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By:	Deputy Leader, Brian Collins
	Dave Shipton Acting Corporate Director of Finance
To:	Governance and Audit Committee – 28 January 2026
Subject:	Performance of KCC wholly owned companies
Classification:	Unrestricted

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Summary:	<b>For Assurance</b> - To present the financial position of KCC's wholly owned companies for 2024-2025 (and 2023-24).
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## 1. Introduction

- 1.1 This report provides financial information on the companies owned by Kent County Council (KCC) at the end of 2024-25.
- 1.2 A structure chart showing the group of companies for which KCC is ultimate shareholder is shown in Appendix A. These are a mixture of companies as follows:
  - Companies set up by KCC to deliver services previously provided internally
  - Acquisitions to help support the development of the group and
  - Joint ventures with other local authorities or companies.
- 1.3 The Statutory Accounts for these companies are filed at Companies House and are publicly available. This report provides a summary of the key figures from the accounts. Attached to this report (Appendix B) is additional information in the form of the Annual Report from the Commercial Services group. This outlines their key achievements and challenges during the year for the various sectors the companies operate in e.g. energy, education, recruitment, and procurement. The Annual Report focuses on the brands the companies trade in e.g. the connect 2 brand, LASER, lumina, rather than individual commercial entity but it gives a different perspective on the group.
- 1.4 In addition to the commercial trade by the companies Commercial Services manages some services on behalf of KCC. These are sometimes referred to as “core” services. The services managed on behalf of KCC are Kent County Supplies (education supplies) and energy. These are in the table in paragraph 3.1.

## 2. Performance of wholly owned companies and joint ventures

2.1 The following table shows the turnover achieved by each individual company, overall costs and profit or loss after tax.

£'000's	Year ended 31 March 2025			Year ended 31 March 2024		
	Sales	Costs	Profit	Sales	Costs	Profit
<b>Wholly owned companies</b>						
Commercial Services Kent	80,669	-78,867	1,802	70,328	-68,092	2,236
Commercial Services Trading	19,719	-20,420	-701	27,038	-27,028	10
Cantium Business Solutions	26,636	-26,557	79	34,274	-33,410	864
Invicta Law	7,289	-6,703	586	7,572	-6,940	632
EDSECO (TEP)	22,515	-20,596	1,919	22,710	-21,721	989
Gen2 Property	8	-9	-1	10	-23	-13
CSG Global Education	31,752	-32,171	-419	33,035	-35,022	-1,987
Bowerhouse II Solar Farm	3,229	-1,928	1,301	3,208	-1,831	1,377
Landscapes for Learning	980	-1,194	-214	939	-1,116	-177
Lifecycle Management Group	2,224	-2,107	207	2,520	-3,240	-720
Prospects Payroll	939	-922	17	587	-399	188

	Year ending 31 December 2024			Year ending 31 December 2023		
	Sales	Costs	Profit	Sales	Costs	Profit
WF Group (consolidated accounts)	12,026	-13,760	-1,734	13,949	-14,543	-594

*Note: The WF Group was acquired in February 2025. The accounting year end will be amended to match the other companies in the group in future.*

	Year ending 31 March 2025			Year ending 31 March 2024		
	Sales	Costs	Profit	Sales	Costs	Profit
<b>Joint Ventures</b>						
Hampshire and Kent CS	39,802	-38,703	1,099	39,700	-38,622	1,078
Luton and Kent CS	14,825	-14,488	337	17,179	-16,473	706
Surrey and Kent CS	30,309	-30,300	9	31,003	-30,863	140
Dudley and Kent CS	12,360	-12,236	124	14,717	-14,663	54
Dorset and Kent CS	9,714	-10,017	-303	-	-	-
Halton and Kent CS	7,180	-7,460	-280	-	-	-

2.2 Key points to note.

- 2.2.1 Overall, the Companies continue to face multiple challenges such as public sector budget constraints and for the companies in the education sector similar financial pressure affecting schools and limiting demand for goods and services. There is also increased competition in a declining market causing pressure on operating margins. There are also ongoing difficulties in absorbing inflation at the same time having to invest in technology and personnel.
- 2.2.2 The Companies continue to focus on growth and cost efficiencies, exiting non-profitable contracts where this is possible without high penalties. For CST the specialist recruitment service was loss making in 24/25 as demand has fallen.
- 2.2.3 The joint ventures provide recruitment services for the relevant local authority partner and are owned 50% by Commercial Services and 50% by the partner authority. They are listed in order of incorporation with the newest at the bottom of the table which is why there is no trading activity in 2023-24. Hackney and Kent Commercial Services is shown in the structure chart but not included in the table as it had not become operational in 2024-25.
- 2.2.4 The services provided by Gen2 Property have transferred back to KCC which is why there is little residual trading activity. Kent Waste Management is jointly owned with Countryside Recycling Ltd. UK Teach was a joint venture with KTB Technologies. It was renamed Consolidated Education Supplies in June 2025, and ownership has since transferred to CSTL entirely so will show as a wholly owned company in future years. Both companies were incorporated in July 2024 but have not yet commenced trading. The WF education group was acquired at the end of 2024-25 and is part of the strategy to expand the market share of the education market.

### 3. Traded activities managed by Commercial Services Kent Limited and included in KCC Statement of Accounts.

- 3.1 The table below shows the trading activity for services managed by Commercial Services on behalf of KCC (core services). These are Kent County Supplies which are office supplies and resources, Energy Procurement services (LASER) and operational services (predominantly vehicle maintenance services).

	Year ended 31 March 2025			Year ended 31 March 2023		
£000's	Sales	Costs	Surplus	Sales	Costs	Surplus
Kent County Supplies – education & office supplies	5,559	-3,652	1,907	9,727	-8,681	1,046
Energy procurement services	14,571	-10,642	3,929	13,276	-9,828	3,448
Operational services - vehicle maintenance	-	-1	-	2	-9	-7
Results for year	20,131	-14,295	5,836	23,005	-18,518	4,487

### 4. Financial return to KCC

- 4.1 KCC receives financial benefits from the companies in different forms. If the companies make profit after tax on their trading activities and have a retained profit overall, they can declare a dividend. Any dividend payment is paid to KCC as ultimate shareholder via the holding company, Global Commercial Services Group Ltd. The dividend declared for 2024-25 was £5.5m (£3.1m prior year).
- 4.2 Where Commercial Services make a surplus on the services they manage for KCC, they return this surplus to KCC in the form of a contribution. The contribution for 2024-25 was £4.5m (£3.9m prior year).
- 4.3 The return from Bowerhouse II Solar Ltd is primarily in the form of a rebate on energy purchased but it also provides a dividend. For 2024-25 the rebate was £760k (the same as the prior year).

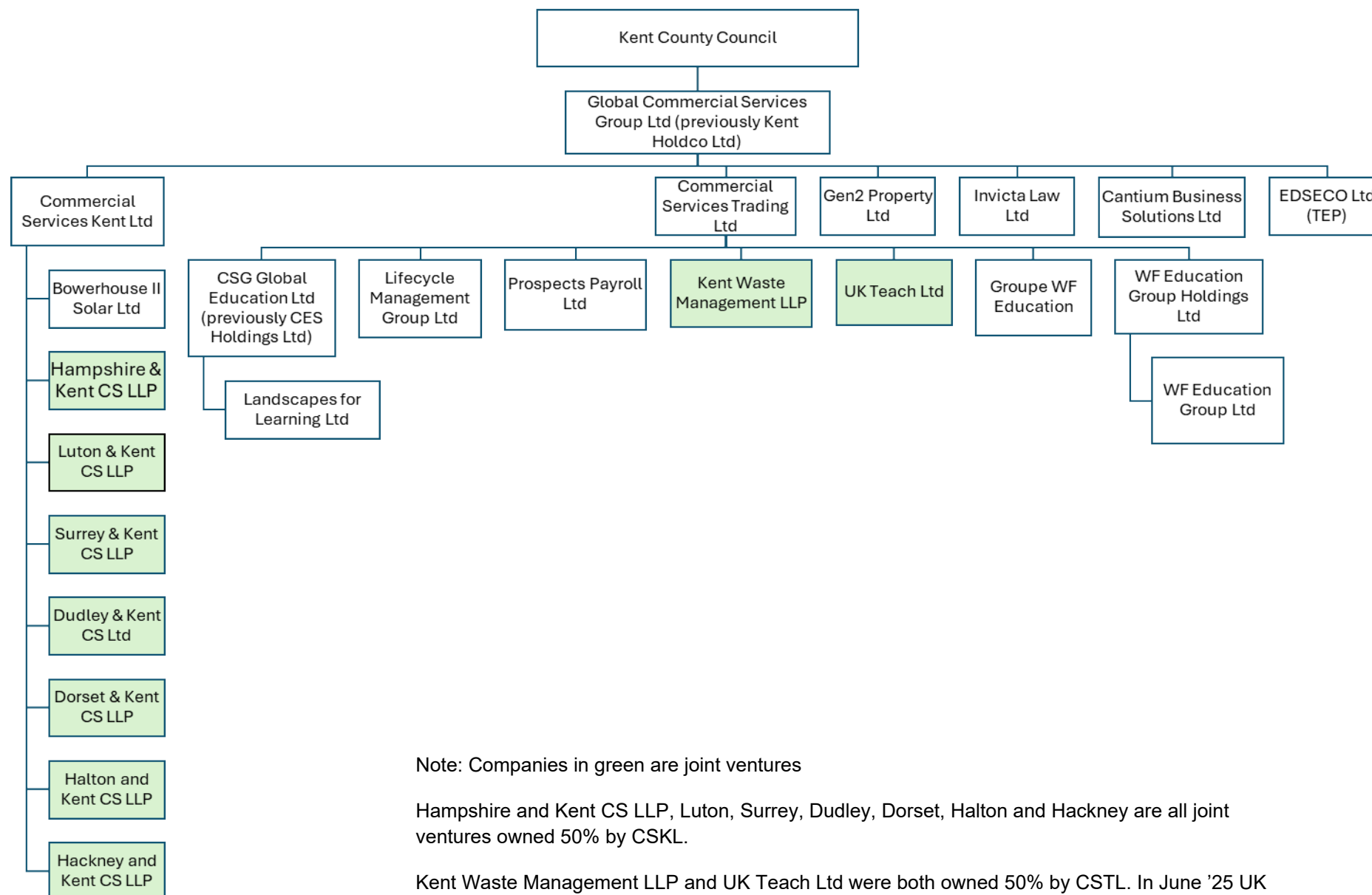
## **5. Group Consolidation**

- 5.1 Since 2019-20 Kent County Council has consolidated all its companies in accordance with International Financial Reporting Standards (including comparatives). Kent County Council is the ultimate parent undertaking, and the consolidation is reflected in KCC's financial statements which are audited by Grant Thornton.
- 5.2 The Statutory Accounts for the companies for 2024-25 were externally audited by UHY Hacker Young and have all received their audit certificate without qualification. Their accounts have been filed at Companies House. KCC companies are also subject to internal audit by KCC's Internal Audit team.
- 5.3 The companies are separate legal entities but operate as a group for tax purpose. They have a group tax strategy and losses in an individual company are used to minimise the tax burden on the group overall.

## **6. Recommendation**

- 6.1 Members are asked to note the contents of this report for assurance.

**Andrea Melvin**  
**Commercial Accounting Manager**



## Appendix B



CS Annual Report  
2025.pdf

Commercial Services Annual Report 2025.

Link to the Commercial Services website.

<https://commercialservicesgroup.com/>