



Tunbridge Wells Borough Council

Auditor's Annual Report
Year ending 31 March 2025

November 2025

Final



Contents

01	Introduction and context	4
02	Executive summary	6
03	Opinion on the financial statements and use of auditor's powers	11
04	Value for Money commentary on arrangements	15
	Financial sustainability	17
	Governance	21
	Improving economy, efficiency and effectiveness	25
05	Summary of Value for Money recommendations in 2024/25	30
	Appendices	31
A	Responsibilities of the Council	32
B	Value for Money Auditor responsibilities	33
C	Follow-up of previous improvement recommendations	34

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London, EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Tunbridge Wells Borough Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

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

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

The Council is one of twelve councils forming the second tier of local government in Kent (Kent County Council forming the upper tier). The Council operates under a Leader and Cabinet decision-making model, which oversees the formation of all major policies, strategies and plans. The Council's formal decision making and governance arrangements are set out in the Council's Constitution. Full Council and Cabinet are supported by committees and sub-committees, one of which is the Audit and Governance Committee. The Council has 39 councillors, and the Council is elected by thirds, meaning that one third of councillors are elected every year over three years with a fourth year with no elections. The most recent elections were in May 2024 when the Liberal Democrats secured a majority with 22 elected councillors replacing a coalition administration where there was no overall political control. The Council is currently subject to Local Government Reorganisation (LGR) in Kent and it is expected to be replaced by a new larger unitary authority by 2028.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2024/25.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council’s arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	A No significant weaknesses identified; two improvement recommendations raised in relation to savings plan development and maintaining prudent level of reserves.	No risks of significant weakness identified	A No significant weaknesses in arrangements. One improvement recommendation carried forward from 2023/24.
Governance	A No significant weaknesses identified; improvement recommendations raised in relation to strengthening arrangements to prevent and detect fraud.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified. We have raised one improvement recommendation.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; improvement recommendations raised in relation to development of partnership strategy.	No risks of significant weakness identified	G No significant weaknesses in arrangements identified or improvement recommendation.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

The Council has established effective financial management arrangements and regularly reports to Cabinet. In 2024/25 the Council delivered £0.9m revenue budget underspend and has not had to draw on general reserves in 2024/25 or 2025/26. In the medium term a projected budget gap is forecast rising to £10.82m by 2030/31. The Council should continue to develop plans to address this in the run up to Local Government Reorganisation (LGR) in 2027/28.

The capital budget was underspent by £13.23m in 2024/25 reflecting some slippage in key programmes that is being managed. The forthcoming redevelopment of Royal Victoria Place is in the early stages of development and funding and borrowing decisions will be made in due course. As the Council currently holds no external debt it must ensure that suitable arrangements are in place to monitor delivery of the project.



Governance

The Council's risk management and governance arrangements are supported by regular reporting to members, an updated Risk Management Framework, and sound internal audit assurance. The Council's committees and Advisory Boards contribute to effective scrutiny and challenge in decision-making.

We note that following a management restructure, the Head of Internal Audit now also holds responsibility for risk management. The Council has implemented safeguards to mitigate any potential independence conflict but it is important that this is closely monitored as the new arrangements embed. The Corruption and Whistleblowing policies have also been updated, as recommended in 2023/24.



Improving economy, efficiency and effectiveness

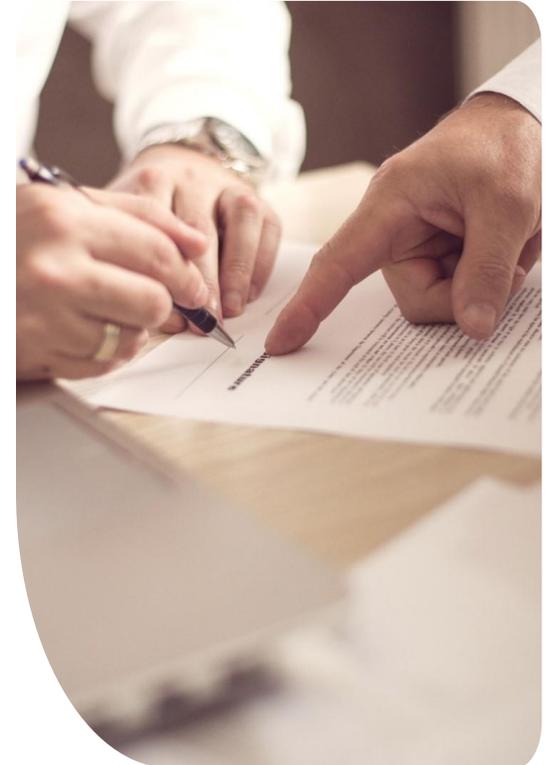
The Council have a process to monitor performance against corporate priorities. These include quarterly performance reports presented to Cabinet and Advisory Boards and benchmarking against comparable authorities. Following the adoption of the Council's Strategic Plan 2024–2032, updates on strategic projects will be included in performance reporting from 2025/26.

Procurement and commissioning activities are supported by appropriate governance structures and multidisciplinary input. While individual services remain responsible for contract management, the Tunbridge Wells, Maidstone and Tonbridge & Malling (TMT) Procurement Partnership is working to standardise practices through new policy frameworks, templates, and processes.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Council’s financial statements and sets out whether we have used any of the other powers available to us as the Council’s auditors.

Auditor’s responsibility	2024/25 outcome
<p>Opinion on the Financial Statements</p>	<p>We are nearing completion of our audit of your financial statements and plan to issue an unqualified audit opinion following the Audit and Governance Committee meeting on 16 September 2025. Our findings are set out in further detail on page(s) 15 to 28.</p>
<p>Use of auditor’s powers</p>	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>



Grant Thornton Insights – Local Government Reorganisation (LGR)

National perspectives - devolution and LGR

In December 2024, the English Devolution White Paper set out the government's vision for a simpler form of local government. The intention is to produce better outcomes, save money for reinvestment in local services and to improve local accountability. All councils with a two-tier county and district system of local government (together with neighbouring small unitary councils) were required to set out the plans for a programme of devolution and local government reorganisation.

On 5 February 2025, the government's Devolution Priority Programme was announced to establish six new regional Mayoral Strategic Authorities. Those selected for the programme submitted plans by May 2025 with the ambition of holding Mayoral elections in May 2026.

On the same date, all remaining councils with a 2-tier were required to develop proposals to reconfigure county and district services into one or more new unitary councils. Plans are required to be submitted by 28 November 2025 with the ambition of establishing the new unitaries from April 2028.

Local perspectives - LGR in the Kent region

In February 2024 the 14 councils in the Kent region (including Medway) were informed they would not be included in the Devolution Priority Programme. The move to a Mayoral Strategic Authority model for regional services would be delayed.

Kent councils submitted an interim plan for LGR in March 2025 and are currently developing a full proposal for submission by 28 November 2025. Governance arrangements are in place to manage the process, overseen by the Kent and Medway Joint Chief Officers group. A single external development partner has been appointed to develop options for consultation over the summer and autumn of 2025 and will support the development of the final proposals in November.

Our discussion with councils in the Kent region indicate a good level of collaboration between officers to progress the LGR agenda. Kent has a diverse political landscape and the political discussion is expected to become more challenging as the proposals crystallise, particularly in regard to the specific configuration of the new unitaries.



Grant Thornton insight

What the Council is already doing

- Active participation of officers in the governance and options appraisal process.
- Consideration of LGR compatibility in contract renewal and capital investment decisions.
- Safeguarding responsible financial decisions in the medium-term including use of reserves
- Consideration of our Technical Briefing.

The Council should consider

- Modelling potential outcomes to discuss with members and establish political priorities.
- Making advance preparations for member and public engagement within a tight timeframe.
- Considering the potential cost of transition for the council and how this will be funded.
- As they develop, significant ongoing capital programmes such as Royal Victoria Place (RVP) should be considered through the lens of LGR and the Best Value Implications for a successor unitary council.

03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We are nearing completion of our audit procedures and we are currently proposing to issue an unqualified opinion on the Council's financial statements following the Audit and Governance Committee on the 16 September 2025.

The full opinion is included in the Council's Annual Report for 2024/25, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

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

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts and a full suite of working papers in line with the national deadline of 30 June 2025.

Draft financial statements were of a good standard and supported by detailed working papers. Our audit is still nearing completion but to date, we have not identified any significant issues or concerns to highlight in this report.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit and Governance Committee on 16 September 2025. Requests for this Audit Findings Report should be directed to the Council.

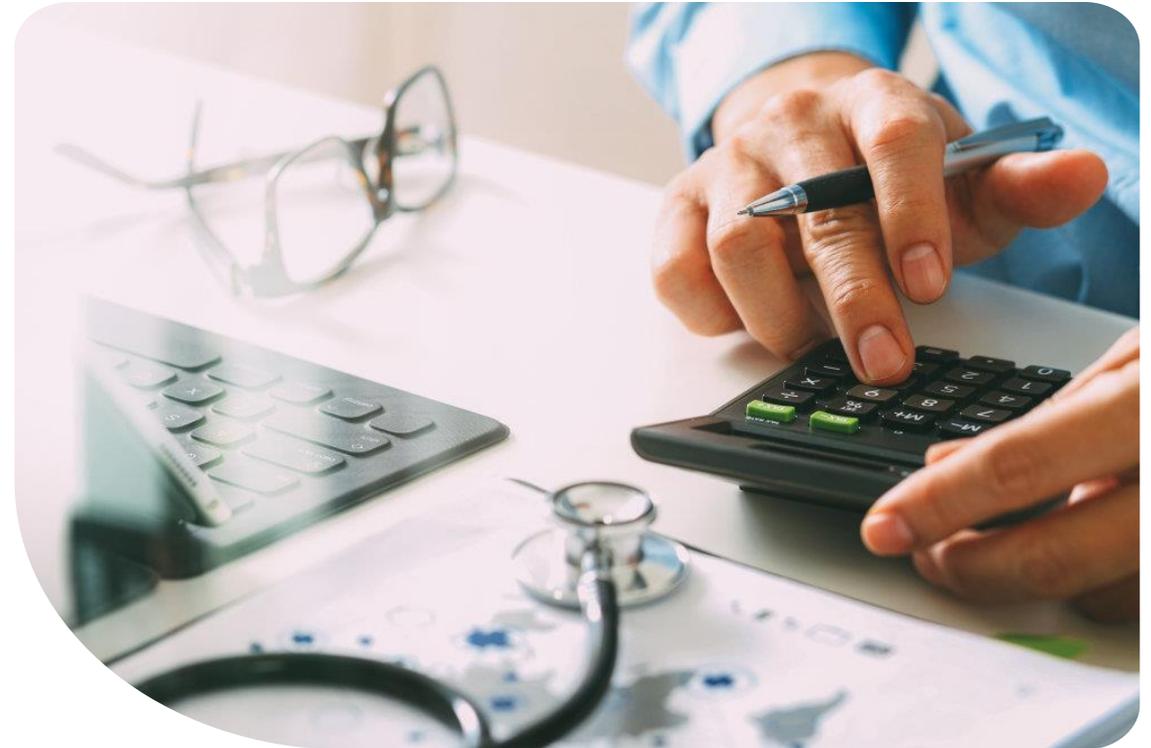
Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



Use of auditor's powers

We bring the following matters to your attention:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body.

We did not issue any statutory recommendations to the Council in 2024/25.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a report in the Public Interest with regard to arrangements at Tunbridge Wells Borough Council for 2024/25.

04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Council maintains strong financial management, with quarterly capital and revenue reports to Cabinet. Variances are well understood and documented. Any overspends or underspends resulting from programme deferrals or adjustments are formally approved by Cabinet. The Council reported a £0.9m revenue underspend and a £13.23m capital underspend. The Council is encouraged to review common factors contributing to the capital variances to improve future planning accuracy as the initial approved spend for 2024/25 was £14.45m, by the end of 2023/24, Cabinet in June 2024 approved an increase to £22.85m however, actual spend was £9.61m. Underspends were largely due to project deferrals.

The Council did not rely on reserves to balance the 2024/25 or 2025/26 budgets and holds £4m in unallocated reserves, with no external debt. However, it forecasts a funding deficit of £2.04m in 2026/27, rising to £10.82m by 2030/31 if unmanaged, resulting in a cumulative gap of £38.92m over five years. This is driven by rising costs of delivering services, including the expiry of three major contracts: waste, leisure, and grounds maintenance. The new contracts are expected to be significantly more expensive due to a different economic climate. For example, the new waste and street cleansing contract is projected to more than double the current annual cost of £4.6m. A short-term three-year direct award was issued to the current grounds maintenance supplier, offering savings and allowing more time to consider Local Government Reorganisation (LGR) implications.

The preferred option for the redevelopment of Royal Victoria Place (RVP) development zones (Palm Court, Ely Court and Market Square), is estimated to cost between £42m and £68m. This will be funded through a funding model that will include external borrowing. Given the Council has no external debt it will be essential to maintain strong financial controls to ensure debt servicing is managed appropriately, cashflow is managed well and reserves are protected. The Council must also consider the Best Value implications for a successor unitary council following LGR and the transfer of debt. We will continue to keep this project under review as it moves through the decision process.

The Council updates and reports on its medium-term financial position throughout the year. Despite challenges posed by single-year local government finance settlements and LGR, the Council’s financial planning assumptions are reasonable and demonstrate a clear understanding of its financial position. Arrangements for short- and medium-term financial planning are adequate, and no improvement recommendations have been raised in this area.

G

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

<p>plans to bridge its funding gaps and identify achievable savings</p>	<p>The Council delivered £0.59m in savings in line with its 2022 to 2024 savings plan, with an additional £0.69m achieved in 2024/25 through higher-than expected income. This enabled the Council to set a balanced budget without drawing on reserves. In Q4, net savings were largely driven by increased business rates funding (£1.02m) and interest income (£1.12m). Other savings included utility underspends, staffing efficiencies, and increased parking income. The Council only incorporates savings into the budget once they are realised.</p> <p>The latest MTFP projections presented to Cabinet in July 2025 show that if the Council do not generate sufficient savings to close the emerging revenue budget deficits, useable reserves would fall from £27.39m in 2024/25 to £9.43m by 2028/29. Under this scenario, the General Fund would reduce below the minimum safe level set by the Council and Earmarked reserves would be fully depleted from 2027/28. We note that the Council have adopted our prior year Recommendation to develop a multi-year savings plan to mitigate funding deficits over the medium term and work has commenced on a Savings and Efficiency Plan 2026/27 to 2031/32. This is not yet complete pending the publication of the fair funding review and the outcome of a number of major procurement exercises that will have a significant impact on the medium-term position, and so the recommendation remains open for 2024/25 (see page 30).</p>	<p>A</p>
<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The MTFFS sets out how the sustainable funding of services will be achieved. This incorporates demand, income and cost assumptions. The Council undertakes benchmarking as part of its budget process to compare the net costs of services provided by the council to its near statistical neighbours. In its most recent benchmark report, two of the seven services had small scope of savings while the remaining five showed that the Council's expenditure is below benchmark levels. This demonstrates that the Council is delivering with relatively low unit costs. The MTFP is aligned to strategic priorities in line with the Strategic Plan (updated February 2025). This sets out key priorities for Climate Action, Sustainable Development, Vibrant Economy and Community Wellbeing. Officers to commit resources within approved budgets and any additional funding requiring a business case that aligns with the strategic plan. The creation of the Strategic Plan Reserve to hold unrestricted funding for delivery of the plan, supports transparency and financial control. The budget survey, asked residents to rank statutory services and allocate funding to discretionary areas, findings were used to inform the budget. Rubbish and recycling were ranked highest among statutory services, while discretionary areas identified for increased funding included climate change, recreation, and community safety/CCTV. These findings were considered alongside the draft budget. The Council continues to demonstrate good practice by incorporating public opinion into budget development and maintaining clear links between service spend, capital funding, and strategic priorities.</p>	<p>G</p>

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Council’s financial planning assumptions within the MTFS and budget involves regular engagement and approval from Senior Management and Cabinet. Assumptions align with key strategies such as its People Strategy, Capital programme, Asset Management Plan and Treasury Management Strategy.</p> <p>During 24/25 the Council undertook a pay and benefits review to address recruitment and retention challenges. The People strategy acknowledged these challenges and commits to regularly review pay and rewards systems. The review implemented in April 2025, led to pay adjustments which have been reflected in the MTFS assumptions. Capital programme additions require a business case and completion of the capital application form ensuring alignment with Council priorities and identification of costs and sources of funding before budgetary provision is made.</p>	<p>G</p>
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>The Council recognises its key financial risks, including Local Government Reorganisation (LGR), the upcoming Fair Funding Review, the delivery and resourcing of new projects within the Strategic Plan, ongoing recruitment and retention challenges, and the significant increase in the cost of its three major contracts. These risks have been factored into the MTFS.</p> <p>The decision to fund the RVP development through external borrowing is supported by sensitivity analysis which assesses the impact of borrowing on the Council. The Council does not run sensitivity analysis on its wider financial planning assumptions due to limited fluctuation in demand however, our experience suggests it would be good practice to do so, particularly given the scale of the major contracts and their contribution to the funding gap.</p> <p>The Council recognises the need to maintain prudent reserve levels and consider strategies to increase earmarked reserves available to fund activity, particularly for capital programmes (e.g. thorough asset disposals). The Council continues to consider how future strategic priorities can be funded and we note that this now includes the potential to borrow.</p>	<p>G</p>

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of Financial Sustainability but could challenge itself to go further, based on the best arrangements we see across the sector

What the Council is already doing

- Capital and revenue reports, incorporate visual representations of the forecast gap. For example, the graphs in the revenue reports illustrate the projected funding against the net cost of services and budget, clearly highlighting the resulting budget gap. The graphs effectively help to communicate the scale of the gap that is easily understandable for all readers.
- The Property Asset Oversight Panel reviews assets for disposal, this further strengthens reserves as disposals will improve the capital receipts reserve balance to fund the Council's priorities and improve the Council's resilience.

What others do well

- The most effective financial planning arrangements we see include development of best case, worst case and likely case scenarios, alongside effective sensitivity analysis on key cost, demand and income assumptions. This would include inflationary pressures and projected funding levels. This enables members to better understand the financial impact of changes to assumptions and the margin for error that is included in the MTFs, in other words, how wrong the assumptions can be before a serious financial situation arises.

The Council could consider

- Sensitivity analysis. Although the Council have limited demand variations it should consider including sensitivity analysis related to Government funding and the impact of its major projects within its capital programme. It can then report for each sensitivity the impact on reserves.
- Reviewing common factors contributing to capital variances and deferrals will help improve the accuracy of financial planning and forecasting. This will enable improved resource allocation and effective management of risks.



Governance – commentary on arrangements

We considered how the Council: **Commentary on arrangements**

Rating

monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council has a comprehensive Risk Management Framework which is embedded in its governance structures and regular quarterly budget monitoring reports provided to Cabinet with an understanding of the current financial position. Audit and Governance also receive audit updates, complaints summary and the Strategic Risk Register. The strategic risk register was presented at every Audit and Governance Committee throughout 2024/25. In February 2025, the register was refreshed, and risks were reviewed. The JCAD risk management software supports risk owners in maintaining both operational and strategic risks, with regular reminders and ongoing review processes in place.

The Head of Audit’s annual plan is reviewed by the Audit Committee including the monitoring of actions agreed, there were no overdue actions in 2024/25. Internal Audit experienced recruitment challenges however, in 2024/25, reduced staff turnover and a successful recruitment campaign contributed to greater team stability. The Head of Internal Audit issued a ‘Sound’ assurance opinion for 2024/25. While the internal audit plan was previously reviewed annually, a more dynamic approach was introduced post 2024/25. Audits are now reviewed and managed on a rolling basis to ensure continued relevance and flexibility.

In July 2025, the Council’s Risk Management Framework was updated to include a revised policy statement and strategy, clearly outlining roles and responsibilities. A key change implemented in April 2025 was the transfer of responsibility for facilitating risk management to Mid Kent Audit. Although this presents a potential independence conflict, the Internal Audit Charter acknowledges this and sets out measures to safeguard independence and objectivity. These include assigning oversight of the Council’s risk management arrangements to a designated risk officer within the Internal Audit service, separate from the officer responsible for internal audit, in order to allow the Head of Internal Audit to provide an independent opinion. In addition, Council officers retain responsibility as risk owners. The new arrangements require close observation as they embed to ensure that the safeguards are effective and have raised an improvement recommendation on this point (see page 24).

A recommendation from 2023/24 highlighted the need for annual fraud awareness and whistleblowing training for all staff. Although the whistleblowing and anti-bribery and corruption policies are currently under review, no training sessions have been delivered. Internal Audit is working with management to develop and implement appropriate training. Lack of training could lead to weaknesses within a Council’s control environment and expose it to heightened fraud risk and the Council should make sure it delivers training during 2025/26.

A

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>approaches and carries out its annual budget setting process</p>	<p>The Council’s budget-setting process is structured and governed by a clear framework. The 2026/27 Budget Projection Strategy, presented to Cabinet in July 2025, initiates the annual cycle and highlights a projected gap of £2.037 million (pre-savings). The defined timetable demonstrates engagement across leadership, scrutiny, and public consultation. The Constitution outlines roles and responsibilities, embedding transparency and challenge throughout the process. Cross-party involvement provides additional challenge and oversight.</p>	<p>G</p>
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>The Council regularly shares budget monitoring and outturn reports with members. Financial and non-financial information is consistently reported to the Council, Cabinet, Audit Committee, and Advisory Boards.</p> <p>Cabinet receives quarterly reports on revenue , capital management, and performance. Reports present the Council’s performance against forecasts and budgets, with visual representations that highlight significant variances, which are clearly explained. The Finance, Innovation and Transformation Advisory Board reviews papers ahead of Cabinet meetings, providing effective pre-scrutiny. Cabinet also receives quarterly reports on treasury management and prudential indicators. These include updates on investments, cash balances, interest rates, and performance against prudential indicators and targets.</p>	<p>G</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>The Council has arrangements in place to ensure decisions are informed, evidence-based, and subject to sufficient challenge. The Council have Cabinet Advisory Boards, Audit and Governance Committee and an Overview and Scrutiny Committee.</p> <p>The role of Cabinet Advisory Boards is to help develop key Cabinet decisions and policies and provide recommendations. The Overview and Scrutiny Committee challenges decisions made by Cabinet through the call-in process and can also undertake special policy reviews via task and finish groups. Cabinet members also attend Committee meetings to respond to questions, enabling accountability, challenge, and transparency. The Chair of the Scrutiny Committee is from an opposition party, and the Constitution was also updated so that Advisory Boards are now chaired by non-Cabinet members to strengthen challenge.</p>	<p>G</p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour</p>	<p>The Council has clearly defined the roles of its key officers, Cabinet and Committees. The Council’s Constitution details the codes of conduct for members and officers, including procedures on declarations of interests, gifts, and hospitality.</p> <p>The Monitoring Officer reviews compliance with legislation and regulatory standards and provides biannual updates to the Audit and Governance Committee, including reports on complaints under the Members’ Code of Conduct. Internal Audit provided sound assurance on their review of member development, highlighting effective use of member portals with low to medium recommendations to establish defined budgets for member development and seeking members input on training dates and timings.</p> <p>The Council’s Procurement Strategy details the Council’s approach and vision for purchasing and commissioning. The Council works in partnership with Maidstone Borough Council to deliver procurement services, with Tunbridge Wells Borough Council as the lead authority. Waiver procedures are defined in the Constitution, requiring written justification and approval by the Section 151 Officer. Ten waivers were recorded in 2024/25, with reasons documented including time constraints and sole supplier arrangements.</p>	<p>G</p>

Governance – Recommendations and Insights

Area for Improvement identified: identifying and delivering recurrent savings

Key Finding: In July 2025, the Council’s Risk Management Framework was updated to transfer of responsibility for facilitating risk management to Mid Kent Audit. Although this presents a potential independence conflict, the Internal Audit Charter acknowledges this and sets out measures to safeguard independence and objectivity. These includes officers retaining responsibility for risk ownership and assigning oversight of the Council’s risk management arrangements to a designated risk officer within the Internal Audit Service, separate from the officer responsible for internal audit services. This is intended to allow the Head of Internal Audit to continue to provide an independent opinion. We note that in the July 2025 Audit Committee meeting the risk report was presented to Audit Committee by Internal Audit rather than by the officers who are the risk owners. However, we also note that in September 2025, risk owners did present the findings in line with the intended approach.

Evidence: Council’s revised Risk Management Framework (July 2025) and observation at Audit Committee.

Impact: It is crucial that internal Audit remain independent of the finance function and the operational management of the organisation. This is so that they can take an objective view of any aspect of corporate governance and conduct investigations, without being open to the perception of any conflict of interest of come under pressure to adapt their view from management or members.

Improvement Recommendation 2

IR1: The Audit and Governance Committee should closely monitor and manage the relationship between Internal Audit and Risk Management to make sure that the safeguards to prevent conflict of interest are effective.

Grant Thornton insights

Strengthening Governance Arrangements

- The Audit and Governance Committee is a key assurance body will have an important role to play in applying its governance responsibilities to the LGR process. It is especially important that the Chair and members take a non-political approach to discussion and debate when dealing with committee business.
- Reporting waivers to the Audit and Governance Committee to support risk management and oversight helps ensure that procurement decisions follow the correct process.
- In the prior year we recommended providing fraud awareness and whistleblowing training to ensure staff understand the requirements and policies. If staff are not aware of their roles and responsibilities under the updated policies, it could limit its effectiveness and expose the Council to future risk. The Audit Committee should ensure that the planned roll out of training is completed.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>The Council has arrangements to assess information to support performance improvement. The Performance Summary Report is presented quarterly to Cabinet and the Finance, Innovation and Transformation Cabinet Advisory Board. It provides updates on service performance, highlighting areas that are underperforming and includes recovery plans. The report also shows performance trends over the quarter and across previous year. Following the approval of the Council’s Strategic Plan in February 2025, updates on strategic projects will be included in the Performance Summary Report starting from 2025/26.</p> <p>The Council undertakes benchmarking to compare the net cost of services with its statistical nearest neighbours. The most recent benchmarking report, presented to Cabinet in October 2024, indicated that the Council is quite efficient, delivering services at relatively low unit costs, with 5 out of 7 services net costs were below the benchmark level.</p>	<p>G</p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>In January 2024, the Council participated in a Corporate Peer Challenge led by the Local Government Association. The Council received the report June 2024 and presented to Cabinet September 2024. The review resulted in 10 recommendations, and the Council developed an action plan assigning lead Cabinet members, officers, and target dates to each. Areas of focus include officer-member collaboration, meeting efficiency, HR policy updates, budget alignment, climate action, equalities, risk management, member training, shared service governance, and Cabinet ownership of decisions. Progress has been made towards the recommendations.</p> <p>The Council also receives decisions from the Local Government and Social Care Ombudsman. In 2024/25, six complaints were submitted, all were closed after initial enquiries with no investigations. These outcomes are reported as part of the Council’s complaints summary.</p>	<p>G</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

The Council has established arrangements to support its role within significant partnerships, ensuring alignment with strategic objectives and effective stakeholder engagement. Significant partnerships that the Council works within to deliver strategic objectives include the Kent Resource Partnership (waste management) and Mid Kent Services (internal audit, IT and legal services) which have their own governance and reporting structures. In response to Local Government Reorganisation, councils across Kent have jointly appointed KPMG as a strategic partner, reflecting a unified and collaborative approach.

The Council’s Strategic Plan 2024 - 2032 was developed through extensive engagement, including borough-wide surveys, councillor contributions, and two rounds of public consultation. The process helped define the Council’s long-term priorities: climate action, sustainable development, a vibrant economy, and community wellbeing. The plan is reviewed annually, with the aim that progress is reported quarterly to Cabinet to ensure transparency and accountability.

The Council’s joint arrangement with Tonbridge and Malling Borough Council for the delivery of waste and street cleansing services is actively managed through a dedicated steering group, with regular updates provided to Cabinet, including the recommissioning process for the 2027 contract renewal. In 2023/24 AAR, the establishment of a formal Partnership Strategy was recommended, although no formal strategy has been developed a Joint Officer Leadership team for Mid Kent Services has been establish as well as a Voluntary Sector Forum. The Council aim to outline a high-level approach to partnership working within its operational plans. Given its key partnerships, development of a Partnership Strategy is included as an insight on page 27.

G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
<p>commissions or procures services, assessing whether it is realising the expected benefits</p>	<p>Contract management remains the responsibility of individual services. To address inconsistencies in practice, the TMT Procurement Partnership between Tunbridge Wells, Maidstone, and Tonbridge & Malling Borough Councils has expanded the role of the Procurement and Contracts Partnership Manager to include strategic oversight of contract management. A business case for additional resource, was approved by all partner authorities. This will support the implementation of new policy frameworks and processes to bring greater structure to contract management. Recruitment is in the process, and a new Contract Officer has been hired.</p> <p>The Council demonstrates consideration of costs, benefits, risk and rewards particularly with its major capital projects. The Assembly Hall Theatre business plan, which requests capital investment for improvement works, clearly sets out financial implications, benefits, and risks, and is scheduled for Cabinet review in the 2025/26 financial year. A feasibility study for Royal Victoria Place was presented to Council and Cabinet in July 2025, outlining redevelopment options supported by stakeholder engagement, cost modelling, and economic analysis. The 2025/26 business case was also submitted to Cabinet.</p> <p>A direct award was issued for the Grounds Maintenance contract to the current supplier as a short-term measure to allow time to consider Local Government Reorganisation implications. The Council provided robust evidence, analysis, and stakeholder engagement to support its position.</p> <p>Procurement processes are supported by multidisciplinary input, including legal, finance, and specialist officers. A joint waste contract officer steering group has been established to guide the recommissioning process, with representation from shared procurement teams and relevant departments.</p> <p>Cabinet receives regular updates on large capital projects and service performance. The report tracks progress and highlights any key changes or variations.</p>	<p>G</p>

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of Contract Management, partnerships and data but could challenge itself to go further, based on the best arrangements we see across the sector

What the Council is already doing

- Procurement is supported by a multidisciplinary approach, ensuring specialist input is integrated throughout the procurement cycle.

What others do well

- We are aware in some organisations that for significant contracts a Post-Implementation Review is carried out around the first anniversary of their signing. This compares the contract performance (financial and non-financial) against benefits that were set out in the business case.
- Implementing data quality strategies to standardise quality of data across the organisation to support system integration and informed decision-making. Consistent and reliable data enables better collaboration between services.

The Council could consider

- Provide regular update reports to Cabinet on the implementation of the Corporate Peer Review recommendations to ensure effective oversight and implementation.
- Aligning contracts with priorities and the procurement strategy and include relevant performance indicators so that the strategic plan and procurement strategy can be measured and monitored.
- Developing SMART targets for all service performance indicators reported in the quarterly performance report to strengthen performance monitoring, as not all indicators currently have a target. The Council should also consider including in its quarterly performance summary the financial and non-financial benefits of key initiatives that may not be classified as strategic projects such as the digital transformation work led by the Digital Services and Transformation Team.
- Maintaining high level controls over the whole life of a contract, including supplier health checks and internal management resilience checks.
- Maintaining progress in developing a Partnership Strategy to provide a framework for developing, managing and reporting on partnerships that help deliver strategic priorities.



05 Summary of Value for Money Recommendations raised in 2024/25

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR1	<p><i>Rolled forward from 23/24.</i></p> <p>The Council should develop a Council-wide savings and efficiency programme in order to address the significant budget gaps identified from 2027/28. The Council should start work now on identifying a range of savings proposals including transformational savings, income generation, and changes to service levels.</p>	<p>Financial sustainability (page 18)</p>	<p>Actions: Accepted. Due Date: March 2026.</p>
IR2	<p><i>New for 2024/25</i></p> <p>The Audit and Governance Committee should closely monitor and manage the relationship between Internal Audit and Risk Management to make sure that the safeguards to prevent conflict of interest are effective.</p>	<p>Governance (page 21)</p>	<p>Actions: Accepted. Due Date: March 2026.</p>

06 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

 **A range of different recommendations can be raised by the Council’s auditors as follows:**

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council should develop a Council-wide savings and efficiency programme in order to address the significant budget gaps identified from 2027/28. The Council should start work now on identifying a range of savings proposals including transformational savings, income generation, and changes to service levels.	2023/24	Work commenced on savings approach for 2026/27. Funding reform Individual allocations will not be known until December 2025. The Council will begin to develop the multi-year savings plan once allocations are announced.	In progress	The recommendation is rolled forward. We will review the savings plan part of the 26/27 VFM audit.
IR2	As part of the medium-term financial strategy the Council should maintain prudent levels of reserves for both the management of financial risk and to allow future investment in corporate priorities. The Council should consider strategies for increasing earmarked reserves, for example through the disposal of assets which are not core to the Council's operational requirements and land which has development potential.	2023/24	The Property Asset Oversight Panel performed a review of assets in November 2024 for disposal. The MTF5 demonstrates an increase in capital receipts reserve.	Addressed	No further action however provided insight that the Council should continue to identify approaches to strengthen reserves. Insight 'The Council to consider' – Financial Sustainability
IR3	The Council should strengthen arrangements to prevent and detect fraud through the development of an annual anti-fraud plan that includes proactive work. Progress against the plan should be reported to the Audit and Governance Committee. The Council should also roll out fraud awareness and whistleblowing training to all staff.	2023/24	Anti Bribery Policy and the Whistleblowing Policy have been updated however, resourcing limitations meant awareness session and trainings were not rolled out during the year	Addressed	Provided insight to develop and provide training. We will review the training plan as part of the 26/27 VFM audit. Insight 'The Council to consider' – Governance
IR4	A Partnership Strategy should be developed to provide a framework for developing, managing and reporting on partnerships that help deliver strategic priorities.	2023/24	Introduction of Joint Officer Leadership Team for Mid Kent Services and introduction of a voluntary forum. The Council aim to establish a high-level approach to partnerships within its operational plan.	Addressed	Provided Insight to maintain progress n developing partnership approach. We will review the operational plan as part of the 26/27 VFM audit. Insight 'The Council to consider' – 3E's



© 2025 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.