	607	-607	-
Total adjustments to capital resources		**757**	**-**	**-**	**757**	**-757**	**-**
Net increase (-) / decrease before transfer to Earmarked Reserves	15	**-3,679**	**-**	**-93**	**-3,772**	**-11,740**	**-15,512**
Transfers to (-) / from Earmarked Reserves		3,259	-3,259	-	-	-	-
Increase (-) / Decrease in 2024/25	15,16	-420	-3,259	-93	-3,772	-11,740	-15,512
Balance at 31 March 2025		**-4,680**	**-36,655**	**-8,647**	**-49,982**	**516,559**	**466,577**
Amounts held for revenue purposes		-4,680	-11,456	-	-16,136	615,449	599,313
Amounts held for capital purposes		-	-25,199	-8,647	-33,846	-98,890	-132,736

Movement in Reserves Statement

2025/26 All figures are in £'000	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2025 brought forward		**-4,680**	**-36,655**	**-8,647**	**-49,982**	**516,559**	**466,577**
Movement in reserves during 2025/26:							
Deficit on the provision of services	6	7,171	-	-	7,171	-	7,171
Other Comprehensive Income and Expenditure							
Re-measurements of the net defined benefit liability (including Changes to injury scheme -£199k)	25	-	-	-	-	-14,475	-14,475
Revaluation gains charged to revaluation reserve	16	-	-	-	-	-2,943	-2,943
Revaluation losses charged to revaluation reserve	16	-	-	-	-	1,894	1,894
Total Comprehensive Income and Expenditure		**7,171**	**-**	**-**	**7,171**	**-15,524**	**-8,353**
Adjustments between accounting basis and funding basis under regulations							
Adjustments to revenue resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
Pension costs transferred to or from the Pensions Reserve:							
Net retirement benefits as per IAS19	25	-41,354	-	-	-41,354	41,354	-
Gain in relation to Government grant payable to Pension Fund	28	16,569	-	-	16,569	-16,569	-
Employer's contribution to pension schemes	16	18,222	-	-	18,222	-18,222	-
Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account)	16	330	-	-	330	-330	-
Accrued annual leave (tfr'd to the accumulated absences reserve)	16	181	-	-	181	-181	-

Movement in Reserves Statement

Reversal of entries included in the surplus or deficit on the Provision of Services, in relation to Capital Expenditure (these items are charged to the capital adjustment account)							
Depreciation and impairment of non-current assets	8	-5,303	-	-	-5,303	5,303	-
Revaluation gains / losses (-) on property, plant and equipment	16	513	-	-	513	-513	-
Revaluation gains / losses (-) on assets held for sale	16	-4	-	-	-4	4	-
Assets sold written out as part of the gain/(loss) on disposal		-562	-	-	-562	562	-
Total adjustments to revenue resources		**-11,408**	**-**	**-**	**-11,408**	**11,408**	**-**
Adjustments between revenue and capital resources							
Transfer of non-current asset sale proceeds as part of the gain/loss on disposal		447	-	-447	-	-	-
Administrative costs of non-current asset disposals		-4	-	4	-	-	-
Statutory provision for the repayment of debt	16,22	191	-	-	191	-191	-
Voluntary provision for the repayment of debt	16,22	1,104	-	-	1,104	-1,104	-
Capital expenditure funded from revenue contribution	16,22	2,318	-	-	2,318	-2,318	-
Total adjustments between revenue and capital resources		**4,056**	**-**	**-443**	**3,613**	**-3,613**	**-**
Adjustment to capital resources							
Use of capital receipts reserve to finance capital expenditure	22	-	-	-	-	-	-
Capital Grant and contributions applied		-	-	-	-	-	-
Donated Asset Contribution		-	-	-	-	-	-
Total adjustments to capital resources		**-**	**-**	**-**	**-**	**-**	**-**
Net increase (-) / decrease before transfer to Earmarked Reserves	15	**-181**	**-**	**-443**	**-624**	**-7,729**	**-8,353**
Transfers to (-) / from Earmarked Reserves		-29	29	-	-	-	-
Increase (-) / Decrease in 2025/26	15,16	-210	29	-443	-624	-7,729	-8,353
Balance at 31 March 2026		**-4,890**	**-36,626**	**-9,090**	**-50,606**	**508,830**	**458,224**
Amounts held for revenue purposes		-4,890	-10,872	-	-15,762	607,026	591,264
Amounts held for capital purposes		-	-25,754	-9,090	-34,844	-98,196	-133,040

Balance Sheet

The Balance Sheet shows the value as at 31 March of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: usable and unusable reserves. Only the usable reserves represent resources available to the Authority to spend on services, the purchase of assets or to repay debt. Unusable reserves cannot be used by the Authority to provide services.

31 March 2025	All figures are in £'000	Notes		31 March 2026
	Property, Plant and Equipment:			
81,567	Land and buildings	8	80,802	
14,916	Vehicles, plant and equipment	8	13,708	
5,817	Assets under construction	8	14,494	
-	Surplus assets not held for sale	8	-	
336	Leased Assets	23	272	
102,636	**Long Term Assets**			**109,276**
42,865	Short Term Investments	9	40,906	
216	Assets Held for Sale	12	-	
316	Inventories		330	
12,389	Short term Debtors	10	10,188	
23,511	Cash and Cash Equivalents	9,11	16,327	
79,297	**Current Assets**			**67,751**
-31,965	Short Term Creditors	13	-27,166	
-41	Short Term Creditors - Leases	13	-43	
-1,252	Provisions	14	-745	
-33,258	**Current Liabilities**			**-27,954**
	Other Long-Term Liabilities:			
-170	Long Term Creditors - Leases	13	-127	
-615,082	Firefighters' pension liability	25	-606,803	
-	Net LGPS pension liability	25	-367	
-615,252	**Long Term Liabilities**			**-607,297**
-466,577	**Net Assets / Liabilities (-)**			**-458,224**
	Usable Reserves:			
-4,680	General reserve	15	-4,890	
-36,655	Earmarked reserves	15	-36,626	
-8,647	Capital receipts reserve	15	-9,090	
516,559	Unusable Reserves	16	508,830	
466,577	**Total Reserves**			**458,224**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the financial year. The statement shows how the Authority 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 Authority are funded by way of Council Tax and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority'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 Authority.

31 March 2025	All figures are in £'000	Notes	31 March 2026
	Operating Activities		
	Cash Outflows		
66,466	Cash paid to and on behalf of employees		79,639
30	Interest paid		10
21,622	Cash paid to suppliers of goods and services		21,663
88,118	**Cash outflows generated from operating activities**		**101,312**
	Cash inflows		
-60,541	Precepts received		-64,792
-1,631	Other Local Govt Finance Settlement Grants		-648
-11,352	Revenue support grant		-11,549
-12,306	Business Rates		-12,205
-815	Capital grants received		-
-8,886	Business Rate top-up grant		-8,999
-14,820	Other revenue grants		-267
-2,253	Cash received for goods and services		-
-2,776	Interest received		-3,085
-1,469	Other operating cash receipts		-940
-116,849	**Cash inflows generated from operating activities**		**-102,485**
-28,731	**Net cash inflow from operating activity**		**-1,173**
	Investing Activities		
5,410	Purchase of property, plant and equipment		10,624
-93	Proceeds from sale of property, plant and equipment		-443
7,679	Temporary investments		-1,865
12,996	**Net cash flows generated from investing activity**		**8,316**
	Financing Activities		
400	Repayment of amounts borrowed	9	-
39	Lease Payment		41
439	**Net cash flows from financing activities**		**41**
-15,296	**Net increase(-)/decrease in cash and cash equivalents**		**7,184**
8,215	Cash and cash equivalents at 1 April	11	23,511
15,296	**Movement in year**		**-7,184**
23,511	Cash and cash equivalents at 31 March	11	16,327

Notes to the Statement of Accounts

1. Accounting policies

Detailed below are the general accounting policies adopted by the Authority. Other policies which refer to specific financial statement lines are detailed with the relevant note to the accounts.

General Principles

The Statement of Accounts (the Accounts) of the Authority have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2025/26 (the Code) supported by International Financial Reporting Standards (IFRS) and other approved accounting standards. The Accounts have been prepared with the objective of providing financial information that is useful to a wide range of users in making decisions about providing resources to the Authority and assessing the stewardship of the Authority's management.

Accounting policies are the principles, bases, and practices applied when preparing accounts, that specify how the effects of transactions and other events are to be reflected in the Statement of Accounts through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. When selecting and applying accounting policies the qualitative characteristics of financial information such as relevance, materiality and a faithful representation are taken into account.

The Statement of Accounts are prepared on a going concern basis. The policies adopted by the Authority are detailed below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

1.1 Accruals of Income and Expenditure

The Accounts of the Authority have been prepared on an accrual's basis under the historical cost convention modified to account for the revaluation of property, plant and equipment.

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue relating to Council Tax and Non-Domestic Rates (NDR) shall be measured at the full amount receivable (net of any impairment losses). A debtor/creditor position between billing authorities and the Authority as the precepting body 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 preceptors such as Kent Fire, Police and Kent County Council. The effect of any bad debts written off or adjustment in provisions are also shared proportionately.

- 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.

Notes to the Statement of Accounts

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.2 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Authority's accounting policies, officers are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates, but the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods, if the revision affects both current and future periods.

1.2.1 Critical Judgements in Applying Accounting Policies

The Authority is required to disclose any critical judgements, apart from those involving estimations that officers have made in the process of applying the Authority's accounting policies.

1.3 Other Expenses

Other operating expenses, such as for goods and services, are recognised in the accounts in the financial year in which the goods are delivered or the services received, subject to standard materiality thresholds.

1.4 Income

Income is accounted for in the financial year that services are provided in accordance with the performance obligations of the contract. Income includes contributions from third parties towards joint-funded projects, insurance recoveries and income from the sale of obsolete vehicles and equipment. Debtors are shown net of any provision made for bad or doubtful debts.

1.5 Government Grants and Contributions

Where the condition of a grant or contribution has been satisfied for any grant or contribution received or where there is reasonable assurance it will be received, the amount of the grant or contribution will be included in the Comprehensive Income and Expenditure Statement. Conditions are defined as stipulations that specify the terms under which a grant or contribution is to be used.

If the conditions have not yet been met, then any grant or contribution received would be shown in the Balance Sheet as a receipt in advance within creditors. When conditions for a grant or contribution have been satisfied, the grant or contribution is credited to the relevant service line (within gross income) or as Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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.

1.6 Revenue Expenditure Funded from Capital Under Statute

This is expenditure which qualifies as capital for control purposes, but which does not result in the acquisition, creation or enhancement of a property, plant or equipment asset. These costs are charged direct to revenue expenditure, and any related capital grant will also be credited to revenue income.

1.7 Treatment of Value Added Tax

VAT paid and received is accounted for separately and is not included as income or expenditure of the Authority, except where it is not recoverable.

1.8 Redemption of Debt and Capital Expenditure Financed by Borrowing

The Authority is required to set aside an amount each year to repay capital expenditure financed by borrowing. This is known as Minimum Revenue Provision (MRP). There is a statutory requirement for the Authority to charge the Council Taxpayer with MRP in respect of historic debt, which represents 4% of the outstanding borrowing liability. In addition, the Authority makes voluntary revenue provision where appropriate to align the charge to the Council Taxpayer with the useful life of the asset. For all new capital expenditure finance by borrowing, MRP is calculated using the asset life method in accordance with the Authority's approved MRP policy.

1.9 Prior Period Adjustments

These adjustments are only made when there are changes in accounting policies required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events and conditions on the Authority's financial position. Where a prior year adjustment is made it adjusts the opening balances and comparative amounts for the period as if the new policy had always been applied.

2. Accounting Standards that have been issued but have not yet been adopted

The Authority has considered the impact of accounting changes that will be required by any new accounting standards that have been issued but not yet adopted by the Code for 2025/26. These changes relate to accounting amendments in relation to IFRS9 and IFRS7. These changes are not expected to have a material impact on the Authority's Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in Note 1, the Authority has not made any material critical judgements, apart from those involving valuation estimations, that have had a significant effect on the amounts recognised in the Statement of Accounts. Key sources of estimation uncertainty are set out in Note 4.

4. 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 Authority about the future 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 assumptions and estimates. The items in the Authority'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:

Property, Plant and Equipment (PPE)

The effect of any over or under estimation on the revaluation of property plant and equipment cannot be quantified until the asset is disposed of. The carrying amount of Land and Buildings at the end of the reporting period is £80.802m and therefore a reduction of 1% in the value would reduce the balance sheet by £808k.

Assets are depreciated over their useful lives and are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Authority had to make cuts to its spending and was unable to sustain its current spending on repairs and maintenance, it could bring into doubt the useful lives assigned to assets.

The carrying value of depreciating assets at 31 March 2026 is £67m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property plant and equipment assets would increase by £430k for every year that useful lives had to be reduced.

An update to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom now mandates that Property, Plant and Equipment (PPE) assets not undergoing a full physical valuation in-year must be adjusted using indexation to ensure their carrying amounts do not differ materially from Current Value at the Balance Sheet date. In collaboration with the Authority's Valuers, appropriate specialised indices and appraisal techniques have been identified and applied as detailed in Note 8.

The Authority has adopted the following Code compliant estimation techniques:

- **Office Buildings (Tovil, Maidstone and Coldharbour):** In line with the Code provisions for asset classes lacking annual market indices, these assets are held on a quinquennial physical inspection cycle, supplemented by a professional interim desktop valuation in year three. A desktop review of these assets is next due in the 2026/27 financial year.

- **Residential Houses (Day Crewed):** These properties are occupied for operational purposes and are held at Current Value in Existing Use (EUV). In the intervening years between formal professional valuations, carrying amounts are adjusted utilising the Land Registry House Price Index (HPI) specific to individual Kent boroughs.

- **Specialised Buildings (Fire Stations):** For the building components of the 56 specialised fire stations, Technical Rescue Centre, Equipment Store, and training facilities valued under the Depreciated Replacement Cost (DRC) framework, a fresh data download from the Building Cost Information Service (BCIS) tracking the specific fire station market subset was utilised rather than the general All-in Tender Price Index (TPI). The Valuers have compared the general increase in fire station build costs from 2025 to 2026 to the All-in TPI but determined that this specialised subset approach is required to accurately reflect the unique nature and remaining service potential of these operational assets. General indexation (BCIS All-in TPI or CPI inflation) was applied to standard individual components (e.g., solar panels, boilers, towers, and contamination costs) unless recent actual expenditure dictated otherwise.

- **Land:** As no land indices are directly available, the previous year's valuations of the land (which in the majority of the cases reflected residential/commercial land values) has been reviewed by looking at market movements of the two components affecting land values, namely sales values and build costs. For sales values/Gross Development Value (GDV), reference has been made to the UK House Price Index (UKHPI) (for residential sites) or Morgan Stanley Capital International (MSCI) for commercial sites to obtain an estimation of the adjustment to GDV. For build costs, reference has been made to the BCIS cost information data provided by the Royal Institution of Chartered Surveyors (RICS). The land value reported reflects the net relativity of the movement between GDV and build costs. As specialised operational properties are held for their service potential and have no active open market, this tracking framework provides a robust, Code compliant estimation of remaining service potential under the DRC methodology. This approach is considered appropriate for a diverse area such as Kent with a wide range of values in different areas.

Pension 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. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The carrying amount of the defined benefit obligation on all Pension Schemes at 31 March 2026 is £691.705m (Note 25).

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 1-year increase in the life expectancy assumption would result in an increase in the Pension Scheme liabilities of £21.794m.

The table on page 67 provides further details on the assumptions used and their financial impact.

5. Events After the Reporting Period

The following non-adjusting event after the reporting period has been identified:

On 1 May 2026, the Authority achieved practical completion of the Ashford Live Fire Training Facility. This is a non-adjusting event after the reporting period. At 31 March 2026, £13.372m relating to this project was held within Assets Under Construction. In 2026/27, the asset will be reclassified as an operational asset, which will trigger the commencement of depreciation charges in line with the Authority's accounting policies. Accordingly, no adjustment has been made to the amounts recognised in the 2025/26 financial statements.

Notes to the Statement of Accounts

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making between the Authority's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

All figures are in £'000					**2024/25**
	Outturn as reported to Authority	**Adjustments**	**Net Expenditure Chargeable to the General Fund**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
				See Note 6a	
Operational Response and Resilience	57,291	-486	56,805	610	57,415
Prevention and Protection	7,767	163	7,930	-328	7,602
Customer Services	25,372	-1,719	23,653	-77	23,576
Pensions, Financing and Other Costs	3,521	-622	2,899	5,035	7,934
Net Cost of Services	**93,951**	**-2,664**	**91,287**	**5,240**	**96,527**
Other Income and Expenditure			-94,966	1,462	-93,504
Surplus (-) or Deficit			**-3,679**	**6,702**	**3,023**

Opening General and Earmarked Reserves Balance	37,656
Plus Surplus on General Fund in the year	3,679
Closing General and Earmarked Reserves Balance	**41,335**

Notes to the Statement of Accounts

All figures are in £'000					2025/26
	Outturn as reported to Authority	**Adjustments**	**Net Expenditure Chargeable to the General Fund**	**Adjustments between the Funding and Accounting Basis**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
				See Note 6a	
Operational Response and Resilience	61,905	290	62,195	-6,901	55,294
Prevention and Protection	8,605	-102	8,503	-535	7,968
Customer Services	22,334	1,509	23,843	-157	23,686
Pensions, Financing and Other Costs	3,650	-1,036	2,614	836	3,450
Net Cost of Services	**96,494**	**661**	**97,155**	**-6,757**	**90,398**
Other Income and Expenditure			-97,336	14,109	-83,227
Surplus (-) or Deficit			**-181**	**7,352**	**7,171**

Opening General and Earmarked Reserves Balance	41,335
Plus Surplus on General Fund in the year	181
Closing General and Earmarked Reserves Balance	**41,516**

Notes to the Statement of Accounts

6a. Expenditure and Funding Analysis – Adjustments Between Funding and Accounting Basis

For internal reporting and budget monitoring purposes, the revenue budget is in a different format from the presentation required by the CIPFA Code for the Comprehensive Income and Expenditure Statement. The table below provides a reconciliation of the final revenue budget underspend on services compared to the deficit shown on the Comprehensive Income and Expenditure Statement.

			2024/25					2025/26
Adjustment for Capital Purposes	**Net Change for the Pensions Adjustment**	**Other Differences**	**Total Adj.**	All figures are in £'000	**Adjustment for Capital Purposes**	**Net Change for the Pensions Adjustment**	**Other Differences**	**Total Adj.**
8,986	-8,427	51	610	Operational Response and Resilience	4,205	-11,023	-83	-6,901
43	-398	27	-328	Prevention and Protection	20	-524	-31	-535
492	-580	11	-77	Customer Services	569	-659	-67	-157
-	5,035	-	5,035	Pensions, Financing and Other Costs	-	836	-	836
9,521	**-4,370**	**89**	**5,240**	**Net Cost of Services**	**4,794**	**-11,370**	**-181**	**-6,757**
-3,733	**5,029**	**166**	**1,462**	**Other Income and Expenditure from the Funding Analysis**	**-3,494**	**17,933**	**-330**	**14,109**
5,788	659	255	6,702	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus	1,300	6,563	-511	7,352

Notes to the Statement of Accounts

7. Expenditure and Income Analysed by Nature

The following table provides a breakdown of expenditure and income by type that is included in the calculation of the deficit on the provision of services. These costs include notional charges which are reversed when identifying the amount to be charged to taxation.

All figures are in £’000		**2024/25**		**2025/26**
Employee expenses	81,134		84,636	
Other operating expenses	18,295		17,731	
Depreciation	6,276		5,303	
Revaluation gains (-) / losses on property, plant and equipment	3,245		-509	
IAS19 adjustment	-4,370		-11,370	
Employee leave accrual adjustment	89		-181	
Expenditure charged to Cost of Services		**104,669**		**95,610**
Government grants and contributions	-5,099		-4,288	
Fees, charges and other service income	-3,043		-924	
Income credited to Cost of Services		**-8,142**		**-5,212**
Net expenditure charged to Cost of Services		**96,527**		**90,398**
Interest payments	27		9	
Pensions interest cost	34,933		39,071	
Expected return on pensions assets	-4,523		-4,668	
LGPS administration expenses	86		99	
Gain (-) / Loss on disposal of assets	39		119	
Expenditure charged to Provision of Services		**30,562**		**34,630**
Pension fund top-up grant	-25,467		-16,569	
Interest and investment income	-3,052		-2,724	
Gain (-) / Loss on financial instruments carried at fair value through profit or loss	-86		93	
Income from Council Tax	-60,765		-65,143	
Income from Business Rates and top-up grant	-16,283		-16,805	
Capital Grants and Contributions	-757		-	
Non-ring-fenced Government grants	-17,656		-16,709	
Income credited to Provision of Services		**-124,066**		**-117,857**
Expenditure and Income charged to Provision of Services		**-93,504**		**-83,227**
Deficit on Provision of Services		**3,023**		**7,171**

Notes to the Statement of Accounts

7a. Revenue from Contracts with Service Recipients

Policy:

The Authority recognises revenue from contracts with service recipients in accordance with the provisions of IFRS 15 Revenue from Contracts with Customers, as reflected in the Code of Practice. Revenue is recognised in the financial year that services are provided in accordance with the performance obligations of the contract.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with Service recipients:

All figures are in £'000	**2024/25**	**2025/26**
Revenue from contracts with service recipients:		
Operational Response and Resilience – provision of fire cover	2,262	-
Total included in Comprehensive Income and Expenditure Statement	**2,262**	**-**

Amounts included in the Balance Sheet for contracts with service recipients:

All figures are in £'000	**2024/25**	**2025/26**
Receivables, which are included in debtors net of VAT (Note 10)	-	-
Total included in Net Assets	**-**	**-**

The value of revenue that is expected to be recognised in the future related to performance obligations (as set out in the contract) that are unsatisfied at the end of the year is:

All figures are in £'000	**2024/25**	**2025/26**
Not later than one year	-	-
Later than one year and not later than five years	-	-
Amounts of transaction price fully unsatisfied	**-**	**-**

Revenue relates to the recovery of staffing costs. The performance obligations of the contract are met when services are rendered. An invoice is raised for a fixed amount each month for services provided in the preceding month. The contract was terminated in February 2025; therefore no IFRS 15 revenue was recognised in 2025/26.

Notes to the Statement of Accounts

8. Property, Plant and Equipment

Policy:

Recognition: Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE). All expenditure on the acquisition, creation, or enhancement of these assets is recognised on an accrual's basis.

- **Capitalisation Thresholds:** All expenditure on vehicles and building components that complies with statutory capitalisation criteria is capitalised. For all other individual asset items, a de-minimis capitalisation limit of £10,000 applies. Items that form part of the initial equipping of a new operational vehicle or the initial setup/fit-out of a new building are capitalised as part of that specific project, irrespective of individual item cost.

- **Assets Under Construction:** Capital works that are incomplete at the balance sheet date are carried forward at cost as Assets Under Construction.

Revenue Expenditure Funded from Capital under Statute (REFCUS): Expenditure incurred during the year that is classified as capital under statutory provisions but does not result in the creation or enhancement of a non-current asset is charged to the relevant service line in the Comprehensive Income and Expenditure Statement (CIES) in the year that it occurs. To ensure there is no impact on the Council Taxpayer, this charge is subsequently reversed out of the General Fund Balance via the Movement in Reserves Statement (MiRS) to the Capital Adjustment Account.

Measurement and Valuation Bases: Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset into working condition for its intended operational use. Assets are subsequently carried on the Balance Sheet using the following measurement bases prescribed by the CIPFA Code:

- **Fire stations and other specialised buildings:** Current Value estimated using a Depreciated Replacement Cost (DRC) methodology based on the Modern Equivalent Asset (MEA) concept.

- **Houses and other non-specialised buildings:** Current Value determined on an Existing Use Value (EUV) basis.

- **Vehicles and equipment:** Depreciated historical cost used as a proxy for Current Value.

- **Assets under construction:** Actual cost.

- **Surplus assets:** Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Revaluation and Indexation Framework: The Authority manages the valuation of its land and building portfolio through a combination of cyclical formal appraisals and annual indexation:

- **Valuation Cycles and Indexation**: Formal valuations of land and buildings are conducted by independent external professional Valuers at intervals not exceeding five years. In the intervening years between formal physical inspections, carrying amounts are adjusted annually using appropriate indices to ensure they do not differ materially from Current Value at the Balance Sheet date.

Notes to the Statement of Accounts

Property, Plant and Equipment (continued)

- **Assets Lacking Direct Market Indices:** For asset classes where standard annual market indices are unavailable, properties are held on a five-year (quinquennial) physical inspection cycle, supplemented by a professional interim desktop valuation in year three.

- **Specialised Rolling Programme:** For specialised operational assets (Fire Stations), the Authority adopts a five-year (20% annually) rolling programme of full physical revaluations. This is paired with comprehensive annual indexation across the remainder of the portfolio to satisfy Code requirements.

- **Transition Arrangements**: Revaluations performed prior to the implementation of the revised Code frameworks remain valid through their respective transition periods (spanning 1 April 2025 to the asset's next scheduled formal valuation date), ensuring the interval between formal valuations never exceeds five years.

- **Interim Assessments:** Additional interim valuations are commissioned where objective evidence points to significant localized market movements or material asset impairment.

- **Additions and Enhancements**: Material additions to the premises estate are valued at the date of acquisition or upon practical completion when the property is brought into use. Minor replacements or enhancement works below £100,000 are held within additions at actual cost unless the operational value is expected to be materially different.

Revaluation Adjustments: Revaluation gains are credited to the Revaluation Reserve to recognise unrealised increases in value. Revaluation losses are first written off against any accumulated revaluation surplus held in the Revaluation Reserve for that specific asset. Where there is no balance or an insufficient balance on the reserve, the remaining loss is expensed directly to the relevant service line within the Comprehensive Income and Expenditure Statement.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets (except land) on a straight-line basis over the estimated useful life of the asset taking into account any residual value. Estimated useful lives and residual values for property and plant are reviewed periodically, whereas the life and residual values of vehicles are reviewed annually. Depreciation is charged to the relevant service line in the Comprehensive Income and Expenditure Statement from the date that the asset is completed. Where a large asset, such as a fire station, includes a number of components which have significantly different asset lives and are of a material value, the components are treated as separate assets and depreciated over their own useful economic life. Assets Under Construction are not depreciated.

Impairment: Assets are reviewed at the end of each financial year for objective evidence of impairment (e.g., physical damage or a significant decline in service potential). Impairment losses are charged to the Revaluation Reserve up to the amount of any historical accumulated gains for that specific asset, with any remaining balance charged directly to the relevant service line in the Comprehensive Income and Expenditure Statement. Where an impairment loss is subsequently reversed, the relevant service line is credited with the reversal up to the amount of the original loss, adjusted for the additional depreciation that would have been charged had the impairment not been recognised.

At the 31 March 2026 the Authority had capital commitments of £2.137m in relation to the Ashford Live Fire Training Facility, new vehicle purchases and some premises expenditure (£10.5m at 31 March 2025).

Notes to the Statement of Accounts

Property, Plant and Equipment (continued)

The table below shows the range of useful asset lives used in the calculation of depreciation for each class of asset:

Class Of Asset	Asset life for depreciation purposes		
Buildings	10	to	65
Roofs	5	to	50
Drill towers	10	to	45
Bay doors	10	to	20
Generators	10	to	25
Fire appliances	13	to	15
Cars and vans	5	to	10
Other operational vehicles	5	to	20
IT Equipment	3	to	10

This table provides an analysis of property assets at 31 March 2026:

	Operational	Surplus	Held for Sale
Fire Stations	56	-	-
Headquarters	1	-	-
Residential houses	18	-	-
Technical Rescue Centre	1	-	-
Training Centre	1	-	-
Other	1	-	-

Revaluations and Indexation

The Authority engaged independent external Valuers, Cluttons LLP, to carry out a full professional valuation of the Authority’s entire land and building portfolio at 31 March 2025.

All fire stations had a full physical inspection in 2025 with inspections of 20% of fire stations annually thereafter and valuation on a five-year rolling programme of revaluations. Day crewed housing is valued once every five years, and annual indexation is applied in the intervening years. The houses were valued last year, and indexation is applied this year. Offices at service headquarters and the leased control room are valued once every five years with an interim desktop valuation carried out in year three, as no suitable indices have been identified. These are next due for a desktop review in 2026/27. All assets are reviewed for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. The valuations have been carried out in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The valuations are in accordance with International Valuation Standards (IVS) and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards, December 2024 and effective 31 January 2025 (the Red Book).

The Authority’s fire stations, Technical Rescue centre, equipment store and training facilities are specialised operational properties and as such are valued at current value using the depreciated replacement cost method with a consideration of the assumed modern equivalent asset. The

Authority’s houses, which are occupied for operational purposes, and the headquarters building are valued at their current value in existing use, and assets held for sale are valued at fair value.

Vehicle, plant and equipment assets are initially included at historic cost as a proxy for current value. The value and remaining life of fire appliances are subject to an annual review by the Fleet and Equipment Services Team. Details of the indexation method chosen for each asset class is provided below:

Asset	Indexation method chosen
Fire Stations	A fresh download from Building Cost Information Service (BCIS) was taken rather than apply the All-in Tender Price Index (TPI) rate, as the fire station subset is a very specialist segment of the market. The Valuers compared the general increase in fire station build costs from 2025 to 2026 to the All-in TPI but concluded that the approach adopted is appropriate for specialist assets. The BCIS All-in TPI increase or CPI inflation was applied to all other components e.g. solar panels, boilers, towers, contamination costs unless there is any recent expenditure that suggests a different figure to the indices.
Land	As there are no land indices directly available, the previous year’s land valuations have been reviewed by looking at market movements of the two components affecting land values, namely sales values and build costs. For sales values/Gross Development Value(GDV), reference has been made to the UK House Price Index (UKHPI) for residential sites or Morgan Stanley Capital International (MSCI) for commercial sites to obtain an estimation of the adjustment to GDV. For build costs reference has been made to the BCIS cost information data provided by the RICS. The land value reported reflects the relativity of the movement between GDV and build costs.
Residential houses	Land Registry House Price Index (HPI) specific to individual Kent boroughs.
Offices	As no indices are available, the Code allows for quinquennial valuations with a desktop revaluation in year 3. A desktop valuation is next due 2026/27.
Vehicles	Consumer price index has been used for fully depreciated operational vehicles.

Notes to the Statement of Accounts

Property, Plant and Equipment (continued)

2024/25 All figures are in £'000	**Land and Buildings**	**Vehicles, Plant and Equipment**	**Right of Use Assets**	**Assets Under Construction**	**Surplus Assets**	**Total Property, Plant and Equipment**
Cost or Valuation at 1 April 2024	**98,074**	**35,655**	**-**	**4,741**	**-**	**138,470**
Additions	789	908	447	3,708	-	5,852
Revaluation increases / decreases (-) recognised in the revaluation reserve	-10,048	156	-47	-	-29	-9,968
Revaluation increases / decreases (-) recognised in the deficit on the provision of services	-3,233	-12	-	-	-	-3,245
De-recognition – disposals	-	-1,090	-	-	-	-1,090
Assets reclassified	-250	-	-	-	34	-216
Assets under construction completed in year	78	2,554	-	-2,632	-	-
Other movements in cost or valuation	-3,843	-155	-	-	-5	-4,003
Cost or Valuation at 31 March 2025	**81,567**	**38,016**	**400**	**5,817**	**-**	**125,800**
Accumulated Depreciation and Impairment at 1 April 2024	-	-21,880	-	-	-	-21,880
Depreciation/impairment charge	-3,843	-2,364	-64	-	-5	-6,276
Assets Reclassified	-	-	-	-	-	-
De-recognition – disposals	-	989	-	-	-	989
Other movements in depreciation and impairment	3,843	155	-	-	5	4,003
Accumulated Depreciation and Impairment at 31 March 2025	**-**	**-23,100**	**-64**	**-**	**-**	**-23,164**
Net Book Value at 31 March 2025	**81,567**	**14,916**	**336**	**5,817**	**-**	**102,636**
Net Book Value at 31 March 2024	98,074	13,775	-	4,741	-	116,590

Notes to the Statement of Accounts

Property, Plant and Equipment (continued)

2025/26 All figures are in £'000	**Land and Buildings**	**Vehicles, Plant and Equipment**	**Right of Use Assets**	**Assets Under Construction**	**Surplus Assets**	**Total Property, Plant and Equipment**
Cost or Valuation at 1 April 2025	**81,567**	**38,016**	**400**	**5,817**	**-**	**125,800**
Additions	751	547	-	9,432	-	10,730
Revaluation increases / decreases (-) recognised in the revaluation reserve	1,069	35	-	-	-55	1,049
Revaluation increases / decreases (-) recognised in the deficit on the provision of services	538	-25	-	-	-	513
De-recognition – disposals	-12	-1,705	-	-	-	-1,717
Assets reclassified	-275	-	-	-	55	-220
Assets under construction completed in year	46	709	-	-755	-	-
Other movements in cost or valuation	-2,882	-147	-	-	-	-3,029
Cost or Valuation at 31 March 2026	**80,802**	**37,430**	**400**	**14,494**	**-**	**133,126**
Accumulated Depreciation and Impairment at 1 April 2025	-	-23,100	-64	-	-	-23,164
Depreciation/impairment charge	-2,882	-2,357	-64	-	-	-5,303
Assets Reclassified	-	-	-	-	-	-
De-recognition – disposals	-	1,588	-	-	-	1,588
Other movements in depreciation and impairment	2,882	147	-	-	-	3,029
Accumulated Depreciation and Impairment at 31 March 2026	**-**	**-23,722**	**-128**	**-**	**-**	**-23,850**
Net Book Value at 31 March 2026	**80,802**	**13,708**	**272**	**14,494**	**-**	**109,276**
Net Book Value at 31 March 2025	81,567	14,916	336	5,817	-	102,636

Notes to the Statement of Accounts

9. Financial Instruments

Policy:

Financial assets

Financial assets are recognised within the Statement of Accounts when the Authority becomes party to the contractual provisions of the instrument or, in the case of debtors, when the contract obligations have been met. Financial assets are classified into three types; each type based on the business model for holding the instruments and the expected cashflow characteristics of them:

- Amortised Cost – These represent instruments held to collect contractual cashflows, e.g. fixed term bank deposits and loans where repayments of interest and principal take place on set dates and at specified amounts.

- Fair Value Through Other Comprehensive Income – These represent instruments held that are measured at Fair Value and held to both collect contractual cash flows and sell the financial asset on specified dates.

- Fair Value through Profit or Loss – These represent Instruments held whose objectives are all other combinations of business model and contractual cash flows.

Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

The Authority reviews its financial assets annually. Expected losses are calculated annually for assets that have a significant credit risk using a provision matrix based on historic write off of debt, whilst expected credit losses for investments are calculated based on the historic risk of default for each counterparty provided by the Authority's Treasury advisors, Debtors in the Balance Sheet are reduced by the impairment allowance. The subsequent impairment/loss allowance (if material) is then treated according to the Asset class:

- Assets valued at Amortised cost are reduced by the value of the expected losses (impairment) and reflected in their carrying amount.

- Assets carried at Fair Value through Other Comprehensive Income have the movements in their fair value reflected in the Financial Instruments Revaluation Reserve.

- Assets carried at Fair Value through Profit or Loss have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

Financial liabilities

Financial liabilities are recognised in the Statement of Accounts when the Authority becomes party to the contractual provisions of the financial instrument, or, in the case of creditors, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is the liability has been paid or otherwise discharged.

Financial liabilities are initially recognised at fair value and are carried at their amortised cost. For creditors this will be the invoice amount.

Interest payable is charged to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement in the year to which it relates.

Notes to the Statement of Accounts

Fair Value Hierarchy

Valuation techniques used to measure fair value are categorised into Levels 1, 2 and 3 where:

- Level 1 has an active market with quoted prices for similar instruments.
- Level 2 has some directly observable market information other than Level 1 inputs.
- Level 3 has no market information, and valuation requires significant judgement by management.

Categories of Financial Instruments

The categories of financial instruments that are carried in the Balance Sheet are shown in the table that follows:

All figures are in £'000	Long Term 31 March 2026	Long Term 31 March 2025	Short Term 31 March 2026	Short Term 31 March 2025
Investments				
Current Investments[1]	-	-	7,906	11,865
Short term investments[2]	-	-	33,000	31,000
Cash and cash equivalents[2]	-	-	16,327	23,511
Debtors				
Short term debtors[2]	-	-	1,135	1,186
Borrowings				
Short term borrowing[2]	-	-	-	-
Creditors				
Short term creditors[2]	-	-	-3,284	-3,934

[1] at fair value through profit and loss using a Level 1 valuation technique.
[2] carried at amortised cost.

The Authority has no outstanding loans as at 31 March 2026.

10. Debtors

All figures are in £'000	31 March 2026	31 March 2025
Central government bodies[1]	857	563
Other local authorities[1]	463	284
Collection Fund	6,444	5,397
Pension Fund	-	-
Other entities and individuals[1]	2,424	6,145
Total Debtors	**10,188**	**12,389**

[1] Part is included in the amount shown as short-term debtors in Note 9.

Collection Fund debtors at 31 March 2026 are shown net of provisions for bad and doubtful debts £4.436m (£4.148m at 31 March 2025).

Notes to the Statement of Accounts

11. Cash and Cash Equivalents

Policy:

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions that are immediately repayable without penalty of notice not more than 24 hours.

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

	31 March	
All figures are in £'000	**2026**	**2025**
Bank current accounts and cash held by the Authority	58	56
Short term deposits	16,269	23,455
Total Cash and Cash Equivalents	**16,327**	**23,511**

12. Assets Held for Sale

Policy:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and they meet the criteria contained in the Code. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less disposal costs. Fair value is the open market value including alternative uses.

The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement as a gain or loss on disposal. Where a non-current asset is sold for £10k or more the amount is credited to income and then transferred to usable capital receipts in the Balance Sheet where it is available to fund new capital expenditure.

Non-current assets that are to be scrapped or demolished do not qualify for recognition as held for sale. They are retained as property, plant and equipment or surplus assets and their economic life will be adjusted accordingly. Depreciation is not charged on assets held for sale.

All figures are in £'000	**2025/26**	**2024/25**
Balance at 1 April	**216**	**30**
Assets newly classified as held for sale	220	216
Revaluation losses	-4	-
Assets sold in year	-432	-30
Balance at 31 March	**-**	**216**

Notes to the Statement of Accounts

13. Creditors

All figures are in £'000	31 March 2026	31 March 2025
Central government bodies[1]	3,152	6,951
Collection fund receipts in advance	2,058	1,754
Collection Fund creditor	3,138	2,575
Other local authorities [,2]	454	960
Pension Fund	10,948	2,706
Other entities and individuals[1,2]	7,586	17,230
Total Creditors	**27,336**	**32,176**

[1] Includes part of the amount shown as short term creditors in Note 9.
[2] Includes part of capital creditors totalling £669.1k (£638.6k at 31 March 2025).

14. Provisions

Policy:

It is the policy of the Authority to make provisions in the accounts where there is an obligation to make a payment, but where the amount or timing is uncertain. Provisions are charged to expenditure when the Authority becomes aware of the obligation based on the best estimate of the likely settlement. When payments are eventually made, they are charged direct to the provision. The level of the provision is kept under review and if the provision is not required it is reversed and credited back to expenditure in that financial year.

Insurance and General Property Provision

The Authority has external cover for insurance claims. At 31 March 2026 an estimate is made of the excess that could be payable for claims notified but not yet settled. A provision therefore needs to be maintained to fund these and any other potential claims. Whilst many claims are settled within a year some do take a number of years to be resolved. A general property provision was made in regard to land contamination identified at Ashford Fire Station. Work to remediate the site was completed in 2025/26.

Non-Domestic Rate Appeals

This provision is the Authority's share of amounts provided for by Kent billing authorities for Non-Domestic Rates appeals.

All figures are in £'000	Insurance Provision	General Property Provision	Non-Domestic Rates Appeals	Total
Balance at 1 April 2025	**107**	**387**	**758**	**1,252**
Movements in 2025/26:				
Additional provisions made	144	73	608	825
Amounts used	-77	-337	-758	-1,172
Unused amounts reversed	-37	-123	-	-160
Balance at 31 March 2026	**137**	**0**	**608**	**745**

Notes to the Statement of Accounts

15. Usable Reserves

Policy:

The Authority maintains a general fund balance equivalent to approximately 5% of the net revenue budget and also a number of Earmarked Reserves which are held for specific policy purposes or future expenditure. The Authority makes use of Earmarked Reserves in order to smooth the impact of peaks of expenditure and also to ensure resources are available to meet known commitments and liabilities.

Reserves are created by appropriating amounts out of the general fund balance in the Movement in Reserves Statement. When expenditure to be funded from the reserve is incurred it is charged to the appropriate service line in year. The reserve is then appropriated back into the general fund balance in the Movement in Reserves Statement so that there is no charge in that year to the Council Taxpayer.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

The relevance and balance of each reserve is reviewed annually, the purpose of each of the Earmarked Reserves is described below.

Government Grants
This reserve contains unspent Government grants that are rolled forward for use in future years.

Infrastructure
This reserve is used to fund expenditure on infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a significant programme of investment in station improvements / redevelopments and vehicle purchases over the medium term.

Insurance and Resource
This reserve is used to smooth the impact of insurance claim volatility between financial years. It also provides an additional resource, should it be needed, to meet excessive costs in any one year, arising from the new Insurance Mutual Company arrangements. Given the volatility of the financial and economic markets, this reserve is also used to resource any one-off in year increases in costs that may arise at relatively short notice, for example excessive inflationary increases.

Rolling Budgets
This reserve is used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.

Service Transformation and Productivity
This reserve is used as a one-off funding resource to help pump-prime new initiatives or improvements to the Service. It will also help support collaborative initiatives with other blue light services and partner agencies.

This table below sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred from Earmarked Reserves to meet General Fund expenditure in 2025/26.

Capital Receipts
This reserve holds receipts generated from the sale of capital assets and as such these resources

can only generally be used to fund reinvestment in other capital assets.

All figures are in £'000	Balance at 1 April 2025	Net Reserve Transfers 2025/26	Balance at 31 March 2026
General Fund Balance	**4,680**	**210**	**4,890**
Earmarked Reserves:			
- Government Grants	448	-11	437
- Infrastructure	27,621	595	28,216
- Insurance and Resource	5,888	321	6,209
- Rolling Budgets	1,798	-313	1,485
- Service Transformation and Productivity	900	-621	279
Total Earmarked Reserves	**36,655**	**-29**	**36,626**
Total General and Earmarked Reserves	**41,335**	**181**	**41,516**
Capital Receipts	8,647	443	9,090
Total Usable Reserves	**49,982**	**624**	**50,606**

16. Unusable Reserves

Policy:

The Balance Sheet includes a number of reserves that are maintained to manage the accounting processes for non-current assets, retirement and employee benefits, available for sale financial assets and the collection fund adjustments. These reserves are not distributable and cannot be used to support spending.

This table summarises the items included within unusable reserves. Details of movements on the various reserves are in the paragraphs that follow.

All figures are in £'000	2025/26	2024/25
Revaluation Reserve	-37,106	-37,794
Accumulated Absences Account	495	676
Pensions Reserve	607,170	615,082
Collection Fund Adjustment Account	-639	-309
Capital Adjustment Account	-61,090	-61,096
Total Unusable Reserves	**508,830**	**516,559**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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.

All figures are in £'000	**2025/26**	**2024/25**
Revaluation Reserve		
Balance at 1 April	**-37,794**	**-50,139**
Upward revaluation of assets	-2,943	-2,267
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	1,894	12,235
Difference between fair value depreciation and historical cost depreciation	1,573	2,367
Accumulated gains on assets sold or scrapped	164	10
Balance at 31 March	**-37,106**	**-37,794**

Accumulated Absences Account

Policy:

Salaries, wages and employment-related payments, including the value of leave earned but not yet taken, are recognised in the period that the service is received from employees. An accrual will be made for the cost of any unused leave entitlement which has been carried into the following year.

The accrual is based on the amount of holiday pay that would be paid for each day owed and includes an estimate for any related on-costs that would also be payable, such as national insurance. The calculation is reviewed every three years or in the event of a known material change.

The accrual for holiday pay and overheads is charged to the Surplus or Deficit on the Provision of Services and reversed out through the Movement in Reserves Statement so that the charge has no effect on the Council Taxpayer. 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, i.e. annual leave owed. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Notes to the Statement of Accounts

All figures are in £'000		**2025/26**		**2024/25**
Accumulated Absences Account				
Balance at 1 April		**676**		**587**
Settlement of accrual made at the end of the preceding year	-676		-587	
Amounts accrued at the end of the current year	495		676	
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		-181		89
Balance at 31 March		**495**		**676**

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 Authority 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. Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or as it eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Authority 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.

All figures are in £'000	**2025/26**	**2024/25**
Pensions Reserve		
Balance at 1 April	**615,082**	**642,926**
Re-measurements of the net defined benefit liability	-22,541	-40,329
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	24,785	16,437
Employer's pensions contributions and direct payments to pensioners payable in the year	-18,222	-17,908
Asset Ceiling Adjustment	8,066	13,956
Balance at 31 March	**607,170**	**615,082**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income and Non-Domestic Rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Non-Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

All figures are in £'000	2025/26	2024/25
Collection Fund Adjustment Account		
Balance at 1 April	**-309**	**-474**
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income for the year in accordance with statutory requirements	-351	-224
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income for the year in accordance with statutory requirements	21	389
Balance at 31 March	**-639**	**-309**

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 Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains gains recognised in relation to donated assets that have yet to be consumed by the Authority and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007 when the Reserve was created to hold such gains. The Movement in Reserves Statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the Statement of Accounts

Unusable Reserves (continued)

All figures are in £'000	**2025/26**	**2024/25**
Capital Adjustment Account		
Balance at 1 April	**-61,096**	**-64,601**
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	5,303	6,276
Revaluation (gains) / losses on property, plant and equipment	-513	3,245
Revaluation (gains) / on assets held for sale	4	-
Revenue expenditure funded from capital under statute	-	-
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	562	122
Adjusting amounts written out of the Revaluation Reserve	-1,737	-2,367
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		
Use of Capital Receipts Reserve to finance new capital expenditure	-	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	-	-757
Statutory provision for the financing of capital investment charged against the General Fund	-1,295	-1,295
Capital expenditure charged against the General Fund Balance	-2,318	-1,719
Balance at 31 March	**-61,090**	**-61,096**

Notes to the Statement of Accounts

17. Officers' Remuneration

This table provides details of actual remuneration for 2025/26 (including employer pension contributions) for the Chief Executive and the other most senior officers employed by the Authority. Comparative information for 2024/25 is also shown below. Details of the Senior Officer structure and related salary is published on the Authority's website at http://www.kent.fire-uk.org

2025/26 All figures are in £'000	**Salary and Allowances**	**Pension Contributions**	**Total Remuneration Inc. Pension Contributions**
Role Information			
Chief Executive – A Millington	180.4	33.3	213.7
Director, Response and Resilience	146.8	55.2	202.0
Director, Prevention, Protection, Customer Engagement & Safety (left 01/02/2026)	122.6	22.7	145.3
Director, Prevention, Protection, Customer Engagement & Safety (from 01/01/2026)	36.9	6.8	43.7
Director, Finance and Corporate Services (left 05/05/2025)	11.5	-	11.5
Director, Finance and Corporate Services	146.7	27.1	173.8
Director, HR & Culture (left 16/09/2025)	66.8	12.4	79.2
Assistant Director, Resilience* (from 14/03/2026)	5.8	2.2	8.0
Assistant Director, Response	119.4	44.7	164.1
Assistant Director, Response* (from 14/03/2026)	5.8	2.2	8.0
Assistant Director, Customer & Building Safety* (left 31/12/2025)	89.0	16.5	105.5
Assistant Director, Transformation (from 02/03/2026)	9.0	1.7	10.7
	940.7	**224.8**	**1,165.5**

*Promoted in year

Notes to the Statement of Accounts

Officers' Remuneration (continued)

2024/25 All figures are in £'000	**Salary and Allowances**	**Pension Contributions**	**Total Remuneration inc. Pension Contributions**
Role Information			
Chief Executive – A Millington	174.3	30.5	204.8
Director, Response and Resilience (left 31/12/24)	106.1	39.9	146.0
Director, Response and Resilience (from 1/9/2024)	82.5	31.0	113.6
Director, Prevention, Protection, Customer Engagement & Safety	141.5	24.8	166.2
Director, Finance and Corporate Services	114.7	-	114.7
Director, Finance and Corporate Services (from 27/01/2025)	24.4	4.3	28.7
Director, HR & Culture	135.5	23.7	159.2
Assistant Director, Resilience	115.1	43.3	158.4
Assistant Director, Response (left 31/08/2024)	47.3	17.8	65.1
Assistant Director, Response (from 16/07/2024)	82.5	31.0	113.5
Assistant Director, Customer & Building Safety (left 08/04/2024)	2.5	0.9	3.4
Assistant Director, Customer & Building Safety	115.1	20.1	135.2
	1,141.5	**267.3**	**1,408.8**

Notes to the Statement of Accounts

Officers' Remuneration (continued)

The table below shows the other employees, in addition to those senior officers detailed above, who are receiving more than £50,000 remuneration for the year (excluding employer pension contributions but including any benefits in kind):

	Number of Employees	
Remuneration Band	**2025/26**	**2024/25**
£50,000 - £54,999	112	110
£55,000 - £59,999	84	74
£60,000 - £64,999	59	67
£65,000 - £69,999	54	21
£70,000 - £74,999	18	23
£75,000 - £79,999	10	18
£80,000 - £84,999	15	3
£85,000 - £89,999	1	-
£90,000 - £94.999	1	5
£95,000 - £99,999	5	1
£100,000 - £104,999	1	-
Total	**360**	**322**

Notes to the Statement of Accounts

18. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year. Details of allowances paid to Members are advertised in the local press and are published on the Authority's website at www.kent.fire-uk.org.

All figures are in £'000	2025/26	2024/25
Allowances	74	80
Expenses	-	1
Total	**74**	**81**

19. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the statement of accounts.

All figures are in £'000	2025/26	2024/25
Fees payable to the external auditor:		
External audit services carried out by the appointed auditor for the year	118	114
Additional Audit Fee Variation 2024/25	-	8
Total	**118**	**122**

20. Grant Income

This table shows the grants and contributions credited to the Comprehensive Income and Expenditure Statement in the year.

All figures are in £'000	2025/26	2024/25
Credited to Taxation and Non-Specific Grant Income:		
Revenue Support Grant (included in Settlement Funding Assessment)	11,549	11,352
Small Business Rate Relief Grant and Compensation	4,428	4,520
4% Minimum Funding Guarantee	-	1,527
Compensation for Additional Business Rate Relief 23/24	-	-37
Compensation for Additional Business Rate Relief 24/25	32	57
Compensation for Additional Business Rate Relief 25/26	52	-
Business Rates Levy Account Surplus	-	125
Transparency Code Set-Up Grant	-	8
Services Grant	-	104
Employers National Insurance Grant	648	-
Capital grants and contributions:		
Donated Asset	-	607
Contribution to Right of Use Asset	-	150

Credited to Cost of Services:		
Maritime MTA Emergency Response	11	60
Firefighter Employer Pension Contributions	2,719	2,757
McCloud / Matthews Pensions Remedy - Administration	-	194
New Dimensions	968	968
FireLink	-	236
Prevention and Protection Uplift and Accreditation	333	333
Apprenticeship Levy Drawdown	13	22
Redmond Review – Audit	14	14
Building Safety Regulator Compliance	92	109
McCloud Remedy – Compensation	110	406
Multi Agency Incident Transfer (MAIT)	13	-
NFCC Fire Cadets	15	-
Total	**20,997**	**23,512**

21. Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority. The necessary disclosures are detailed below:-

Central Government - Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government departments are detailed in Note 20 and amounts due to KFRS are detailed in Note 10 and amounts owed by KFRS are detailed in Note 13.

Senior Officers and Members - The total remuneration paid to senior officers is shown in Note 17 and details of Members' allowances paid in 2025/26 are shown in Note 18.

Members and senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Members and senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions.

The Authority has an appointed Monitoring Officer and as such a contract is in place with Mid Kent Legal Service to supply these services which took effect from April 2024.

Related Parties (continued)

Fire and Rescue Indemnity Company (FRIC) - The Authority is one of the fifteen fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance and Corporate Services is a voting member for this Authority. During 2024/25 the Director of Prevention, Protection, Customer Engagement and Safety was invited to become a Non-Executive Director on the Board of FRIC and continued in this role until his departure in February 2026. Expenditure relates to our share of our insurance premiums and our share of insurance claims for 2025/26 this was £787k. Further details in relation to FRIC are detailed under Note 26.

Kent County Council - The Authority contracts with the County Council for the provision of various services and the amount paid for 2025/26 was £431k (£228k in 2024/25). The services purchased include pension administration, interpreter services, IT network services and Internal Audit.

Pensions - During the year amounts were paid to the Local Government Pension Scheme managed on behalf of the Authority by Kent County Council. Details of the amounts paid are shown in Note 25.

SECAmb – Kent Fire and Rescue Service continue to work with the Trust to provide co-responding support, which results in us attending a number of incidents and we assist with gaining access at incidents where patients are in locked or inaccessible areas. There are a number of stations where SECAmb employees are able to use KFRS facilities without charge in line with the Authority's charging policy.

BlueLight Commercial – This was established in 2020 by the Home Office, to work in collaboration with blue light organisations and local/national suppliers, to help transform their commercial services. The organisation has been set up as a not for profit, private company limited by guarantee. It is owned by the Police and Crime Commissioners. The Police and Crime Commissioner for Kent is a voting member of the Fire Authority and is a member of the BlueLight Commercial Board. Membership is open to any organisation with a purpose or interest in the delivery of efficient and effective commercial services in support of blue light services. The Authority currently contracts via a BlueLight Commercial framework for Multi Agency Incident Transfer (MAIT), the implementation of MAIT has been funded by the government and is overseen by the National Fire Chiefs Council (NFCC) to ensure its widespread adoption across all fire and rescue services.

Networked Fire Services Partnership – The Authority is working with three other Fire Authorities (Devon and Somerset, Dorset and Wiltshire and Hampshire) in a Networked Fires Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services. Each Authority is responsible for paying their share of the expenditure incurred across the partnership. During 2025/26 Kent Fire re-imbursed each of the partners for its share of expenditure incurred for services provided, as detailed in the table below.

All figures are in £'000	**2025/26**
NFSP Cost Recovered:	
Devon & Somerset Fire and Rescue Service	17
Dorset & Wiltshire Fire and Rescue Service	108
Hampshire & Isle of Wight Fire & Rescue Service	253
Total	**378**

Notes to the Statement of Accounts

22. Capital Expenditure and Capital Financing

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

All figures are in £'000	**2025/26**	**2024/25**
Opening Capital Financing Requirement	**3,959**	**1,878**
Capital Investment		
Property, Plant and Equipment	10,730	5,852
Sources of Finance:		
Government Grants and Contributions	-	-757
Sums Set Aside from Revenue:		
Revenue Contributions towards Capital	-2,318	-1,719
Minimum Revenue Provision	-191	-104
Voluntary Revenue Provision	-1,104	-1,191
Closing Capital Financing Requirement	**11,076**	**3,959**
Explanation of movements in year:		
Increase in internal borrowing	8,412	3,376
Minimum and Voluntary Revenue Provision	-1,295	-1,295
Change in Capital Financing Requirement	**7,117**	**2,081**

23. Leases – Right of Use Assets

Policy:

IFRS 16 sets out the accounting principles for the recognition, measurement, presentation and disclosure of leases and replaces the previous standards IAS17. The previous standard made a distinction between finance and operating leases and did not require lessees to recognise assets and liabilities arising from operating leases and allowed for them to be accounted within revenue expenditure. Under the new accounting standards, a lessee is required to recognise assets and liabilities for leases with a term more than 12 months, unless the underlying asset is of low value, which for this Authority has been determined at £10k per individual item.

We are required to recognise our right of use of the asset and in determining the value to the Authority will use the present value of lease payments over the term of the lease as a basis of the value. In order to ascertain the present value of lease payments they will be discounted using an incremental borrowing rate, where there is a rate detailed within the lease this will be used. In the event of no identified rate, by default the PWLB borrowing rate at the time of the lease commencement and for the duration of the lease will be used. Where a lease is agreed at a peppercorn value or minimal market rent, the Authority's valuers will be consulted to determine a market value at the commencement of the lease. During the term of the lease the asset will be depreciated in line with the Authority's straight line depreciation policy for the term of the lease.

Lease payments to be made over the term of the lease will be accounted for as a liability within the balance sheet. Payments for the rental value of the lease will be accounted for with the interest payments being charged to the CIES and the remaining balance used as a principal repayment to reduce the outstanding liability on the balance sheet.

Where re-measurement of the asset value is required within the duration of the lease the increase will be treated as a capital addition with a contra entry to increase the liability due.

The Authority is the lessee of a number of leases exempted under the £10k low-value threshold. These include managed service arrangements for the provision of personal and protective equipment (PPE) for firefighters, watercoolers, lone worker devices and rental space. However, the Authority does account for two material leases categorised under land and buildings:

- The lease for our control room at Coldharbour with Kent Police which commenced in December 2023 for a term of 10 years. This lease incorporates a peppercorn rental of £10 per annum, resulting in minimum future contractual cashflows. The value of the asset as at 31 March 2026 was £128.8k

- The lease for our vehicle workshop at Heronden Road, Maidstone which commenced in April 2023 for a term of 5 years. The value of the asset as at 31 March 2026 was £143.6k

Right of use Assets

This table show the change in the value of right of use assets held under leases by the Authority:

All figures are in £'000	Land and Buildings	Total
Balance at 1 April 2025	**336**	**336**
Additions	-	-
Revaluations	-	-
Depreciation	-64	-64
Disposals	-	-
Balance at 31 March 2026	**272**	**272**

Transactions under leases

The Authority incurred the following expenses in relation to leases:

All figures are in £'000	2025/26	2024/25
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	9	11
Expense relating to exempt leases of low-value items	990	786
Total	**999**	**797**

Notes to the Statement of Accounts

Leases – Right of Use Assets (continued)

Lease Liabilities Maturity Profile

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments).

All figures are in £'000	2025/26	2024/25
Not later than one year	50	50
Later than one year and not later than five years	122	172
Later than five years	11	11
Total	**183**	**233**

24. Termination Benefits

Exit Packages by Cost Band

	2025/26				2024/25			
	Compulsory Redundancies		Other Departures Agreed		Compulsory Redundancies		Other Departures Agreed	
Cost Band £	No.	£'000	No.	£'000	No.	£'000	No.	£'000
0k - 20k	1	14	14	169	5	60	6	41
20k - 40k	3	71	3	98	6	146	1	40
40k - 100k	-	-	2	147	-	-	-	-
Total	**4**	**85**	**19**	**414**	**11**	**206**	**7**	**81**

The cost of exit packages detailed above include statutory / discretionary redundancy costs and payments in lieu of notice. In addition to the above, one termination benefit was paid resulting in pension strain costs totalling £77k.

25. Defined Benefit Pension Schemes

Participation in Pension Schemes

Policy:

The Authority accounts for its pension costs in accordance with the provisions of IAS 19 – Employee Benefits, as reflected in the Code of Practice. As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these are not actually payable until an employee retires, the Authority has a commitment to make the payments in the future. This commitment is accounted for in the year that the employee earns the right to receive a pension at some time in the future.

LGPS Pension strain costs arising from early retirement are met from the Authority's revenue budget.

Notes to the Statement of Accounts

Defined Benefit Pension Schemes (continued)

Fire Schemes - Contributions to the pension fund in respect of non-abated pensions where pensioners are re-employed by the Authority, ill-health retirements, and any lump sum and ongoing costs in respect of injury-related pensions are also met from the Authority's revenue budget.

The Authority maintains a separate ledger account for the Firefighters' Pension Fund and any shortfall is recovered from the Government by way of a grant. The grant is recognised in the Comprehensive Income and Expenditure Statement in the year that it is receivable and reversed back out through the Movement in Reserves Statement.

As previous pension schemes have now closed to new members, the Authority now only has two employment schemes open to members, which are:

1. **Local Government Pension Scheme (LGPS) which is operated by the Kent County Council Superannuation Fund, under the regulatory framework** - The governance of the scheme is the responsibility of the Superannuation Fund Committee of Kent County Council. Policy is determined in accordance with Pension Fund Regulations. The Investment Managers of the fund are appointed by the Committee. The LGPS became a Career Average Revalued Earnings (CARE) scheme from 1 April 2014.

   The principal risks to the Authority of the Scheme are the longevity assumptions, statutory changes to the scheme, and 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 policy note.

   This is a funded scheme, meaning that both the Authority and the employee pay contributions into a fund, calculated at a level estimated to balance the pension liabilities against investment assets. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The contributions have been determined by the Fund's Actuary on a triennial basis and are set to meet 100% of the liabilities of the Pension Fund.

   The scheme assets and liabilities attributable to LGPS employees can be identified and are recognised in the Authority's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within the cost of services. The expected gain during the year from scheme assets is recognised within financing and investment income and expenditure. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Gains and losses from changes in assumptions during the year are recognised in the Pensions Reserve and reported as other income and expenditure in the Comprehensive Income and Expenditure Statement.

   Arrangements for the award of discretionary post-retirement benefits upon early retirement for LGPS employees - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, no investment assets have been built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

2. **The 2015 Firefighters' Pension Scheme (2015 FPS) for which the Authority is the Scheme**

Manager and is therefore responsible for managing and administering the scheme - Firefighters' employed by the Authority can join the 2015 Firefighters' Pension Scheme. Previously, some members will have built up final salary benefits in the 1992 Firefighters' Pension Scheme and/or the 2006 Firefighters' Pension Scheme, but these schemes were closed to active membership on 31 March 2022. From 1 April 2022 all active firefighter membership is in the 2015 Firefighters' Pension Scheme, which is a Career Average Revalued Earnings (CARE) scheme introduced on 1 April 2015 and is governed by the Firefighters' Pension Scheme (England) Regulations 2014.

The 2015 Firefighters' Pension Scheme is a defined benefit scheme; however, the scheme is unfunded and MHCLG uses a methodology consistent with the SCAPE approach (Superannuation Charge Adjusted for Past Experience) as the basis for calculating the employers' contribution rate paid by fire and rescue authorities. Unfunded means that there are no investment assets built up to meet the pension liabilities and cash must be provided to meet the payments as they fall due. In 2025/26 the Authority paid £12.314m (£12.052m in 2024/25) into the Firefighters' Pension Fund in respect of firefighters' retirement benefits. The employer contribution rate was 37.6% for 2025/26. In addition, £694k was paid by the Authority into the Fund in respect of ill-health charges (£583k) and non-abated pensions (£111k).

The Authority is responsible for the cost of any benefits awarded due to injury, including injury related lump sums and injury related annual pension payments.

The Authority is exposed to some risks (positive or negative) in relation to the Firefighter Pension schemes. The Government Actuary determines the employer pension contribution rates and will base these on estimates of interest rates (based on market yields on high quality corporate bonds), inflationary impact on benefits paid and the longevity of scheme members.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the cost of services as they are earned by employees, not when the benefits are paid as pensions. The charge to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund in the Movement in Reserves Statement.

McCloud / Sargeant Case

The Firefighters' Pensions (Remediable Service) Regulations 2023 came into force on 1 October 2023. The regulations require the Authority to offer members who retire on or after 1 October 2023 a choice of which pension scheme membership (legacy scheme (1992 or 2006) or reformed (2015) scheme) they wish to have their pension benefits paid on for the remedy period (1 April 2015 – 31 March 2022). The regulations also require the Authority to provide the same choice to members who have retired and drawn their pension benefits during the remedy period. The majority of members were provided with details of their options (including calculations) in the form of a Remedial Service Statement (RSS) by 31 March 2026. All members are due to have received a Remedial Service Statement (RSS) by the end of 2026.

Implications of the remedy are reflected in the Authority's pension scheme valuations as at 31 March 2026.

Matthews / O'Brien Case

The Firefighters' Pensions Schemes (England) (Amendment) Order 2023 came into force on 1 October 2023. The regulations require the Authority to offer pension scheme membership to eligible retained / on-call firefighters' who were employed between 7 April 2000 and 5 April 2006 by providing access to the modified section of the Firefighters' Pension Scheme 2006 (referred to as 'the modified scheme'). A previous exercise had been undertaken in 2014, but the updated regulations now provide the opportunity for those who are eligible to buy membership back to their start date, even if this is prior to 7 April 2000, so long as they have continuous employment up to and including this date.

As members will have the option to purchase service either as a lump sum payment or through periodic contributions over a number of years, the past service cost will be recognised as and when the relevant service is purchased and therefore accrued. This will be based on the value of contributions paid to purchase the additional pension entitlement and this approach is the same as previously adopted for service purchased under the first options exercise.

Notes to the Statement of Accounts

Defined Benefit Pension Schemes (continued)

The Table below shows the transactions that have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year.

All figures are in £'000	LG Pension Scheme 2025/26	LG Pension Scheme 2024/25	Firefighter Schemes 2025/26	Firefighter Schemes 2024/25	Firefighter Injury 2025/26	Firefighter Injury 2024/25	Total 2025/26	Total 2024/25
Comprehensive Income and Expenditure Statement								
Service cost comprising:								
Current service cost	2,216	2,631	3,611	5,578	190	294	6,017	8,503
Past service costs	-	362	835	4,673	-	-	835	5,035
Financing and Investment Income and Expenditure:								
Net interest expense	-	-106	33,406	29,531	1,096	1,071	34,502	30,496
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**2,216**	**2,887**	**37,852**	**39,782**	**1,286**	**1,365**	**41,354**	**44,034**
Remeasurement of the net defined benefit liability comprising:								
Return on plan assets (excl. amount in net interest expense)	-5,266	1,604	-	-	-	-	-5,266	1,604
Actuarial gains and losses arising on changes in:								
Financial assumptions	-4,377	-14,438	-28,661	-75,779	-622	-1,693	-33,660	-91,910
Demographic assumptions	1,173	-207	11,012	147	348	86	12,533	26
Experience loss / gain (-) on defined benefit obligations	3,995	-197	1,775	50,987	75	-839	5,845	49,951
Asset ceiling adjustment	8,066	13,956	-	-	-	-	8,066	13,956
Other actuarial losses / gains (-) on assets	-1,993	-	-	-	-	-	-1,993	-
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**3,814**	**3,605**	**21,978**	**15,137**	**1,087**	**-1,081**	**26,879**	**17,661**
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	-2,216	-2,887	-37,852	-39,782	-1,286	-1,365	-41,354	-44,034
Actual amount charged against the General Fund Balance for pensions in the current year:								
Employer's contributions payable to scheme	3,447	3,605	13,008	12,629	-	-	16,455	16,234
Retirement benefits payable to pensioners	-	-	-	-	1,767	1,674	1,767	1,674

Notes to the Statement of Accounts

Defined Benefit Pension Schemes (continued)

Pension Assets and Liabilities Recognised in the Balance Sheet

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

All figures are in £'000	**2025/26**	**2024/25**
Present value of the defined benefit obligation:		
Local Government Pension Scheme	-84,902	-78,863
Fire Pension Schemes	-606,803	-615,082
Fair value of assets in the Local Government Pension Scheme	110,235	95,522
Asset ceiling adjustment - Local Government Pension Scheme	-25,700	-16,659
Net liability arising from defined benefit obligation	**-607,170**	**-615,082**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy because:

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Discretionary benefits arrangements have no assets to cover their liabilities.

Asset Ceiling Adjustment

Following the LGPS pensions valuation by the Authority's actuary, Barnett Waddingham, the Authority determined that the fair value of its LGPS pension scheme assets outweighed the present value of the plan obligations as at 31 March 2026, resulting in a pension plan net asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

a) The surplus in the defined benefit plan (£25.333m); and

b) The asset ceiling (nil).

The asset ceiling is the present value of any economic benefit available to the Authority in the form of refunds or reduced future employer contributions. The Actuary's calculation of the asset ceiling has followed their interpretation of IFRIC 14. The calculations assume that:

- The Authority is a scheduled body and assumed to participate indefinitely.

- The Authority does not have a right to a refund of surplus at the level required by the accounting standard. Any recognised surplus is based on the economic benefit from a reduction in contributions.

- The requirement for the Authority to make contributions to the Fund is considered to be a Minimum Funding Requirement (MFR).

In broad terms the Actuary's analysis shows that:

Notes to the Statement of Accounts

- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £25.333m, the initial impact of the asset ceiling is £25.333m.

- The Authority is currently paying secondary contributions. The Actuary has assessed this minimum funding requirement and calculates that it constitutes an onerous funding commitment meaning there is an additional liability of £367k to be recognised.

The Authority has therefore applied (b), the asset ceiling in accordance with IAS 19. The effect of this is a reduction in the pension scheme reserve, an increase in the pension scheme obligations, and an increase in the amount chargeable to the CIES.

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

All figures are in £'000	**2025/26**	**2024/25**
Opening fair value of scheme assets	**95,522**	**91,078**
Interest income	5,643	4,653
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount in the net interest expense	5,266	-1,604
Other actuarial gains	1,993	-
Administration expenses	-99	-86
Contributions from employer	3,447	3,605
Contributions from employees into the scheme	1,304	1,209
Benefits paid	-2,841	-3,333
Closing fair value of scheme assets	**110,235**	**95,522**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £10.909m (2024/25: £3.049m).

Notes to the Statement of Accounts

Defined Benefit Pension Schemes (continued)

Reconciliation of Present Value of the Scheme Liabilities (Defined Pension Obligation)

All figures are in £'000	Local Government Pension Scheme 2025/26	Local Government Pension Scheme 2024/25	Firefighter Pension Schemes 2025/26	Firefighter Pension Schemes 2024/25	Firefighter Injury 2025/26	Firefighter Injury 2024/25	Total 2025/26	Total 2024/25
Balance at 1 April	**-78,863**	**-88,505**	**-595,143**	**-620,232**	**-19,939**	**-22,694**	**-693,945**	**-731,431**
Current service cost	-2,216	-2,631	-3,611	-5,578	-190	-294	-6,017	-8,503
Interest cost	-4,569	-4,331	-33,406	-29,531	-1,096	-1,071	-39,071	-34,933
Contributions from scheme participants	-1,304	-1,209	-4,824	-6,351	-	-	-6,128	-7,560
Re-measurement (gains) and losses - actuarial gains/losses arising from:								
changes in financial assumptions	4,377	14,438	28,661	75,779	622	1,693	33,660	91,910
change in demographic assumptions	-1,173	207	-11,012	-147	-348	-86	-12,533	-26
Past service cost	-	-362	-835	-4,673	-	-	-835	-5,035
Experience loss/(gain) on defined benefit obligation	-3,995	197	-1,775	-50,987	-75	839	-5,845	-49,951
Benefits paid	2,841	3,333	34,401	46,577	1,767	1,674	39,009	51,584
Unfunded pension payments	-	-	-	-	-	-	-	-
Balance at 31 March	**-84,902**	**-78,863**	**-587,544**	**-595,143**	**-19,259**	**-19,939**	**-691,705**	**-693,945**

Notes to the Statement of Accounts

Defined Benefit Pension Schemes (continued)

Local Government Pension Scheme assets comprised:

	31 March 2026		31 March 2025	
	£'000	%	£'000	%
Equity Investments	64,619	59	54,394	57
Gilts	6,082	5	5,662	6
Other Bonds	15,394	14	14,200	15
Property	10,769	10	7,822	8
Cash	3,039	3	3,778	4
Absolute Return Fund	5,502	5	4,879	5
Infrastructure	4,830	4	4,787	5
Total	**110,235**	**100**	**95,522**	**100**

The table below details percentages of the total Fund held at 31 March 2026 in each class of asset (split by those that have a quoted market price in an active market and those that do not).

		31 March 2026	
		Quoted	Unquoted
Fixed Interest Government Securities	Overseas	0.3%	-
Index Linked Government Securities	UK	5.2%	-
Corporate Bonds	UK	4.3%	-
	Overseas	9.7%	-
Equities	UK	11.8%	-
	Overseas	42.2%	-
Property	All	-	9.8%
Others	Absolute return portfolio	5.0%	-
	Private equity	-	4.6%
	Infrastructure	-	4.4%
	Derivatives	-	0.2%
	Cash/temporary investments	-	2.5%
Total		**78.5%**	**21.5%**

Notes to the Statement of Accounts

Significant Actuarial Assumptions

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme (LGPS) and Firefighter Pension Schemes liabilities have both been assessed by Barnet Waddingham, an independent firm of Actuaries. The principal assumptions used by the Actuary have been:

	Local Government Pension Scheme		Firefighter Pension Schemes	
	2025/26	**2024/25**	**2025/26**	**2024/25**
Mortality assumptions:				
Longevity at 65 for current male pensioners:	21.6	20.7	21.2	20.5
Longevity at 65 for current female pensioners	23.9	23.3	23.7	23.3
Longevity at 65 for future male pensioners	23.2	22.0	22.8	21.9
Longevity at 65 for future female pensioners	25.6	24.7	25.4	24.7
Other assumptions:				
Rate of consumer price index inflation	2.90%	2.85%	2.90%	2.90%
Rate of retail price index inflation	3.25%	3.10%	3.30%	3.20%
Rate of increase in salaries	3.90%	3.85%	3.90%	3.90%
Rate of increase in pensions	2.90%	2.85%	2.90%	2.90%
Rate for discounting scheme liabilities	6.20%	5.85%	6.10%	5.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each relevant change that the assumption is changed whilst all 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 method. The methods and assumptions used in preparing the sensitivity analysis are consistent with those used in the previous period, except for an update of the Continuous Mortality Investigation Bureau (CMI) projection model.

Impact on the Defined Benefit Obligation in the Schemes

Change in assumption:	Local Government Pension Scheme		Firefighter Pension Schemes	
All figures are in £'000	**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
Increase or decrease:				
Life expectancy by 1 year	2,570	-2,486	19,224	-18,599
Rate of increase in salaries	449	-435	2,567	-2,487
Rate of increase in pensions	6,495	-5,320	40,861	-36,547
Rate for discounting scheme liabilities	-6,425	7,300	-37,746	42,258

Notes to the Statement of Accounts

Defined Benefit Pension Schemes (continued)

Impact on the Authority's Cash Flows

An actuarial valuation of the Authority's funding position for the LGPS was undertaken as at 31 March 2022 determining the employer contribution rates to be increased from 17.5% to 18.5% for 2025/26. Every 1% increase in the employer contribution rate increases the Authority's costs by around £200k per year. The latest valuation was carried out as at 31 March 2025 and set the Authority's contribution rate at 16.5% for 2026/27, 2027/28 and 2028/29.

On 19 December 2023, the Government's Actuary Department published the valuation results for the 31 March 2020 actuarial valuation of the Firefighters' Pension Scheme increasing the Employer contribution rate from 28.8%, to 37.6% from 1 April 2024. In 2025/26 the Government provided a grant totalling £2.719m to cover the majority of the increase in costs.

The Authority expects to make the following ordinary contributions to pension schemes in the year to 31 March 2027: LGPS (16.5%) £3.287m and; 2015 Firefighter Pension Scheme (37.6%) £12.783m. The estimated Macaulay duration of the defined benefit obligation for scheme members is 14 years for the Firefighter Schemes and 17 years for LGPS (14 and 18 years respectively in 2024/25).

26. Contingent Liabilities and Assets

Policy:

A contingent liability - is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. They may also arise in circumstances where a provision would otherwise be made but the possibility of a payment is remote, or the amount cannot be measured sufficiently reliably.

A contingent asset - arises from a past event which gives the Authority a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent asset is disclosed where an inflow of economic benefit is possible.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic benefit at some time in the future.

Fire and Rescue Indemnity Company (FRIC) - The Authority is one of the fifteen fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance and Corporate Services is the voting member for this Authority. All fifteen services have been working together to reduce risk and share best practice. Protection is in place to limit each member's exposure to financial loss. Contributions are paid to the company and any surplus from operations is held by the company in their reserve. The reserve enables peaks and troughs of claims expenditure to be managed and if the current level of performance is maintained, these funds could also be used for a number of other purposes including funding for improved risk management; to increase the level of claims costs borne by FRIC (thereby reducing external insurance costs); or reducing the contributions of member FRAs.

Notes to the Statement of Accounts

Kent Pension Fund - The Authority 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 Authority. The background to the case is that where rules of a contracted-out defined benefit scheme were amended, the Scheme Actuary would provide a section 37 confirmation that the scheme continues to meet the contracting-out requirements. The original court case decided that certain rule amendments were invalid in absence of the actuarial certification.

As a result, there may be a further liability to the Authority's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on the Authority and thus the obligation and liability shown in the Authority's accounts.

In September 2025 the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements. The bill is expected to receive Royal Assent in 2026.

27. Nature and Extent of Risks Arising from Financial Instruments

The Authority'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 Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument at disadvantageous interest rates or terms.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the considerable risk and uncertainty in the global financial markets and banking systems. They are therefore structured to ensure suitable controls are in place to minimise these risks. The Authority manages risk by:

- Adherence to the CIPFA Treasury Management Code of Practice.
- Adopting a Treasury Policy Statement and Treasury Management clauses within its financial regulations.
- Approving annually in advance prudential and treasury indicators which set limits for the Authority's overall borrowing; the maximum and minimum exposures to fixed and variable interest rates; the maximum and minimum exposures to the maturity structure of its debt; and the maximum exposure to investments maturing beyond one year.
- Approving an Investment Strategy for the forthcoming year setting out the criteria for investment and the selection of counterparties.

Notes to the Statement of Accounts

The annual Treasury Management and Investment Strategy for 2025/26 was approved by the Authority in February 2025 and is implemented by the Finance team. The key limits approved were:

- The authorised limit for external borrowings and long-term liabilities was set at £42.5m.
- The operational boundary, or expected level of debt and other long-term liabilities during the year, was set at £38.5m.
- The maximum amounts of fixed and variable interest rate exposure were set at 100%
- No investments would be made for a period in excess of twelve months.

Market Risk

Interest Rate Risk

The Authority is exposed to risks arising from movements in interest rates. The Treasury Management and Investment Strategy aims to mitigate these risks by setting an upper limit of 20% on external debt that can be subject to variable interest rates.

As at 31 March 2026 the Authority has no outstanding external borrowing. Long term borrowing decisions are based on interest rates prevailing at the time. There is a risk that the rate on a loan may be higher than the market rate available in the future.

Investments are also subject to interest rate risk. The Authority's current policy of holding short term fixed rate deposits and variable rate deposits increases its exposure to interest rate movements. However, this is balanced against the Authority's actions to mitigate credit risk. In-year movements in rates will impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Interest earned on deposits and investments in 2025/26 was £2.724m which equates to an average rate of 4.14%. For every 0.1% change in interest the Comprehensive Income and Expenditure Statement would have been credited or debited with a further £57k.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority will call upon the deposits in its call accounts as a first priority. There is no significant risk on which it will be unable to raise finance or meet its commitments under financial instruments. Instead, the risk is that the Authority will need to borrow at a time of unfavourable interest rates. The Authority when undertaking borrowing ensures that the debt is managed to ensure that there is an even maturity profile through a combination of careful planning of new loans taken out and making early repayments (should it be considered economic to do so).

Credit Risk

Credit risk arises from deposits with banks and financial institutions and from income due to the Authority for services provided. The Authority defines default as the failure of a counterparty to fulfil their obligation of money owed to the Authority. The Authority will only write-off debt where it has exhausted its opportunities for recovering monies.

This risk is minimised through the annual Treasury Management and Investment Strategy which reflected a level of uncertainty in the year ahead. The Strategy specified the counterparties, the maximum amounts that could be invested with each and the maximum duration of 12 months. Deposits are spread amongst counterparties to further minimise risk as it is unlikely that all counterparties would default at the same time.

No breaches of the Authority's counterparty criteria occurred during the reporting period, and the Authority has no evidence to suggest that there will be any losses from non-performance by any of its counterparties.

The Authority's maximum exposure to credit risk in relation to its deposits in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. At the 31 March 2026, the Authority had £7.87m in Treasury Bills, which are secure Government backed assets. There was also £1.10m deposited in instant access accounts, £15.1m deposited in Money Markets, £10m in notice accounts and £23m in fixed term deposits.

It is considered unlikely that these entities would be unable to meet these commitments, as all of the Authority's investment counterparties are classified as low credit risk. Despite the low credit risk there remains some degree of risk of recoverability. IFRS9 requires restatement of prior year figures, based on expected losses. For the Authority investments with banks, building societies and Money Markets is calculated using historic risk of default percentages provided by the Authority's Treasury Advisors, for 12 month expected losses. All of the Authority's investments are less than 12 months. Trade Debtors always carry some degree of irrecoverability, expected losses are calculated under the simplified approach using a provision matrix with expected values based on historic default. The total expected losses calculations as at 31 March 2026 resulted in an immaterial figure. The CIPFA Code states that "accounting policies need not be applied if the effect of applying them would be immaterial" so the effect of the expected losses has therefore not been shown in the accounts.

The Authority does not receive a significant amount of income for goods and services provided. The amounts outstanding from debtors at the end of the year can be analysed by age as follows:

All figures are in £'000	**31 March 2026**
Less than three months	26.1
Three to six months	0.0
Six months to one year	0.0
More than one year	0.6
Total	**26.7**

Firefighters’ Pension Fund Account

28 Firefighters’ Pension Fund Account

The Authority contracts with Local Pensions Partnership Administration (LPPA) for the day-to-day administration of firefighter pensions. A separate ledger account is maintained for the Firefighters' Pension Fund Account and as there are no investment assets the Fund is balanced to nil each year by the receipt of a top-up grant from central government.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2026. Details of the Authority’s long-term pension obligations are shown in Note 25 to the Statement of Accounts.

All figures are in £’000	**2025/26 Matthews Remedy**	**2025/26 Pension Fund**	**2024/25 Matthews Remedy**	**2024/25 Pension Fund**	**2025/26 Total**	**2024/25 Total**
Contributions receivable:						
Fire Authority:						
Contributions in relation to pensionable pay	-	-12,314	-	-12,052	-12,314	-12,052
Early retirement (ill health) contributions	-	-583	-	-456	-583	-456
Interest receivable	-	-7	-	-24	-7	-24
Other (e.g. non-abatement of pension contributions)	-	-111	-	-96	-111	-96
Firefighters’ contributions and interest	-419	-4,398	-3.874	-4,607	-4,817	-8,481
	-419	**-17,413**	**-3.874**	**-17,235**	**-17,832**	**-21,109**
Transfers in from other authorities	**-**	**-170**	**-**	**-210**	**-170**	**-210**
Benefits payable:						
Pensions	1,194	28,301	5,782	27,270	29,495	33,052
Commutations and lump sum retirement benefits	582	4,016	3,538	7,618	4,598	11,156
Interest payable	478	-	1,647	8	478	1,655
Lump sum death benefits	-	-	31	92	-	123
	2,254	**32,317**	**10,998**	**34,988**	**34,571**	**45,986**
Payments to and on account of leavers:						
Transfers out to other authorities	**-**	**-**	**-**	**800**	**-**	**800**
Net amount payable for the year	**1,835**	**14,734**	**7,124**	**18,343**	**16,569**	**25,467**
Top- up grant receivable from government	-1,835	-14,734	-7,124	-18,343	-16,569	-25,467
	-	**-**	**-**	**-**	**-**	**-**

Firefighters' Pension Fund Account (continued)

Firefighters' Pension Fund Net Assets Statement

The statement below identifies the Firefighters' Pension Fund assets and liabilities that are included in the Authority's Balance Sheet.

All figures are in £'000	**2025/26**	**2024/25**
Current assets:		
Contributions due from Fire Authority	42	43
Top-up grant receivable from central government	-	-
Other current assets[1]	12,669	13,898
Current liabilities:		
Unpaid pension benefits	-1,735	-11,211
Amount payable to central government	-10,976	-2,730
Other current liabilities[1]	-	-
	-	**-**

1 This reflects the extent to which the Pension Fund Account assets and liabilities impact on the Authority's cash position.

Glossary of Terms

BCIS (Building Cost Information Service)

The Building Cost Information Service is a provider of cost and price data for the UK construction industry. Some of the indices they produce are used for the valuation of our Fire Stations.

Budget

A statement defining the Authority's plans over a specified period of time, expressed in financial terms.

Billing Authority

The KMFRA is a precepting authority with Medway and Kent District and Borough Councils acting as agents on behalf of the Authority to collect Council Tax and Business Rates (Non-Domestic). These authorities are collectively referred to as billing authorities.

Capital Expenditure

This is expenditure relating to the provision and improvement of property, plant and equipment assets such as land, buildings and vehicles that have a useful life in excess of one year.

Capital Receipts

The proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay borrowing.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the accounting body that provides accounting guidance to the public sector. The guidance is defined as 'proper practices' and has statutory backing.

Code of Practice on Local Authority Accounting (the Code)

This is the annual guidance issued by CIPFA that specifies the principles and accounting practices required to give a 'true and fair' view of the financial position, financial performance and cash flow of local authority accounts.

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions of the billing authority in relation to Council Tax and Non-Domestic Rates and illustrates the way in which these have been distributed to Preceptors and the General Fund.

Component Valuation

The Authority has adopted a component valuation approach to valuing property assets. This means that for valuation purposes a building is broken down into its main constituent elements (roof, bay doors, boiler, etc.) and each element is separately valued and its remaining life estimated.

Glossary of Terms

CPI (Consumer Price Index)

The consumer price index measures how prices for a typical basked of goods and services change over time, reflecting the cost of living and a key indicator for inflation. It can be used a measure of how the market price of equipment has changed over the year.

Current Value

This valuation method recognises the value of an asset for its service potential in its current use.

Depreciation

Depreciation is the charge made for fixed assets over their useful life, which represents the extent to which the asset has been consumed over the course of the year.

Employee Expenditure

This includes the salaries and wages of employees together with national insurance, employer pension contributions and all other pay-related allowances. Training expenses and recruitment costs are also included.

ESMCP (Emergency Services Mobile Communications Programme)

The Emergency Services Mobile Communication Programme (ESMCP) set up by the Home Office, will replace the current communication service provided by Airwave. The new service will be called the Emergency Services Network (ESN). Through utilising the latest mobile technology in 4G and LTE, ESN will ensure the functionality, coverage, security and availability needs of the UK's emergency services are fully met.

Fair Value

This is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

General Fund Balance

The General Fund Balance is the description given in the Code to those reserves held by an Authority that are not earmarked for specific purposes and is more commonly described as the General Reserve.

Government Grants

Funding that is received from Government that is paid for from its own tax income. Grants may be general or provided for specific purposes.

Impairment Charge

Where there is a fall in the value of a fixed asset due to a change in economic circumstances or because an event has occurred which has had serious impact on the value of the asset. The extent to which an asset can be used (e.g. a fire) may be impacted and therefore the fall in value is regarded as an impairment and a charge is made to the Comprehensive Income and Expenditure Statement. Like depreciation charges, the impairment charge is only notional, and it does not impact on the amount to be met from Council Tax.

Glossary of Terms

Indexation

A way to apply an annual increase to our assets that are not subject to a full valuation to ensure the value is in line with market trends, by applying a suitable index such as Consumer Price Index or Building Cost Information Service indices etc.

Infrastructure Plan

The Authority's medium term expenditure plan drawing together all revenue and capital expenditure to invest in and maintain the Authority's property, vehicle, IS/IT and operational equipment assets.

Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and are controlled through custody or legal rights. Expenditure on software or software licences are examples of intangible assets.

International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS)

These are globally accepted accounting standards which set out the correct accounting treatment for an organisation's financial transactions.

MHCLG

The Department Ministry of Housing, Communities and Local Government is the UK Government department for housing, communities and local government in England, formerly the Department for Levelling Up, Housing and Communities (DLUHC)

Minimum Revenue Provision (MRP)

The amount that the Authority must charge to the revenue account each year for repayment of debt.

MSCI Index (Morgan Stanley Capital Internal Index)

The Morgan Stanley Capital Internal index are stock market indices used by investors to measure the performance of the equity market. The Authority's valuers consider this indices in their valuation of the land the Authority holds that has a commercial designation.

Non-Domestic Rates

Commonly referred to as business rates this income is collected by the billing authorities, and a proportion is paid over to the Authority.

Net Cost of Services

Comprises all expenditure minus all income (excluding precept, capital grant, and reserve transfers).

Glossary of Terms

Past Service Pension Costs

This represents the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a pension scheme plan amendment or a curtailment (a significant reduction by the Authority in the number of employees covered by the plan).

Precept

A Precept is the levying of a rate by one authority which is collected by another. The Kent and Medway Towns Fire Authority precepts upon the Kent District and Medway Council collection funds for its share of Council Tax income.

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 employee expenses, premises and vehicle running expenses, purchase of materials and capital financing charges.

Revenue Expenditure Funded from Capital Under Statute

This is expenditure that would ordinarily be regarded as revenue expenditure because it does not give rise to a tangible asset or provide any ongoing benefit to the Authority. As the Government has allowed capital resources to be used to finance this expenditure it is charged to the revenue account, but any capital grant provided will be treated as revenue grant and credited to the revenue account.

RICS (Royal Institution of Chartered Surveyors)

The Royal Institution of Chartered Surveyors (RICS) is a professional body that sets standards and regulates the valuers that the Authority appoints.

SECAmb

South-East Coast Ambulance Service NHS Foundation Trust is part of the National Health Service.

Voluntary Revenue Provision

Any additional amounts charged to revenue for the repayment of debt that is in excess of the minimum revenue provision required by statute.

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