



TONBRIDGE & MALLING BOROUGH COUNCIL

EXECUTIVE SERVICES

Chief Executive
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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Democratic Services
committee.services@tmbc.gov.uk

19 September 2025

To: MEMBERS OF THE AUDIT COMMITTEE
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Audit Committee to be held in the Council Chamber, Gibson Drive, Kings Hill, on Monday, 29th September, 2025 commencing at 7.30 pm.

Members of the Committee are required to attend in person. Other Members may attend in person or participate online via MS Teams.

Information on how to observe the meeting will be published on the Council's website.

Yours faithfully

DAMIAN ROBERTS

Chief Executive

A G E N D A

1. Guidance on the Conduct of Meetings

5 – 8

PART 1 - PUBLIC

2. Apologies for absence
3. Notification of Substitute Members 9 - 10
4. Declarations of interest 11 - 12

Members are reminded of their obligation under the Council's Code of Conduct to disclose any Disclosable Pecuniary Interests and Other Significant Interests in any matter(s) to be considered or being considered at the meeting. These are explained in the Code of Conduct on the Council's website at [Code of conduct for members – Tonbridge and Malling Borough Council \(tmbc.gov.uk\)](https://www.tmbc.gov.uk/code-of-conduct-for-members).

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting.

5. Minutes 13 - 20

To confirm as a correct record the Minutes of the meeting of Audit Committee held on 21 July 2025.

Matters for Recommendation to Council

6. Treasury Management Performance Update and Mid-Year Review for 2025/26 21 - 44

The report provides an update on investments undertaken during the period April to July of the current financial year and incorporates a mid-year review of the Treasury Management and Annual Investment Strategy for 2025/26.

Matters for Recommendation to the Cabinet

7. Annual Audit Report 2024/25 45 - 84

The Council's external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance – which for this purpose is the Audit Committee – followed by Cabinet and Full Council.

8. Risk Management 85 - 124

The report provides an update on the risk management process and the Strategic Risk Register. An update is also provided in respect of the work being undertaken within the Council to champion risk management.

Matters for Decision under Delegated Powers

9. Internal Audit and Counter Fraud Quarter 1 Progress Report 125 - 156

The report updates Members on Internal Audit and Counter Fraud activities, and requests approval for changes to the 2025/26 Internal Audit Plan.

10. Statement of Accounts 2024/25 - Audit Findings Report 157 - 216

The unaudited Statement of Accounts was presented to the Audit Committee in July 2025. This report presents the Audit Findings Report following the review carried out by the external Auditors, Grant Thornton.

Due to its size the Statement of Accounts (Annex 1) will be published as a supplement.

11. Urgent Items 217 - 218

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

Matters for consideration in Private

12. Exclusion of Press and Public 219 - 220

The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

PART 2 - PRIVATE

Matters submitted for Information

13. Insurance Claims Update 221 - 226

(Reason: Part 2 - Private: LGA 1972 - Sch 12A Paragraph 3 - Financial or business affairs of any particular person)

The report serves to inform Members as to the nature and volume of liability and property damage insurance claims submitted during the period April to August 2025.

14. Urgent Items 227 - 228

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

MEMBERSHIP

Cllr R I B Cannon (Chair)
Cllr J R S Lark (Vice-Chair)

Cllr T Bishop
Cllr J Clokey
Cllr M A J Hood

Cllr B A Parry
Cllr M R Rhodes

GUIDANCE ON HOW MEETINGS WILL BE CONDUCTED

- (1) Most of the Borough Council meetings are livestreamed, unless there is exempt or confidential business being discussed, giving residents the opportunity to see decision making in action. These can be watched via our YouTube channel. When it is not possible to livestream meetings they are recorded and uploaded as soon as possible:

<https://www.youtube.com/channel/UCPp-IJISNgoF-ugSzxiAPfw/featured>

- (2) There are no fire drills planned during the time a meeting is being held. For the benefit of those in the meeting room, the fire alarm is a long continuous bell and the exits are via the doors used to enter the room. An officer on site will lead any evacuation.
- (3) Should you need this agenda or any of the reports in a different format, or have any other queries concerning the meeting, please contact Democratic Services on committee.services@tmbc.gov.uk in the first instance.

Attendance:

- Members of the Committee are required to attend in person and be present in the meeting room. Only these Members are able to move/ second or amend motions, and vote.
- Other Members of the Council can join via MS Teams and can take part in any discussion and ask questions, when invited to do so by the Chair, but cannot move/ second or amend motions or vote on any matters. Members participating remotely are reminded that this does not count towards their formal committee attendance.
- Occasionally, Members of the Committee are unable to attend in person and may join via MS Teams in the same way as other Members. However, they are unable to move/ second or amend motions or vote on any matters if they are not present in the meeting room. As with other Members joining via MS Teams, this does not count towards their formal committee attendance.
- Officers can participate in person or online.

- Members of the public addressing an Area Planning Committee should attend in person. However, arrangements to participate online can be considered in certain circumstances. Please contact committee.services@tmhc.gov.uk for further information.

Before formal proceedings start there will be a sound check of Members/Officers in the room. This is done as a roll call and confirms attendance of voting Members.

Ground Rules:

The meeting will operate under the following ground rules:

- Members in the Chamber should indicate to speak in the usual way and use the fixed microphones in front of them. These need to be switched on when speaking or comments will not be heard by those participating online. Please switch off microphones when not speaking.
- If there any technical issues the meeting will be adjourned to try and rectify them. If this is not possible there are a number of options that can be taken to enable the meeting to continue. These will be explained if it becomes necessary.

For those Members participating online:

- please request to speak using the 'chat or hand raised function';
- please turn off cameras and microphones when not speaking;
- please do not use the 'chat function' for other matters as comments can be seen by all;
- Members may wish to blur the background on their camera using the facility on Microsoft teams.
- Please avoid distractions and general chat if not addressing the meeting
- Please remember to turn off or silence mobile phones

Voting:

Voting may be undertaken by way of a roll call and each Member should verbally respond For, Against, Abstain. The vote will be noted and announced by the Democratic Services Officer.

Alternatively, votes may be taken by general affirmation if it seems that there is agreement amongst Members. The Chairman will announce the outcome of the vote for those participating and viewing online.

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Audit Committee					
	Conservative	Liberal Democratic	Green	Ind. Kent Alliance	Labour
1	Chris Brown	Bill Banks	Kath Barton		
2	Steve Hammond	Paul Boxall	Anna Cope		
3	Sarah Hudson	Garry Bridge	Steve Crisp		
4	Kim Tanner	Trudy Dean	Robert Oliver		
5	Keith Tunstall	Roger Roud	Stacey Pilgrim		
Members of Cabinet cannot be appointed as a substitute to this Committee					

Updated: May 2025

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Declarations of interest

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting

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TONBRIDGE AND MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES

Monday, 21st July, 2025

Present: Cllr R I B Cannon (Chair), Cllr J R S Lark (Vice-Chair), Cllr T Bishop, Cllr J Clokey, Cllr M A J Hood, Cllr B A Parry and Cllr M R Rhodes

Virtual: Councillors M A Coffin and W E Palmer participated via MS Teams in accordance with Council Procedure Rule No 15.21.

PART 1 - PUBLIC

AU 25/26 NOTIFICATION OF SUBSTITUTE MEMBERS

There were no substitute members.

AU 25/27 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

However, for reasons of transparency, Councillor Clokey reminded Members that in relation to agenda item 7 (Treasury Management Performance Update and Annual Report for 2024/25) he was employed by one of the companies who managed a multi asset fund which the Borough Council had invested in and was referenced in the report. As this did not represent either a Disclosable Pecuniary or Other Significant Interest there was no reason for Councillor Clokey to withdraw from the meeting.

AU 25/28 MINUTES

RESOLVED: That the Minutes of the meeting of the Audit Committee held on 14 April 2025 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

AU 25/29 LOCAL CODE OF CORPORATE GOVERNANCE

The joint report of the Chief Executive and the Director of Central Services informed Members of the outcome of the annual review of the Local Code of Corporate Governance.

The Local Code was last reviewed in July 2024. The proposed changes to the Local Code were to reflect a small number of minor updates within the past year and a revised Code was attached at Annex 1 to the report.

Reference was made to a previous request that litigation be included in future to demonstrate that checks were undertaken to ensure that procedures were being followed and were reviewed to ensure their effectiveness in determining the outcome, which implementation was impacted due to conflicting priorities within Legal Services but would be progressed in due course.

Furthermore, it was suggested that links to published documents referenced in the Local Code of Corporate Governance be included when the Code was reviewed and published in the future.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Clokey and the Audit Committee

RECOMMENDED*: That the updates and amendments to the Local Code of Corporate Governance, as set out at Annex 1 to the report, be approved and commended to Council for adoption.

***Recommended to Council**

AU 25/30 TREASURY MANAGEMENT PERFORMANCE UPDATE AND ANNUAL REPORT FOR 2024/25

The report of the Director of Finance and Transformation provided an update on investments undertaken during April to May of the current financial year and set out the Treasury Management outturn position for 2024/25.

A full list of investments held on 30 May 2025 was attached at Annex 1 to the report and a copy of the lending list at Annex 2. In terms of cash flow and core cash investments, £422,170 was earned in interest to the end of May 2025, which had exceeded expectation when compared to the original estimate for the same period. The positive variance was primarily driven by the slower-than-anticipated reduction in the Bank Rate, which had resulted in sustained higher interest yields on deposits. An extract from MUFG's (Mitsubishi UFJ Financial Group, formerly Link Asset Services) latest benchmarking data was provided in the form of a scatter graph at Annex 3, which showed that as at 31 March 2025 the Borough Council's return was 4.67%, in line with the local benchmarking group average of 4.56%.

With regard to long term investment, during the period 1 April 2025 to 31 May 2025, the £3m investment in property funds were estimated to have generated dividends of £28,730 which represented an annualised return of 4.61%, compared to 3.92% in 2024/25. Between April and May 2025, all property fund investments recorded capital depreciation. Despite

this, property funds had continued to distribute dividends, with an estimated £30,045 to be received for the first two months of the financial year.

Following the termination of the Lothbury Property Trust, five payments had been received to-date totalling £1,276,520 of the initial investment. Taking into account the dividends received in the sum of £380,755 since the fund's inception up to May 2025, the breakeven point would be achieved with the recovery of £342,725 from the sale of outstanding assets, which were expected to be concluded by the end of August 2025.

In addition, being a small-value investment stakeholder in the Hermes Property Trust, the Council would have the shares realised and paid out upon successful completion of the merger of the Trust.

Furthermore, reference was made to the recent acquisition of CCLA Investment Management Limited by Jupiter Investment Management Group Limited, subject to regulatory approval, and the potential benefit to arise from the acquisition was acknowledged.

Under medium term investment, during the period April to May 2025, the £4.25m investment in multi asset funds generated dividends of £36,460, which represented an annualised return of 5.13%.

Finally, Member's attention was drawn to the Treasury Management Annual Report for 2024/25 as set out at Annex 4, which provided a summary of the investment performance. The combined performance of the Council's investments exceeded the revised estimate by £375,604, and £846,854 when compared to the 2024/25 original estimates, mainly due to the Bank initiating its easing cycle and reducing the rates at a slower pace than anticipated in 2024/25.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Rhodes and the Audit Committee

RECOMMENDED*: That the following be commended to Council:

- (1) the action taken by officers in respect of Treasury Management activity for April to May 2025, be endorsed;
- (2) the 2024/25 outturn position, be noted; and
- (3) the current position in respect of Lothbury and Hermes Property Investment Funds, be noted.

***Recommended to Council**

MATTERS FOR RECOMMENDATION TO THE CABINET**AU 25/31 RISK MANAGEMENT**

The report of the Management Team provided an update on the risk management process and the Strategic Risk Register. An update was also provided in respect of the work being undertaken within the Council to champion risk management.

An executive summary of the RED risks was provided at Annex 1 to the report and a full update on the current strategic risks and how they were being managed as at the time of writing were set out at Annex 1a to the report. The risks that were categorised RED at the time of the April 2025 meeting were:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Managed exit from the Agile System

Following a review of the risks on the Strategic Risk Register, updates had been made with notes in red to reflect the current strategic risks and mitigations, although it was noted that risks categorised RED remained as above.

Reference was made to the risk in respect of 'Devolution and Reorganisation in Kent Local Government', which remained as 'Amber' at this stage, although it was recognised that the ongoing risk assessment would be informed by the work underway regarding the submissions from the Kent authorities with the assistance of an appointed strategic partner.

During discussion, particular concern was raised by Members on the level of risk associated with cyber-attack given the significant impact it could have on the operation of an organisation. Although 'Cyber Security' risk was currently categorised as 'Amber' on the Strategic Risk Register, the importance of ensuring appropriate and robust mitigation measures in place was reinforced.

A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to the Committee were set out at Annex 2 to the report.

In addition, Members were updated on the progress in respect of the review of the Risk Management Strategy led by the officer Risk Champions Group, with particular reference made to the proposal regarding the matrix model used in the Council's Strategic Risk Register. An updated Strategy was anticipated to be presented to the Committee to review in September 2025.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Lark and the Audit Committee

RECOMMENDED*: That

- (1) the updates to the Strategic Risk Register since the last iteration, with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1a of the report, be noted; and
- (2) the service risks identified in Annex 2 of the report, be noted.

***Recommended to Cabinet**

MATTERS FOR DECISION UNDER DELEGATED POWERS

AU 25/32 ANNUAL GOVERNANCE STATEMENT 2024/25

The report of the Management Team presented the Annual Governance Statement for the year ended 31 March 2025, which was certified by both the Leader of the Council and the Chief Executive on 31 May 2025 and would accompany the Council's Statement of Accounts 2024/25.

The Annual Governance Statement, attached at Annex 1 to the report, had been prepared by reference to the self-assessment questionnaire and supporting evidence accompanying the Local Code of Corporate Governance, to demonstrate that there was a sound system of corporate governance throughout the organisation.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Rhodes and the Audit Committee

RESOLVED: That the Annual Governance Statement for the year ended 31 March 2025, as set out at Annex 1 to the report, be endorsed.

AU 25/33 DRAFT STATEMENT OF ACCOUNTS 2024/25

The report of the Director of Finance and Transformation presented an unaudited set of Accounts for 2024/25 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom. Attention was drawn to the Statement of Accounts attached at Annex 1 to the report.

The final contribution to the General Revenue Reserve was in the region of £1.1m, which represented a positive variation of £43k. This was predominantly due to the levels of investment income that were able to be achieved over the last year alongside higher levels of income from other Council sources.

The Council's net worth increased by £15.2m in 2024/25 due to a number of factors, significantly the £3.2m reduction in pension liability

due to asset returns having been higher than expected and the increase of heritage asset values by £4m based on the Council's insurance valuations for the year.

Overall there had been an increase in the value of the Borough Council's Assets, however, it was noted that the Council's investment properties had decreased slightly since last year.

During discussion, it was noted that despite the wider backlogs in Local Authority Accounting and Audits, the Borough Council's Accounts were finalised by 31 May 2025, allowing the Council to benefit from an earlier External Audit, which had already commenced and was making good progress, with an aim for the Accounts to be signed off by the External Audit ahead of the next meeting of the Audit Committee in September 2025.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Hood and the Audit Committee

RESOLVED: That

- (1) the enclosed unaudited set of Accounts for 2024/25 [Annex 1], be noted and endorsed; and
- (2) the Statement provided by the Director of Finance and Transformation [Annex 3] in support of assertions made in the Statement of Responsibilities for the Statement of Accounts, be noted.

AU 25/34 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2024/25

The report of the Director of Finance and Transformation informed the Committee of the findings of the Annual Review of the Effectiveness of the Internal Audit Function for the year 2024/25, conducted by the Chief Audit Executive. A summary of the findings of this review was attached at Annex 1 to the report.

An update was provided in respect of the Audit Plan completion performance as set out under 'Key performance indicator outturns' in the review report. It was noted that since publication of the agenda, progress had been made on one of the two outstanding audits, resulting in an increase of the completion rate from 85.71% to 92.85%, achieving the target of 90%.

Members were advised that the Management Team had considered the outcome of the review and concluded that the opinion on the effectiveness of the Internal Audit function in place for the year 2024/25 was Good.

It was proposed by Councillor Cannon (Chair), seconded by Councillor Bishop and the Audit Committee

RESOLVED: That on the basis of the findings of the review, the opinion that the effectiveness of the Internal Audit function for the year 2024/25 was Good, be endorsed.

**AU 25/35 INTERNAL AUDIT AND COUNTER FRAUD QUARTER 4
PROGRESS REPORT AND ANNUAL OPINION**

The report informed the Committee of the opinion of the Chief Audit Executive on the Council's framework for governance, risk management and control, together with the Internal Audit work completed during 2024/25 to support that opinion.

Attention was drawn to an Internal Audit Annual Report, attached at Annex 1, which provided a summary of the work completed by the Internal Audit service during 2024/25, highlighting key messages and outcomes, issues, patterns, strengths and areas for development in respect of internal control, risk management and governance arising from work undertaken by Internal Audit.

During discussion, particular reference was made to the Audit Opinion in respect of Temporary Accommodation, which was 'Limited' on the assurance level, and Members were provided with an explanation of the key area identified for development and an update on progress being made in Housing Services.

Furthermore, the report also informed the Committee of the work carried out by the Counter Fraud function in 2024/25 and Members raised queries in respect of the process rate and potential savings as outlined in the National Fraud Initiative, attached at Appendix 2 to the Internal Audit Annual Report [Annex 1].

It was proposed by Councillor Cannon (Chair), seconded by Councillor Parry and the Audit Committee

RESOLVED: That

- (1) this Internal Audit and Counter Fraud Progress Report, as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from previously reported 2024/25 Internal Audit and Counter Fraud work and activity and the updates for quarter 4 2024/25, be noted; and
- (2) the resultant Annual Opinion of 'Substantial' for the year 2024/25, be noted.

MATTERS SUBMITTED FOR INFORMATION**AU 25/36 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The report of the Director of Finance and Transformation introduced a progress report on the Audit being undertaken on the Financial Statements for 2024/25 and updates on emerging national issues and developments identified by the external auditor, Grant Thornton, as set out at Annex 1 to the report.

During discussion, Members were pleased to note that the External Audit currently undertaken by Grant Thornton was progressing well with no significant areas identified in the planning stage and all was on track for reporting audit findings to the Committee at the next meeting in September 2025.

AU 25/37 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 8.50 pm

Audit Committee

29 September 2025

Part 1 - Public

Recommendation to Council



Cabinet Member	Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Paul Worden – Head of Finance
Report Author	Donna Riley – Principal Accountant

Treasury Management Performance Update and Mid-Year Review for 2025/26

1 Summary and Purpose of Report

- 1.1 The report provides details of investments undertaken during April to July of the current financial year, and a mid-year review of the Treasury Management and Annual Investment Strategy for 2025/26.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Prudent financial management of Council's investments will generate a yield to assist with the Council's overall budget objectives.

3 Recommendations

- 3.1 Members are asked to **RECOMMEND** that Council:
- Endorse the action taken by officers in respect of Treasury Management activity for April to July 2025.
 - Endorse the inclusion of Ethical Investments to the existing parameters intended to limit the Council's exposure to investment risks as per paragraph 9.2.
 - Note the current position in respect of the Lothbury, and Hermes Property Investment Funds.

4 Introduction and Background

- 4.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly and include a mid-year review of the Treasury Management and Annual Investment Strategy. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.
- 4.2 The primary requirements of the Code are as follows:
- The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - The creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by Full Council of an Annual Treasury Management Strategy Statement, including the Annual Investment Strategy, for the year ahead; a mid-year Review Report (this report) and an Annual Report (stewardship report) covering activities during the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - Delegation by the Council of the role of scrutiny of the treasury management strategy and policies to a specific named body. For this Council, the delegated body is the Audit Committee.
- 4.3 This mid-year report has been prepared in compliance with the Code and covers the following:
- An economic update and interest rate forecast.
 - Investment performance for April to July for the 2025/26 financial year including recent benchmarking data.
 - Compliance with Treasury and Prudential Limits for 2025/26.
 - A review of the risk parameters contained in the 2025/26 Treasury Management and Annual Investment Strategy.

5 Investment Performance

- 5.1 In accordance with the CIPFA Code, the Council's priorities, in order of importance, are to ensure security of capital; liquidity; and having satisfied both, to obtain an appropriate level of return which is consistent with the Council's risk appetite.
- 5.2 The Council's investments are derived from cash flow surpluses, core cash balances and other long term cash balances.
- 5.3 Cash flow surpluses are available on a temporary basis and the amount is mainly dependent on the timing of council tax and business rates collected and their payment to precept authorities and government. Less significant cash flows relate to receipt of grants, payments to housing benefit recipients, suppliers and staff. Cash flow surpluses build up during a financial year and are spent by financial year end. Thus far in 2025/26 cash flow surpluses have averaged £20.19m.
- 5.4 The Authority also has £33m of core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion is usually transferred to cash flow towards the end of the financial year to top-up daily cash balances. Core cash includes the Council's capital and revenue reserves which are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets.
- 5.5 Cash flow and core cash balances also include sums to meet business rate appeals which are expected to be resolved in 2025/26 and future years.
- 5.6 Long term investments at the end of July 2025 comprised of £3.68m in property fund investments.
- 5.7 Medium term investments at the end of July 2025 comprised £4.25m in multi-asset fund investments.
- 5.8 A full list of investments held on 31 July 2025 is provided at **[Annex 1]** and a copy of our lending list of 31 July 2025 at **[Annex 2]**. The table below provides a summary of funds invested and interest / dividends earned at the end of July.

	Funds invested on 31 July 2025	Average duration to maturity	Weighted average rate of return	SONIA benchmark July 2025	Interest / dividends earned	Gross annualised return
	£m	Days	1 April to 31 July 2025 %	%	1 April to 31 July 2025 £	%
Cash flow	20.19	5	4.24	4.26	368,900	4.37
Core cash	33.00	74	4.41	4.18	471,300	4.62
Long term	3.00				28,730	4.04
Long term (LPT)	0.68				1,715	--
Medium term	4.25				56,830	4.00
Total	61.12				927,475	--

Table 1

Property funds pay dividends quarterly. The return quoted above is based on dividends received for the quarter April to June 2025.

- 5.9 **Cash flow and core cash investments.** Interest earned of £840,200 from surplus cash flow and core cash balances to the end of July 2025 represent a positive variance of £116,220 against the original estimate for the same period. This positive variance is primarily driven by the slower-than-anticipated reduction in the Bank Rate, which has resulted in sustained higher interest yields on deposits.
- 5.10 Market sentiment around future rate cuts is reflected in the investment opportunities being offered by financial institutions. Meanwhile, money market funds continue to yield near the bank rate level (5-10 bps higher at the time of writing), providing investors with a low risk, enhanced liquidity option.
- 5.11 The Council takes advantage of MUFG's benchmarking service which enables performance to be gauged against MUFG's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 30 June 2025, the Council's return was 4.43% (purple diamond) in-line with the local benchmarking group average of 4.36%. MUFG's predicted return is between the upper and lower boundary indicated by the diagonal lines. The Council's risk exposure remains consistent with the local authority average.
- 5.12 **Long term investment.** £5m was originally invested in property investment funds, spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time.

- 5.13 During the period 1 April 2025 to 30 June 2025, the £3m investment in property funds generating dividends of £28,730 which represents an annualised return of 4.04%.
- 5.14 Of the initial £2m invested in Lothbury Property Fund, sales of assets and the return of capital monies, leaves an outstanding balance of £675,760. While unbudgeted dividends are being received, it is on an ad-hoc basis. Further information is set out in paragraphs 5.19 to 5.21.
- 5.15 The long-term investment figure set out in table 2 concentrates on the LAPF and Hermes Property Funds. Lothbury Property Fund is shown separately in table 3 to provide details of the repayment of capital investment from the sale of assets due to the termination of the Fund on 30 May 2024.
- 5.16 Sale values at the end of July 2025 vs initial purchase prices are as follows:

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price	Sale value at date of purchase	Sale value 31 July 2025	31 July sale value above (below) purchase price (c-a)
	a	b	c	
	£	£	£	£
LAPF (Primary, July 2017)	1,000,000	922,200	897,810	(102,190)
Hermes (Secondary, Oct 2017)	1,000,000	939,000	908,350	(91,650)
LAPF (Primary, June 2018)	1,000,000	922,200	860,830	(139,170)
Total change in principal	3,000,000	2,783,400	2,666,990	(333,010)
Total dividends received to June 2025				863,175
Net benefit since inception				530,165

Table 2

- 5.17 Since inception, the Council have received dividends from the above property fund investments totalling £863,175.
- 5.18 Investment institutes continue to diversify their portfolios to optimise returns while considering prevailing market conditions. Between April and July 2025, all property fund investments recorded capital depreciation. Despite this, property funds have continued to distribute dividends of £30,445 for the first quarter of the financial year.
- 5.19 Lothbury Property Fund officially terminated on 30 May 2024 and commenced the sale of assets.
- 5.20 As shown in Table 3 below, the Council have, to date, received six payments totalling £1,324,240 of our initial investment. The remaining assets, valued at

£65.5m are currently under offer and sales are expected to conclude by August 2025. Distributions will be made as assets sales are completed.

- 5.21 Taking into account the dividends received since the fund's inception, the breakeven point would be achieved with the recovery of £295,000 from the outstanding assets.

Property fund <small>(Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)</small>	Purchase price	Sale value at date of purchase	Principal Investment Returned	Principal Investment Balance Outstanding
	a £	b £	c £	£
Lothbury Property Trust	2,000,000	1,900,700	1,324,240	(675,760)
Total dividends received to July 2025				380,755
Net balance to breakeven point				(295,005)

Table 3

- 5.22 On 13 February 2025, Hermes Property Trust held an Extraordinary General Meeting (EGM) following a redemption request for approximately 22% of the fund. The meeting included a vote on proceeding with potential merger options, which required 75% approval to pass. A subsequent EGM took place on 24 June 2025 and the resolution to proceed with the merger was successful. The expected completion date for the merger is 14 August 2025.
- 5.23 Federated Hermes announced that small-value investments will be excluded from the merger. Consequently, the Council, along with other minority stakeholders, will have its shares realised and paid out upon the successful completion of the merger.
- 5.24 The capital investment expected to be returned from Federated Hermes is in the region of £908,000.
- 5.25 This return represents the crystallisation of the investment rather than a discretionary decision to divest. The receipt will provide an opportunity to support cash flow, replenish reserves and will be considered for short-term reinvestment in line with the Council's Treasury Management Strategy.
- 5.26 Members are reminded that higher yielding investments (e.g. property, equities) have the potential to fluctuate in value, both up and down. It is this feature which makes them unsuitable for short term investment where certainty over value at maturity is a key criteria. The Council's property fund investments are not required to meet day to day spending commitments and will only be realised should a higher yielding opportunity be identified.
- 5.27 **Medium term investment.** £4.25m of the Council's expected medium term cash balances together with new money derived from the sale of assets has been

invested in externally managed diversified income funds. These investments will generate an annual income stream and will provide capital appreciation over time.

- 5.28 During the period April 2025 to July 2025 the £4.25m investment in multi asset funds generated dividends of £56,830 which represents an annualised return of 4.0%.

6 Compliance with the Annual Investment Strategy

- 6.1 Throughout the period April to July 2025, all the requirements contained in the 2025/26 Annual Investment Strategy intended to limit the Council's exposure to investment risks (minimum sovereign and counterparty credit rating; durational limits; exposure limits in respect of counterparties, groups of related counterparty and sovereigns; and specified and non-specified investment limits) have been complied with. No borrowing was undertaken during April to July 2025.
- 6.2 The Council has also operated within the treasury limits and prudential indicators set out in the Annual Investment Strategy, and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators can be found in **[Annex 4]** to this report.

7 Interest Rate Forecast

- 7.1 MUFG reviewed and updated their interest rate forecast following the Bank of England's Monetary Policy Committee (MPC) meeting in August.

The table below sets out the revised rates which are broadly in-line with the assumptions reported to Committee in January 2025 as part of the Treasury Management and Annual Investment Strategy 2025/26. The Bank Rate is projected to undergo a managed reduction over the next two years, before stabilising at 3.25%.

MUFG - August 2025	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28
	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25
3 mth ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30
6 mth ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40
12 mth ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50
25yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30

Table 4

8 Economic Background

- 8.1 CPI inflation rose from 3.6% in June to 3.8% (consensus 3.7%) and is expected to peak of 4% in September due to ongoing pressures in certain sectors such as services and domestically driven costs, as well as global agricultural commodity

prices. However, the inflation trajectory beyond the short-term is likely to fall below the BoE's 2% target by 2027, or earlier if the macroeconomic developments, such as the strengthening of the pound and declines in global energy prices, can be sustained.

- 8.2 It is expected that UK economic growth will remain subdued in the near-term after the first quarter's boost by 0.7% from tariff front-running (reported in July) GDP growth is forecast at 1.0% in 2025 and 1.2% in 2026.
- 8.3 The labour market continues to face pressures from rising costs, notably through increases to the minimum wage and employer's National Insurance contributions. These factors are weighing on business sentiment and recruitment intentions. Unemployment is forecast to rise, with rates expected to peak around 5.0% in Q4 2025, signalling a gradual softening in labour demand.
- 8.4 It is anticipated that the BoE will cut interest rates to 3.0% in 2026. Meanwhile, future fiscal tightening is expected, through increased taxation.
- 8.5 While the situation in the Middle East remains fluid, the economic ramifications are being monitored closely by markets, policymakers, and international institutions. The key channels of impact include energy markets, inflation, financial market volatility and regional economic stability.

9 Review of Risk Parameters

- 9.1 Members will recall the detailed consideration that was given to the 2025/26 Treasury Management and Annual Investment Strategy at Audit Committee in January. For ease of reference the parameters included in the Strategy that aim to limit the Council's exposure to investment risks are summarised in **[Annex 5]**.
- 9.2 In undertaking this review *a change to the current approved risk parameters to include Ethical Investments are being proposed at this time. Future consideration will be given to the inclusion of borrowing and debt rescheduling in anticipation of the future needs of the Council.* The Strategy ensures that the Council is investing in high credit quality counterparties and there are an adequate number of counterparties available to maintain a well-diversified portfolio. However, we will continue to look to expand the Council's lending list to include any UK banks and building societies that don't currently feature on our lending list but meet our minimum credit criteria. This will ensure that we can take advantage of all available opportunities as they arise.
- 9.3 There is a need to continue to explore alternative investment options to ensure the maximum return on investment for the Council. Subject to an understanding and acceptance of any associated risks with such investments, they may be offered for inclusion in next year's Annual Investment Strategy. Any investment will of course be dependent on the level of reserves and other balances available for such an investment.

10 Financial and Value for Money Considerations

- 10.1 **Short-Term Liquidity:** Ensuring sufficient cash is readily available to meet operational and unforeseen financial commitments.
- 10.2 **Longer-Term Investments:** Identifying opportunities to invest surplus cash (up to 1 year) at fixed higher rates before further interest rate reductions diminish returns.
- 10.3 The annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy, capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystallising a loss and as a consequence the investment's duration cannot be determined with certainty.
- 10.4 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped over time through capital appreciation.
- 10.5 Diversified income funds aim to limit risk by spreading investment across a broad range of asset classes (equities, bonds, property and cash). Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events. Short term bond values are linked to interest rate expectations and long-term bond values are linked to inflation expectations. Funds aim to minimise the risk of issuer default by investing in a broad spread of issuers and across different sectors and geographic regions. Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.
- 10.6 **Diversification:** Allocating funds across a range of investment vehicles to mitigate risk while maximising returns.
- 10.7 **Market Monitoring:** Regularly assessing economic conditions and interest rate forecasts to make informed investment decisions.
- 10.8 By adopting a proactive approach, the Council aims to optimise returns on its cash holdings while maintaining financial stability.
- 10.9 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via MUFG's benchmarking service.

11 Risk Assessment

- 11.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be an effective way of mitigating the risks associated with treasury management.

- 11.2 MUFG are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities (balance sheet reviews, benchmarking and general support) ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.

12 Legal Implications

- 12.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. In addition, MUFG are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.
- 12.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice 2021 and the 2018 Statutory Guidance on Local Government Investments.

13 Cross Cutting Issues

- 13.1 Climate Change and Biodiversity
- 13.2 While the Treasury Management Code outlines the principle for investments as Security Liquidity and Yield as core, it recognises that environmental, social and governance (ESG) issues are increasingly significant for investors.
- 13.3 The Council's Treasury Management activities will continue to be guided by the primary principles of Security, Liquidity and Yield (SLY) as part of the Treasury Management Strategy Statement. In addition, consideration will be given to the incorporation of ethical investment criteria within the investment decision-making process.
- 13.4 Investment counterparties will be required to meet the Council's approved lending criteria to ensure the ongoing safeguarding of public funds. Where ethical investment opportunities are available and consistent with the Council's security and liquidity requirements, such options will be considered in the first instance.
- 13.5 The Council recognises that, while ethical considerations are an important element of its investment strategy, any decision to prioritise such opportunities will be assessed in the context of potential impacts on investment yield when compared to other suitable options.
- 13.6 Equalities and Diversity
- 13.7 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	Benchmarking data.
Annexes:	<ul style="list-style-type: none"> (1) TMBC Investment Summary July 2025 (2) TMBC Lending List July 2025 (3) TMBC Benchmarking June 2025 (4) TMBC Prudential and Treasury Indicators 2025/26 (5) TMBC Risk Parameters 2025/26

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Tonbridge and Malling Borough Council - Investment summary 01 August 2025

Counterparty / type of investment	Sovereign	Fitch long term	Fitch short term	Link suggested post CDS duration limit	Investment						Cash Flow surpluses £	Core Cash balances £	Medium term investment balances £	Long term investment balances £
					Start date	End date	Duration at start	Amount invested £	Return %	Proportion of total %				
Banks, Building Societies & Other Financials														
Barclays Bank : 95 day notice account	UK	A+	F1	6 months	23/07/2019	TBD	95 Days	3,000,000	4.30	4.91%		3,000,000		
Goldman Sachs : Fixed Term Deposit Fixed Term Deposit	UK	A+	F1	6 months	15/05/2025 06/11/2025	15/11/2025 06/08/2025	6 months 9 Months	6,000,000 3,000,000 3,000,000	4.27 4.72	9.82%		3,000,000 3,000,000		
Handelbanken : Fixed term deposit 35 day notice account	UK	AA	F1+	1 year	17/07/2025 18/07/2025	17/10/2025 TBD	3 months 35 Days	6,000,000 3,000,000 3,000,000	4.15 4.20	9.82%		3,000,000 3,000,000		
HSBC Bank : 31 day notice account	UK	AA-	F1+	1 year	02/12/2019	TBD	31 Days	3,000,000	4.25	4.91%	3,000,000			
National Westminster Bank : Deposit account Certificate of Deposit	UK	A+	F1	1 year	31/07/2025 06/08/2024	01/08/2025 05/08/2025	Overnight 1 Year	3,050,000 50,000 3,000,000	2.25 4.62	4.99%	50,000	3,000,000		
Rabobank : Certificate of Deposit Certificate of Deposit	Netherlands	A+	F1	1 year	06/11/2024 22/07/2025	05/11/2025 22/07/2026	12 months 12 months	6,000,000 3,000,000 3,000,000	4.69 4.09	9.82%		3,000,000 3,000,000		
Standard Chartered : Sustainable Fixed Term Deposit Sustainable Fixed Term Deposit	UK	A+	F1	1 year	14/11/2024 20/06/2025	13/11/2025 19/06/2026	12 months 12 months	6,000,000 3,000,000 3,000,000	4.72 4.14	9.82%		3,000,000 3,000,000		
Toronto Dominion Bank : Certificate of Deposit	Canada	AA-	F1+	1 year	04/10/2024	03/10/2025	1 year	3,000,000 3,000,000	4.59	4.91%		3,000,000		
Money Market Funds														
Blackrock MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	31/07/2025	01/08/2025	Overnight	0	4.24		-			
BNP Paribas MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	31/07/2025	01/08/2025	Overnight	1,223,000	4.25	2.00%	1,223,000			
CCLA PSDF MMF - shares/units held	N/A	AAA	mmf	5 years	31/07/2025	01/08/2025	Overnight	0	4.22		-			
DWS Deutsche MMF - shares/units held	N/A	AAA	mmf	5 years	31/07/2025	01/08/2025	Overnight	7,917,000	4.26	12.95%	7,917,000			
Federated MMF - shares/units held	N/A	AAA	mmf	5 years	31/07/2025	01/08/2025	Overnight	8,000,000	4.26	13.09%	8,000,000			
Morgan Stanley MMF - shares/units held	N/A	AAA	mmf	5 years	31/07/2025	01/08/2025	Overnight	0	4.19		-			
Property Funds														
Hermes Property Unit Trust : Property fund units	N/A	N/A	N/A	N/A	29/09/2017	N/A	N/A	1,000,000 1,000,000	3.63	1.64%				1,000,000
Local Authorities' Property Fund : Property fund units Property fund units	N/A	N/A	N/A	N/A	29/06/2017 30/05/2018	N/A N/A	N/A N/A	1,000,000 1,000,000	4.34 5.83	3.27%				1,000,000 1,000,000
Lothbury Property Trust : Property fund units Property fund units	N/A	N/A	N/A	N/A	06/07/2017 02/07/2018	N/A N/A	N/A N/A	675,761 0 675,761	2.88	1.11%				- 675,761
Multi Asset Funds														
Aegon Multi Asset fund units	N/A	N/A	N/A	N/A	29/07/2021	N/A	N/A	1,750,000 1,750,000		2.86%			1,750,000	
Fidelity Multi Asset fund units	N/A	N/A	N/A	N/A	12/08/2021	N/A	N/A	1,000,000 1,000,000		1.64%			1,000,000	
Ninety One Multi Asset fund units	N/A	N/A	N/A	N/A	12/08/2021	N/A	N/A	1,500,000 1,500,000		2.45%			1,500,000	
					Total invested			61,115,761		100.00%	20,190,000	33,000,000	4,250,000	3,675,761

Number of investments	27	Average investment value £			2,264,000
Number of counter parties	20	Average counter party investment £			3,056,000
Group exposures:		Core £	Cash £	Combined £	%
Royal Bank of Scotland + National Westminster (UK Nationalised MAX 20%)		3,000,000	50,000	3,050,000	4.99
Bank of Scotland + Lloyds (MAX 20%)		-	-	-	-
Property Funds Total				£ 3,675,761	6.01
Multi Asset Funds Total				£ 4,250,000	6.95

Total non-specified investments should be less than 60% of Investment balances 12.97%

Notes:

Property fund returns are based on dividends distributed from the start of each investment. Capital appreciation / depreciation is recorded elsewhere. Last update March 2025.

End date for notice accounts to be determined (TBD)

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Tonbridge and Malling Borough Council Lending List

Checked against MUFG's "Suggested Credit List" dated 25/07/25
Minimum investment criteria is Link's green duration band (100 days). Entry point broadly equates to Fitch A-, F1 unless UK nationalised.

Counterparty	Sovereign	Sovereign rating [1]	Fitch long term	Fitch short term	UK classification	Exposure limit	Link duration based on [2]	
							Credit ratings	Post CDS
UK Banks, Building Societies and other Financial Institutions :								
Bank of Scotland (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Barclays Bank (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Non-RF	£7m	6 months	6 months
Barclays Bank UK (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Ring-fenced	£7m	6 months	6 months
Goldman Sachs International Bank	UK	AA-	A+	F1	Exempt	£7m	6 months	6 months
Handelsbanken Plc (Group Limit with Svenska Handelsbanken AB £7m)	UK	AA-	AA	F1+	Exempt	£7m	1 year	1 year
HSBC UK Bank	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Lloyds Bank (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
National Westminster Bank (Group limit Nat West and RBS £7m).	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Santander UK	UK	AA-	A+	F1	Ring-fenced	£7m	R - 6 mths	R - 6 mths
Standard Chartered Bank	UK	AA-	A+	F1	Exempt	£7m	1 year	1 year
The Royal Bank of Scotland (Group limit Nat West and RBS £7m).	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Coventry Building Society	UK	AA-	A-	F1	Exempt	£7m	100 days	100 days
Nationwide Building Society	UK	AA-	A	F1	Exempt	£7m	6 months	6 months
Skipton Building Society	UK	AA-	A-	F1	Exempt	£7m	6 months	6 months
UK Debt Management Office including Treasury Bills	UK	AA-	n/a	n/a	n/a	No limit	5 years	5 years
UK Treasury Sovereign Bonds (Gilts)	UK	AA-	n/a	n/a	n/a	£16m/£8m	5 years	5 years
UK Local Authority (per authority)	UK	AA-	n/a	n/a	n/a	£7m	5 years	5 years

Non-UK Banks :

Australia & New Zealand Banking Group	Australia	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Bank of Montreal	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Toronto Dominion Bank	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Royal Bank of Canada	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Nordea Bank Abp	Finland	AA	AA-	F1+	n/a	£7m	1 year	1 year
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	A+	F1	n/a	£7m	1 year	1 year
ING Bank	Netherlands	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Development Bank of Singapore	Singapore	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Svenska Handelsbanken AB (Group Limit with Handelsbanken Plc £7m)	Sweden	AAA	AA	F1+	n/a	£7m	1 year	1 year

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires non-UK sovereigns to be rated at least AA- and the UK rated at least A-. Non-UK sovereign limit of 20% or £7m per sovereign.

[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight duration for non-UK entities must not exceed Link's post CDS duration suggestion. For UK entities duration may be extended by up to three months based on credit ratings alone or six months if CDS is below average, subject to a maximum combined duration of 12 months.

Money Market Funds (Minimum investment criteria AAA) :

Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Blackrock Institutional Cash Series - Sterling Liquidity	AAA	-	AAA	£8m	5 years
BNP Paribas InstiCash - GBP	-	-	AAA	£8m	5 years
CCLA Public Sector Deposit Fund	-	AAA	-	£8m	5 years
DWS Deutsche Global Liquidity - Deutsche Managed Sterling	AAA	AAA	AAA	£8m	5 years
Federated Cash Management - Short Term Sterling Prime	-	AAA	AAA	£8m	5 years
Insight - Sterling Liquidity (Group limit IL & ILP of £7m)	-	AAA	AAA	£8m	5 years
Morgan Stanley Liquidity - Sterling	AAA	AAA	AAA	£8m	5 years

Enhanced Cash Funds (Minimum investment criteria AAA) :

Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Insight - Sterling Liquidity Plus (Group limit IL & ILP £7m)	-	AAA	AA+	£3.5m	5 years

Approved by Director of Finance and Transformation

31 July 2025

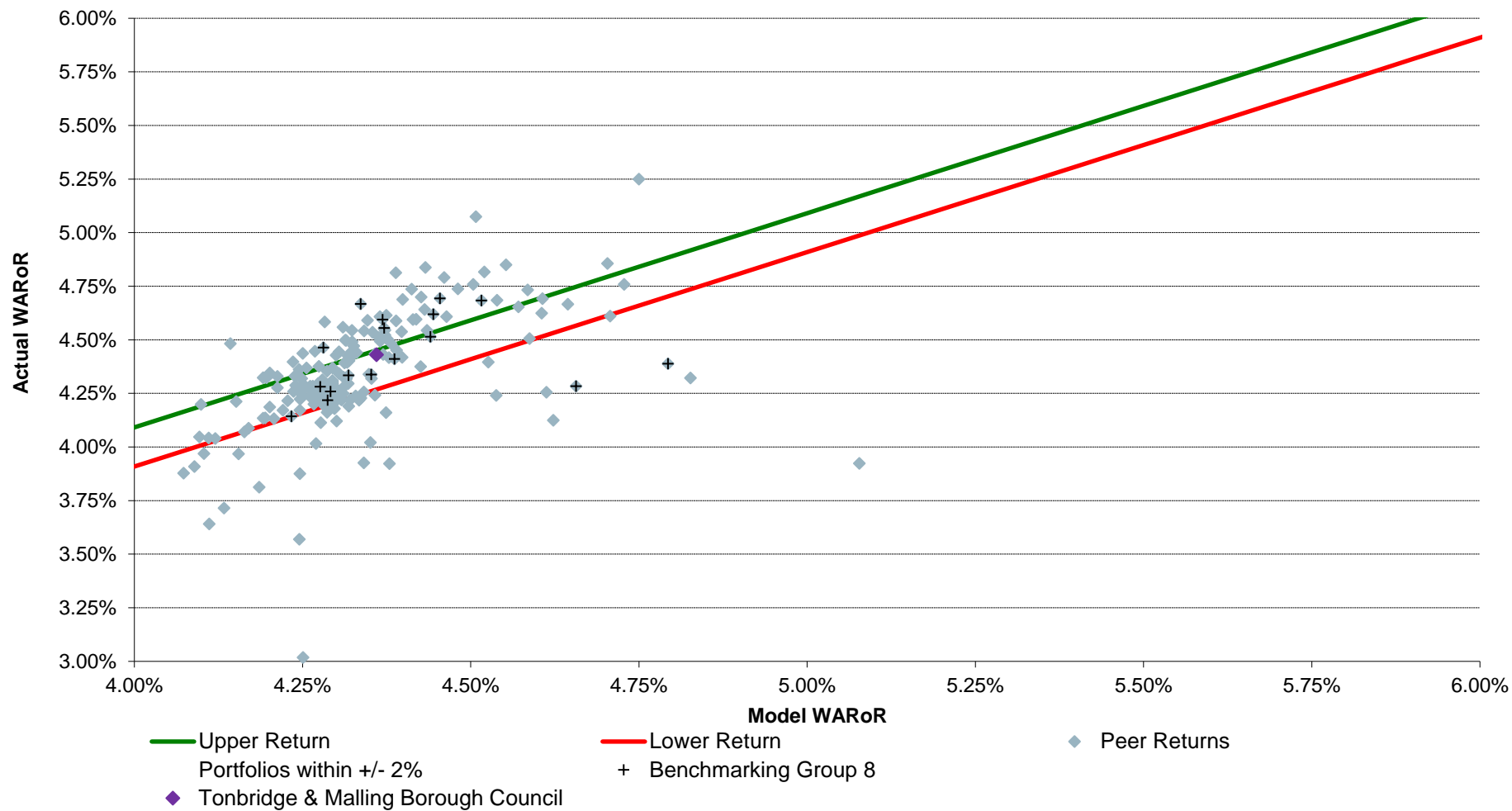
Fitch has downgraded the Sovereign Rating of Finland to AA from AA+. The Outlook on Finland's Sovereign Rating has changed to Stable from Negative.

Note: Close Brothers removed from Link's Suggested Credit List 12/02/2024. Although removed, Link have stated that the Fitch long term rating change from A- to BBB+ would have no impact on the green suggested duration and would remain at 6 months.

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Tonbridge & Malling Borough Council

Population Returns against Model Returns



Tonbridge & Malling Borough Council

Actual WARoR

4.43%

Model WARoR

4.36%

Difference

0.07%

Lower Bound

4.27%

Upper Bound

4.45%

Performance

Inline

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Prudential and Treasury Indicators

Prudential Indicators	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Capital expenditure	2,886	13,760	1,113
Ratio of financing costs to net revenue stream	-24.82	-11.99%	-10.67%
Net borrowing requirement:			
Brought forward 1 April	nil	nil	nil
Carried forward 31 March	nil	nil	nil
In year borrowing requirement	nil	nil	nil
Capital financing requirement as at 31 March	nil	nil	nil
Annual change in capital financing requirement	nil	nil	nil
Incremental impact of capital investment decisions:			
Increase in Council Tax (Band D) per annum	nil	nil	nil

TREASURY MANAGEMENT INDICATORS	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt :					
borrowing	nil	7,000	7,000	7,000	7,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	7,000	7,000	7,000	7,000
Operational Boundary for external debt:-					
borrowing	nil	4,000	4,000	4,000	4,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	4,000	4,000	4,000	4,000
Actual external debt	nil	nil	nil	nil	nil
Upper limit for fixed interest rate exposure > 1 year at year end	nil	It is anticipated that exposure will range between 0% to 60%			
Upper limit for fixed interest rate exposure < 1 year at year end	30,000 (56.37%)	It is anticipated that exposure will range between 40% to 60%			
Upper limit for variable rate exposure < 1 year at year end	15,851 (29.03%)	It is anticipated that exposure will range between 20% to 100%			
Upper limit for total principal sums invested for over 365 days at year end	7,973 (14.6%)	60% of funds			

Maturity structure of fixed rate borrowing during 2024/25 – 2026/27	upper limit	lower limit
under 12 months	100 %	0 %
Over 12 months	0 %	0 %

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2025/26 Annual Investment Strategy Risk Parameters

The strategy includes parameters that aim to limit the Council's exposure to investment risks by requiring investments to be placed with high credit rated financial institutions and that those investments are diversified across a range of counterparties. More specifically the 2025/26 Strategy requires:

- Counterparties must be regulated by a Sovereign rated AA- (UK minimum of A-) or better as recognised by each of the three main rating agencies (Fitch, Moody's, and Standard & Poor's).
- Whilst 100% of funds can be invested in the UK, exposure to non-UK banks is restricted to no more than 20% of funds per Sovereign.
- Exposure to individual counterparties and groups of related counterparty must not exceed 20% of funds or 10% of funds if a housing association.
- In selecting suitable counterparties for overnight deposits and deposits up to 2 years in duration (3 years with a local authority), the Council has adopted MUFG's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 1 year, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days (based on credit ratings alone). Other than for UK nationalised institutions this broadly equates to a minimum long term credit rating of Fitch A- (high) and a short term credit rating of Fitch F1 (highest).
- Investment in UK nationalised banks is subject to the bank having a minimum long term credit rating of Fitch BBB (good) and a short term credit rating of Fitch F2 (good). The Royal Bank of Scotland and National Westminster Bank are currently rated Fitch A+, F1.
- The duration of an investment in a foreign bank must not exceed MUFG's post CDS recommendation. For UK financial institutions MUFG's duration recommendation can be enhanced by up to 6 months subject to the combined duration (MUFG recommendation plus the enhancement) not exceeding 12 months. The Council's Treasury Management Practices have been modified to ensure that where duration is being enhanced by more than 3 months the bank's CDS must be below the average for all other banks at the time the investment is placed.

- Money Market funds should be rated AAA and exposure limited to no more than 20% per fund. LVNAV (low volatility) or VNAV (variable net asset value) funds may be used as an alternative to CNAV (constant net asset value) funds.
- Enhanced Cash Funds and Government Liquidity Funds will be AAA rated and ultra-short duration bond funds rated AA or higher. Exposure is limited to no more than 10% of investment balances per fund and 20% to all such funds.
- Exposure to non-credit rated property funds is limited to a maximum of £3m per fund (no more than 20% of expected long term cash balances). No cash limit applies where invested funds are derived from or in anticipation of new resources e.g. proceeds from selling existing property assets or other windfalls.
- Exposure to non-credit rated diversified income (multi-asset) funds and or short dated bond funds is limited to a maximum of £3m per fund (no more than 20% of expected long term cash balances) across all such funds. No cash limit applies where invested funds are derived from or in anticipation of new resources e.g. proceeds from selling existing property assets or other windfalls.

All specified and non-specified Investments will be:

Subject to the sovereign, counterparty and group exposure limits identified above.

Subject to the duration limit suggested by MUFG (+6 months for UK financial institutions) at the time each investment is placed.

Subject to a maximum of 60% of funds being held in non-specified investments at any one time.

Sterling denominated.

Specified Investments (maturities up to 1 year):

Investment	Minimum Credit Criteria
UK Debt Management Agency Deposit Facility	UK Sovereign A-
Term deposits - UK local authorities	UK Sovereign A-
Term deposits - UK nationalised banks	UK Sovereign A- Counterparty BBB, F2 or Green excluding CDS
Term deposits – all other banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 or Green excluding CDS
Certificates of deposit - UK nationalised banks	UK Sovereign A- Counterparty BBB, F2 or Green excluding CDS
Certificates of deposit – all other banks and building societies	UK Sovereign A- / Non-UK Sovereign AA-. Counterparty A-, F1, or Green excluding CDS
UK Treasury Bills	UK Sovereign A-
UK Government Gilts	UK Sovereign A-
Bonds issued by multi-lateral development banks	AAA
Sovereign bond issues (other than the UK govt)	AAA
Money Market Funds (CNAV, LVNAV or VNAV)	AAA
Enhanced Cash / Government Liquidity / Ultra-Short Dated Bond Funds	AA

Non-specified Investments (maturities in excess of 1 year and any maturity if not included above):

Investment	Minimum Credit Criteria	Max duration to maturity
Fixed term deposits with variable rate and variable maturities (structured deposits) - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Fixed term deposits with variable rate and variable maturities (structured deposits) - banks and building societies	UK sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Term deposits - local authorities	UK Sovereign A-	3 years
Term deposits - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Term deposits - banks, building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Term deposits – housing association	UK Sovereign A- Counterparty A-	2 years
Certificates of deposit - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Certificates of deposit - banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Commercial paper - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Commercial paper - banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Floating rate notes issued by multilateral development banks	AAA	2 years
Bonds issued by multilateral development banks	AAA	2 years
Sovereign bonds (other than the UK Government)	AAA	2 years
UK Government Gilts	UK Sovereign A-	5 years
Property Funds	N/A	N/A
Diversified Income and or Short Dated Bond funds	N/A	N/A

Audit Committee

29 September 2025

Part 1 - Public

Recommendation to Cabinet



Cabinet Member	Martin Coffin - Deputy Leader; and Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Management Team
Report Author	Paul Worden, Head of Finance

Annual Audit Report 2024/25

1 Summary and Purpose of Report

- 1.1 Our external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance - which for this purpose is the Audit Committee – followed by Cabinet and Full Council.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 An assessment by the Council's external auditors on the arrangements for securing economy, efficiency and effectiveness in its use of resources along with recommendations for improvement.

3 Recommendations

- 3.1 Members are RECOMMENDED to:
- 1) Consider and approve the Auditor's Annual Report [**Annex 1**] for 2024/25;
 - 2) Note the comments made in respect of the key recommendations from 2023/24;
 - 3) Note and endorse the management comments to the 2024/25 value for money recommendations raised; and
 - 4) Make any specific recommendations to Cabinet and/or Full Council as the Committee feels appropriate considering the Annual Report.

4 Introduction and Background

- 4.1 Our external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance - which for this purpose is the Audit Committee - followed by Cabinet and Full Council.
- 4.2 The last Annual Audit Report relating to the financial year 2023/24 was presented to this Committee in January 2025. Members might recall that two significant weaknesses in the Council's arrangements to improve economy, efficiency and effectiveness were highlighted relating to procurement and performance management. The Committee has been tracking progress against the action plan to remedy these over the past 12 months.

5 2024/25 Annual Audit Report

- 5.1 Grant Thornton's report is attached at **[Annex 1]**.
- 5.2 The auditors report on three distinct areas, namely:
- 1) Financial sustainability;
 - 2) Governance; and
 - 3) Improving economy, efficiency and effectiveness.
- 5.3 In terms of financial sustainability and governance it is pleasing to note that no significance weaknesses were found, albeit some improvement recommendations have been made.
- 5.4 In 2023/24, one key recommendation remained concerning the role of procurement within operational aspects of the Council's work. Members will recall that the progress related heavily within 2024/25 and as a result the Auditors consider that this recommendation has been implemented in full and no further action is required.
- 5.5 This year's report has not identified any significant weaknesses, with only one improvement recommendation being made in respect of the response to the Internal Audit recommendation on the Agile Software implementation. The Council's Management response is shown in their report, but is replicated below;

Recommendation The Council should follow through on the commitments that it has made in response to Internal Audit findings in review of the Agile software implementation. Management should ensure that progress against each improvement action is regularly reported to Members.

Relates to Economy, efficiency and effectiveness

Management actions In addition to this improvement action, Internal Audit also carried out a review, an action plan has been prepared with named officers and

regular updates both to the Cabinet Member responsible and wider Committee Membership.

Responsible Officer: Eleanor Hoyle on behalf of Corporate Management Team

Due date: March 2026

- 5.6 In prior years there were also several improvement recommendations as shown in Appendix C to the annex. Members can note that most of the recommendations have either been closed or downgraded to an 'Insight', one recommendation remains in place concerning the reserves forecast. A review of the reserves is being undertaken in line with the target under that Annual Service Delivery Plan and will be reported to Cabinet in November 2025 and will feed into the MTFS in line with the budget preparations.

6 Financial and Value for Money Considerations

- 6.1 As set out in the Auditor's Annual Report.
- 6.2 The Auditor should not need to carry out any additional work as a result of this report and therefore no additional fees should accrue.

7 Risk Assessment

- 7.1 The remaining recommendations within the report covering Reserves and Agile will need to be reported to members and officer in line with the timetables proposed.

8 Legal Implications

- 8.1 The Council's external auditor is required under s20(1)c) of the Local Audit and Accountability Act 2014 to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 8.2 The Code of Audit Practice issued by the National Audit Office in 2020 requires us (Grant Thornton UK LLP) to report to you our commentary relating to proper arrangements.

9 Consultation and Communications

- 9.1 The Auditor's report will be available to the public through this agenda.

10 Implementation

- 10.1 To address the recommendations made, Management Team have agreed actions with anticipated timescales as set out in the report.

11 Cross Cutting Issues

11.1 Equalities and Diversity

11.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 Annual Report from Grant Thornton

Tonbridge and Malling Borough Council

Auditor's Annual Report
Year ending 31 March 2025

September 2025



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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.

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01 Introduction and context

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Introduction

This report brings together a summary of all the work we have undertaken for Tonbridge and Malling 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.

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.

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.



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.



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.

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.

Local

The Council is a borough council with a population of 133,000 residents. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council’s formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by ten policy committees and three scrutiny committees. The Council has 44 councillors, and the Council is elected every four years. The most recent elections were in May 2023 when the Conservatives secured a majority with 21 elected councillors.

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

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.

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.
- Making use of available guidance, including the “[Learning from the new unitary councils](#)” report by Grant Thornton.

02 Executive summary

Page 55

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 in arrangements identified but improvement recommendations made.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified and no new improvement recommendation made. However, one prior year improvement recommendation has been kept open
Governance	A No significant weaknesses in arrangements identified but improvement recommendations made.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified and no new improvement recommendation made. However, two prior year improvement recommendations have been kept open
Improving economy, efficiency and effectiveness	R Significant weaknesses from prior year in relation to procurement and contract management remained open. Improvement recommendations raised.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified but one improvement recommendation made.

- 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 a robust and well-integrated framework for financial planning and savings delivery, which supports its strategic priorities and ensures financial sustainability. The Medium-Term Financial Plan and Savings & Transformation Strategy underpin the Council's approach, incorporating scenario planning, sensitivity analysis, and alignment with the Corporate Strategy. Evidence from outturn reports and budgetary control highlights prudent financial management, including favourable variances, strong reserve levels, and robust governance arrangements. However, over-optimism around the use of earmarked reserves in the medium-term should be reviewed. Overall, the Council's arrangements are sufficient and effective, with no significant weaknesses identified.



Governance

The Council has robust arrangements in place to manage risk, internal controls, fraud prevention, financial management, and governance. Risk management is supported by a Strategic Risk Register that is regularly reviewed, while Internal Audit and Counter Fraud services provide comprehensive coverage with no material weaknesses or fraud cases identified in 2024-25. Budget-setting processes are sound, aligning with the Medium-Term Financial Plan, and benefit from thorough scrutiny and collaboration across multiple levels. Financial reporting and oversight are strong, with regular updates to Cabinet and Audit Committee, although there is scope to enhance decision-making by including full-year financial forecasts. Overall, the Council's arrangements are sufficient and effective, with no significant weaknesses identified.



Improving economy, efficiency and effectiveness

The Council has implemented strong arrangements for contract management and procurement which are considered sufficient to close the key recommendation raised in 2022-23. Improvements includes the maintenance of a contract register, implementation of a best-practice procurement strategy and the embedding of procurement-related responsibilities in departmental processes. Key performance indicators (KPIs) aligned with the corporate strategy are reviewed quarterly, supported by comparative benchmarking and internal audit reviews to ensure data accuracy. Lessons from past challenges, such as the Agile software project, are being embedded to mitigate future risks. Overall, the Council's arrangements are sufficient and effective, with no significant weaknesses identified.

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
Opinion on the financial statements	Our audit of your financial statements is substantially complete, and we plan to issue an unqualified audit opinion following the Audit Committee meeting on 29 September 2025. Our findings are set out in further detail on pages 11-12.
Use of auditor’s powers	<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>



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

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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 plan to issue an unqualified opinion on the Council’s financial statements following the Audit Committee meeting on 29 September 2025. The full opinion will be 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.

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Findings from the audit of the financial statements

The Council provided draft accounts a month before the national deadline of 30 June 2025.

Draft financial statements were of a good standard and supported by detailed working papers.

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 Committee on 29 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.



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:

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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 (1)

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	<p>The Council set a balanced revenue budget for 2025-26 and employs a robust framework for developing savings plans through its Medium-Term Financial Plan (MTFP) and Savings & Transformation Strategy (STS). The 10-year MTFP is updated annually and incorporates sensitivity analysis to address funding gaps and manage financial risks such as inflation and service demand pressures. Evidence from outturn reports and budgetary control demonstrates prudent financial management, including favourable variances and strong reserve levels, with no inappropriate use of reserves identified in response to the upcoming Local Government Reorganisation (LGR).</p> <p>While we have no indication of significant weaknesses in the Council’s arrangements for developing savings plans or financial planning, a prior-year improvement recommendation regarding over-optimism in the use of earmarked reserves remains in place (see page 31). Additionally, the Council should consider establishing an earmarked reserve for LGR to fund its contribution to transition costs.</p>	A
plans to bridge its funding gaps and identify achievable savings	<p>The Council has established a robust framework for developing and delivering savings through its Savings & Transformation Strategy, which is integrated into the MTFP. This phased approach is supported by detailed business cases for major projects and regular progress reviews by the Management Team and Members. The Council has a strong track record of achieving savings, which has contributed to financial sustainability. However, specific plans are still needed to address a future funding gap, with ongoing engagement and oversight in place to support savings delivery.</p>	G
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has well-defined financial planning arrangements that align with its strategic and statutory priorities, as outlined in the Corporate Strategy. The MTFP ensures alignment between financial resources and key objectives, with investments in areas like de-carbonisation, waste management, housing, and infrastructure reflecting the Council’s focus on environmental sustainability, housing, and economic growth.</p> <p>A structured process links service and financial planning, including business case reviews for large investments, while robust scrutiny of the budget-setting process, as demonstrated at the January 2025 Cabinet meeting, supports informed decision-making.</p>	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.

Financial sustainability – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
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>The Council ensures consistency between its financial plan and other strategic and operational plans by embedding alignment across its budgeting and planning processes. The Corporate Strategy underpins financial decisions, with the MTFP and Capital Programme reflecting key priorities such as environmental sustainability and housing. Investments in areas like de-carbonisation and temporary accommodation illustrate this alignment.</p> <p>The Capital Programme is funded through a mix of external grants and internal reserves, supported by robust monitoring and regular reporting to Cabinet.</p> <p>The Treasury Management Strategy (TMS) further promotes financial sustainability by ensuring prudent practices and aligning with the MTFP.</p>	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>The Council has strong arrangements in place to identify and manage risks to financial resilience, supported by regular reporting and robust governance processes. Key strategies, including the TMS, STS and MTFP, are regularly scrutinised by Cabinet, scrutiny committees, and Full Council, ensuring transparency and oversight.</p> <p>The introduction of sensitivity analysis into financial planning from November 2024, following a prior recommendation, further strengthens these arrangements by providing scenario planning to assess potential impacts, such as inflation, on financial performance.</p>	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.

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

- The Council differentiates between mandatory and discretionary services when presenting revenue estimates and supporting information to Cabinet. This is considered good practice.
- Recent MTFS updates delivered to Cabinet Members contain sensitivity analysis which helps Members to understand how variations to assumptions, such as inflation, will impact expenditure or income.
- The Council has established an earmarked reserve for LGR to fund contribution to transition costs.



What others do well

- High performing councils often look to develop a balanced budget throughout the MTFS period which includes a savings programme that fully manages the projected funding gap over the period.



The Council could consider

- Capital underspends can indicate slippage in planned programmes, potentially increasing delivery risks or additional costs for services relying on them. It is important to set realistic capital budgets and provide Members with clear information to ensure effective performance monitoring and challenge, avoiding the tendency to explain underspends as simply unrealistic budgeting.
- Reviewing and broadening the scope of the Savings & Transformation Strategy to take advantage of transformation opportunities, with the aim of maximising future savings potential.
- Including a year-end forecast within the Financial Planning and Control budget monitoring reports to help Members understand the full-year impact of different items.

Governance – commentary on arrangements (1)

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	<p>The Council has robust arrangements for monitoring and assessing risk, maintaining internal controls, and preventing and detecting fraud. Risk management is supported by a comprehensive strategy and guidance document, with the Strategic Risk Register (SRR) reviewed quarterly by Cabinet and Audit Committee to monitor high-level risks effectively. While some recommendations from an external review by Zurich Risk Management are still being implemented, the SRR framework remains operational and effective.</p> <p>Internal Audit services, delivered through Kent County Council, align with the Council’s risk register and provide comprehensive coverage of key risks. Quarterly reporting to the Audit Committee and the Internal Audit Annual Report confirm no significant restrictions on scope or independence. Counter Fraud services are integrated with Internal Audit, and no material fraud cases were detected in 2024-25.</p>	G
approaches and carries out its annual budget setting process	<p>The Council has a robust budget-setting framework that involves detailed collaboration with Service Managers to prepare accurate estimates based on past outturns, current plans, and future demands. The process is subject to thorough scrutiny at multiple levels, including the Overview and Scrutiny Committee, Cabinet, and Council, ensuring that savings, pressures, risks, and growth are carefully reviewed before approval. The approved budget aligns with the MTFP, integrating short-term and long-term financial planning.</p>	G
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>The Council has effective processes for budgetary control, financial reporting, and management information. Regular reports to Cabinet and the Audit Committee cover key budget areas and treasury management, ensuring strong oversight.</p> <p>Roles and responsibilities for financial management are clearly defined in the Constitution and financial regulations, supporting statutory compliance. While financial reporting is robust, there is scope to improve decision-making by including full-year financial forecasts at the Council-level. This was identified in the prior year (see page 32) and will be kept open as an improvement recommendation. No capacity issues within the finance team or audit concerns have been identified.</p>	A

- 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 (2)

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 well-established arrangements to ensure informed, transparent, and evidence-based decision-making. The Constitution clearly defines decision-making principles and responsibilities, with key decisions communicated in advance through a ‘Notice of Forthcoming Key Decisions’ to allow for research and challenge.</p> <p>Scrutiny is facilitated by three Select Committees, which align with corporate priorities and hold the executive to account. Audit Committee minutes confirm regular and effective Member challenge, while declarations of interest and a Code of Conduct ensure ethical governance. The presence of the S151 Officer on the senior leadership team further supports financial accountability in decision-making.</p> <p>As in the prior year, we note that the declarations of interest of some Members appear out of date on the Council's website. The prior year improvement recommendation will therefore remain in place (see page 32).</p>	A
<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 robust arrangements to ensure appropriate standards, legislative compliance, and governance of staff and Member behaviour. Member conduct is overseen by a Joint Standards Committee, which manages complaints and advises on the Code of Conduct. The number of complaints received is proportionate, and no significant breaches of standards or legislative requirements were identified. The Annual Governance Statement confirms the effectiveness of the Council’s governance arrangements, with no significant gaps reported.</p> <p>In procurement, the Council joined the Mid-Kent Procurement Partnership in May 2024, providing access to expert resources and clear governance through a formal agreement. The partnership has supported the development of a Procurement Strategy, which was approved by Cabinet following internal governance processes.</p>	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 (1)

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>The Council has implemented robust arrangements to assess performance and identify areas for improvement through its performance management framework, introduced in 2023-24 following a prior weakness. Key performance indicators (KPIs), aligned with the Corporate Strategy, are reviewed quarterly through structured governance processes, ensuring effective Member challenge and accuracy.</p> <p>Comparative benchmarking with data from sources such as LG Inform Plus and Kent Analytics enables the Council to evaluate its performance relative to similar councils. Data quality and accuracy are further supported by the Local Code of Corporate Governance and internal audit reviews.</p>	G
evaluates the services it provides to assess performance and identify areas for improvement	<p>No external inspections or reviews were conducted during the 2024-25 financial year or afterward, as confirmed by the S151 Officer. Consequently, there is no improvement plan in place for assessment.</p>	G
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	<p>The Council has well-structured arrangements to manage its role in significant partnerships and engage stakeholders effectively. Key partnerships, including those with the Mid-Kent Procurement Partnership, Tonbridge and Malling Leisure Trust, and Urbaser, are monitored through performance schedules and KPIs included in the Annual Service Delivery Plan. These KPIs are reported quarterly to the Communities and Environment Scrutiny Select Committee, ensuring regular oversight.</p> <p>The Council engages extensively with stakeholders through public consultations, community forums, and internal governance structures. Consultations and forums allow for input on services, policies, and resource allocation, while internal processes ensure decisions are informed by diverse perspectives. The Corporate Strategy was shaped by community consultation, reflecting the Council’s commitment to stakeholder involvement.</p>	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 (2)

We considered how the Council:	Commentary on arrangements	Rating
Commissions or procures services, assessing whether it is realising the expected benefits	<p>The Council has strong arrangements to ensure it is realising benefits from commissioned and procured services. Performance for key contracts (Leisure, Grounds Maintenance, and Waste) is monitored through regular operational meetings and KPIs, some of which are included in the Annual Service Delivery Plan and reviewed quarterly. No significant disputes exist, and contract renewals are progressing smoothly.</p> <p>Significant improvements have been made in procurement and contract management, including joining the Mid-Kent Procurement Partnership in 2024, which has enhanced efficiency and supported the development of a best-practice Procurement Strategy. These improvements are considered sufficient to close the prior year key recommendation, see page 26 for more information.</p> <p>Training for officers, anti-fraud measures. Lessons can be learned from previous challenges, such as the Agile software project and we raise an improvement recommendation to ensure that the recommendations identified by Internal Audit’s review of the Agile implementation are embedded into future processes.</p>	A

- 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 – improvement area

Area for improvement identified: Lessons from Agile system implementation

Key finding: The Council took a proactive approach by commissioning an internal audit of the Agile software implementation to ensure that lessons are learned and mistakes are not repeated in future software implementations.

In response, management commits to improving procurement and project management processes to address each of these issues and mitigate the risk of similar challenges in future implementations.

Evidence: We reached this conclusion following review of the relevant internal audit report and conversations with management.

Impact: Failure to learn lessons from the unsuccessful software implementation risks further implementation failures in the future.

Improvement recommendation 1

IR1: The Council should follow through on the commitments that it has made in response to Internal Audit findings in review of the Agile software implementation. Management should ensure that progress against each improvement action is regularly reported to Members.

05 Summary of value for money recommendations raised in 2024-25

Improvement recommendations raised in 2024-25

	Recommendation	Relates to	Management actions
IR1	The Council should follow through on the commitments that it has made in response to Internal Audit findings in review of the Agile software implementation. Management should ensure that progress against each improvement action is regularly reported to Members.	Economy, efficiency and effectiveness (page 22)	Actions: In addition to this improvement action, Internal Audit also carried out a review, an action plan has been prepared with named officers and regular updates both to the Cabinet Member responsible and wider Committee Membership. Responsible Officer: Eleanor Hoyle on behalf of Corporate Management Team Due date: March 2026

06 Follow up of previous Key Recommendation

Page 74

Follow up of 2022-23 Key Recommendation

Page 75

Prior Key Recommendation	Raised	Progress	Current status	Further action
3Es - The Council needs to improve its procurement and contract management arrangement by: 1. Updating its procurement strategy; 2. Ensuring the contracts register is monitored, kept up to date and used by all services; 3. Ensuring it fully meets the Local Government (Transparency Requirements) (England) Regulations 2015 legislation; 4. Having a suitably trained client lead for procurement and contract management; 5. Provide training for officers and members on procurement and contract management to enable them to fully understand their responsibilities for social value and value for money; and 6. Ensuring the Council’s shared arrangements for fraud also include procurement and contract management.	2022-23	<p>The Council has significantly improved its procurement processes by developing a new procurement strategy in collaboration with the Mid-Kent Procurement Partnership, which has been validated as appropriate through Internal Audit. The strategy reflects best practices, aligning with the principles of the Local Government Association’s National Procurement Strategy for Local Government.</p> <p>The contracts register is now regularly updated and publicly available, ensuring transparency in contract awards. The Council has embedded procurement responsibilities within departments, with the partnership providing expertise and guidance to clarify roles and responsibilities.</p> <p>Training for officers is enhanced, focusing on tender evaluation and procurement practices, with plans to extend this to Members to improve their understanding. Robust anti-fraud and anti-bribery measures have been embedded in procurement processes, supported by financial controls and regular internal audits to ensure oversight.</p> <p>These improvements address previous weaknesses, and the progress made since 2022-23 is sufficient to close this key recommendation.</p>	Implemented in full	No further action required

07 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 Section 151 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 Section 151 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 Section 151 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 undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement 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 previous improvement recommendations (1)

Prior recommendation		Raised	Progress	Current position	Further action
Page 79	IR1	2023-24	Review is underway with target deadline of November 2025. No changes have been made at this stage.	Not yet implemented. The Council's earmarked reserves for areas such as Climate Change, and Homelessness Accommodation are forecast to remain level in the medium-term. However, given pressures such as increasing homelessness demands and existing plans in these areas, it may be overly optimistic to assume these reserves will remain untouched.	Improvement recommendation still in place – The Council still needs to review and update its reserves forecast in the MTFP to address any potential over-optimism in its assumptions.
	IR2				
		2023-24	Updated response from management is that: "Review underway, Annual Service Delivery plan Objective 13.5 "Undertake a base budget review across all services to identify contributions towards in-year saving and the Medium-Term Financial Strategy 2026/27." Current Milestone "Initial report on options to save a minimum of £300,000 by summer 2025, to feed into the budget setting process for 2026/27."	Not yet implemented. Per management update, we understand that a review is underway, but no changes have been made at this stage.	Improvement recommendation downgraded to an 'Insight' (see page 18) – The Council still needs to review and broaden the scope of its Savings & Transformation Strategy to take advantage of transformation opportunities, with the aim of maximising future savings potential.

Appendix C: Follow up of previous improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
Page 80	IR3 The Council should review and update their budget setting process to ensure that a complete set of risks is identified, and that information to provide context to those risks is provided and Members are made aware Of possible medium-term scenarios the Council may face.	2023-24	Section 25 statement updated to include a complete set of risks and assumptions around the robustness of the estimates within the MTFS and budget. Sensitivity analysis added to MTFS updates.	Fully implemented. The section 25 statement includes a complete set of risks and assumptions around the robustness of the estimates within the MTFS and budget. Sensitivity analysis is also now taking place and Members are now made aware of possible medium-term scenarios the Council may face.	Improvement recommendation closed – No further work required.
	IR4 The Council should include a year-end forecast, and explanations of service level overspends within the Financial Planning and Control budget monitoring reports.	2023-24	No progress made.	Not yet implemented. The Council has not acted on the recommendation from the prior year.	Improvement recommendation downgraded to an ‘Insight’ (see page 18) – While the recommendation is not implemented, we have seen evidence that the Council operates a solid budgetary control reporting system.
	IR5 The Council should ensure that past-date declarations of interest are updated for the current year or by way of a statement of confirmation no change, to ensure the public is assured of their reliability.	2023-24	A recent letter was sent asking Councillors to review and provide confirmation of no change or update, as necessary.	All councillors have now provided 2024-25 declarations (aside from one who is on long-term sick leave). We are therefore content that the declarations of interest are now materially up to date.	Improvement recommendation closed – No further work required.

Appendix C: Follow up of previous improvement recommendations (3)

Prior recommendation		Raised	Progress	Current position	Further action
IR6	The Council should prioritise the continued development of its KPI reporting to ensure that data is complete.	2023-24	KPIs have been produced and are shared with Members.	Fully implemented. Appropriate KPIs are now produced and shared with Members. KPIs are aligned to the Council’s Corporate Strategy and are presented alongside comparative benchmarks.	Improvement recommendation closed – No further work required.
IR7	The Council should undertake a retrospective, post-implementation review of the Agile Project to learn lessons for application to future projects to maximise success, minimise delays and ensure consideration of a PMO/project management support is undertaken in the initial stages of project scoping.	2023-24	Agile implementation was ultimately unsuccessful. The retrospective review of the Agile Project has taken place.	Fully implemented. Management has developed an improvement plan to ensure that the risk of future unsuccessful software implementations is sufficiently mitigated.	Improvement recommendation closed – We raise a subsequent improvement recommendation to ensure that the improvement plan is enacted and Members kept up to date on progress (see page 25).
IR8	The Council should prioritise the formalisation of the governance arrangements to monitor the effectiveness of the Procurement Partnership, supported by an Internal Audit review of arrangements.	2023-24	The Council has taken significant steps to strengthen its governance and oversight of the partnership. The Council commissioned an Internal Audit review of procurement arrangements, with positive feedback.	Fully implemented. The Mid-Kent Procurement Partnership has been formalised through a two-year agreement with defined roles, responsibilities, and reporting mechanisms.	Improvement recommendation closed – No further work required.

Appendix C: Follow up of previous improvement recommendations (4)

	Prior recommendation	Raised	Progress	Current position	Further action
Page 82 IR10	IR9 The Council should establish formal processes for the requesting, approving, reporting and oversight of tender waivers.	2023-24	Governance arrangements have been now been set up and are sufficient to monitor the effectiveness of the Procurement Partnership.	Fully implemented. A formal system is now in place for officers to request tender waivers. Officers seeking a tender waiver are required to consult with statutory officers and the Mid-Kent Procurement Partnership.	Improvement recommendation closed – No further work required.
	The Council should ensure it establishes, or maintains, a consistent and regular schedule of performance monitoring Of its key contracts for leisure, waste and grounds maintenance by Members, via its Scrutiny Select Committee structure.	2023-24	KPIs have been included within the Annual Service Delivery Plan to enable the performance monitoring of key contracts.	Fully implemented. Key contract performance is tracked through KPIs which roll up into the Council's annual service delivery plan and are reported against quarterly.	Improvement recommendation closed – No further work required.
IR4 (22-23)	Improve the Workforce Strategy to include fully costed strategy over the medium to long-term.	2022-23	Improved Workforce Strategy approved by Members and shared with staff.	Improved strategy now in place with focus on talent development, recruitment and retention, wellbeing and change readiness	Improvement recommendation closed – No further work required.
IR6 (22-23)	The Council needs to fully integrate performance and financial reporting for revenue and capital to improve financial reporting.	2022-23	KPIs and Service Delivery embedded into budget setting process following implementation of annual service delivery plan.	KPIs and Service Delivery now part of budget setting process ensuring that performance metrics as well as financial metrics impact the budget and feed into financial reporting.	Improvement recommendation closed – No further work required.



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Audit Committee

29 September 2025

Part 1 - Public

Recommendation to Cabinet



Cabinet Member	Matt Boughton – Leader; Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Management Team
Report Author	Paul Worden – Head of Finance (Section 151 Officer)

Risk Management

1 Summary and Purpose of Report

- 1.1 The report of the Management Team provides an update on the risk management process and the Strategic Risk Register. An update is also provided in respect of the work being undertaken within the Council to champion risk management.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The identification, evaluation, and cost-effective control of risks is essential in safeguarding the Council's assets, employees and customers and the delivery of services to the local community.
- 2.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements.

3 Recommendations

- 3.1 Members are asked to:
 - 1) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED as shown in Annexes 1 and 1a;
 - 2) **NOTE** the service risks identified in Annex 2; and

- 3) **REVIEW** the Risk Management Strategy and accompanying Risk Management Guidance and, subject to any amendments required, **RECOMMEND** to Cabinet its adoption by Full Council.

4 Introduction and Background

- 4.1 The Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in the identification, evaluation and cost-effective control of risks.
- 4.2 The Council's risk management arrangements are designed to ensure that risks are reduced to an acceptable level or, where reasonable, eliminated thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community. Examples of risk include budget deficit, cyber/data loss, environmental and reputational risk.
- 4.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.
- 4.4 The current Risk Management Strategy was endorsed by this Committee in January and subsequently adopted by Full Council on 20 February 2024. Members agreed that the next update of the Strategy would be in September 2025 and is presented in section 8 in this report.

5 Risk Management Escalation Process

- 5.1 Effectively risks are assessed/scored in terms of their likelihood/impact.
- 5.2 Any risk evaluated as 'High Risk' (score of 15 or above) will be deemed by the Council to be beyond 'risk tolerance' and to have exceeded its 'risk appetite' and will be escalated immediately. Such risks should be added to the service's risk register and discussed at the earliest opportunity within the Service Management Team (SMT) to inform a decision as to whether this should be escalated to Management Team by the respective Service Director. Management Team should then consider whether the risk is significant enough for inclusion in the Strategic Risk Register and action this if relevant. A record should be maintained of risks discussed at both SMTs and Management Team and the outcome of those discussions.
- 5.3 Similarly risks identified as "Medium Risk" may be escalated to the appropriate SMT for advice and to ensure they are kept fully aware of the current risks being faced. Risks determined as "Low Risk" should be managed within the service

team. It is recommended that SMTs consider periodic review or moderation processes for Service Risk Registers to ensure they are happy with the scores risks have been given and confirm whether there are 'Medium' or 'Low' risks they wish to consider further.

6 Strategic Risk Register

- 6.1 The Strategic Risk Register (SRR) is considered to be a 'live' document and is updated, as often as is required, by the Management Team.
- 6.2 An executive summary of the RED risks has been provided at **[Annex 1]** and a full update of the current strategic risks and how they are being managed as at the time of writing is appended at **[Annex 1a]**.
- 6.3 For completeness the risks that were categorised as RED at the time of the July meeting of this Committee is given below:
- Achievement of Savings and Transformation Strategy
 - Failure to agree a Local Plan
 - Managed exit from the Agile System
- 6.4 The Register has been updated and, as usual, notes in red font on the Register identify current mitigations and updates to the strategic risks.
- 6.5 The Devolution / Local Government Reorganisation risk remains at an amber level at this stage. Further work is ongoing regarding the submissions from the Kent authorities with the assistance of a strategic partner which will inform the ongoing risk assessment and will be shared with Members as this progresses.
- 6.6 The current RED risks REMAIN as:
- Achievement of Savings and Transformation Strategy
 - Failure to agree a Local Plan
 - Managed exit from the Agile System

7 Ongoing Service Risks

- 7.1 To give Members some reassurance as to the effectiveness of risk management, outcomes from the risk management escalation process are reported to the meetings of this Committee unless there is something that needs to be brought to Members' attention in the interim.
- 7.2 A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in July is appended at **[Annex 2]**.

- 7.3 Senior officers undertook mandatory training with the Risk Consultant in October 2024. Risk management appears as an agenda item for all Service Management Teams and Corporate Management Team meetings.

8 Risk Management Strategy and Risk Management Guidance

- 8.1 As part of arrangements in place to ensure risk management maintains a high profile within the Council, the Strategy and accompanying Guidance is subject to annual review and endorsement through the Audit Committee, Cabinet and Council.
- 8.2 Following the Zurich Risk Management review undertaken in 2023/24 the authority committed to a review of the Risk Management Strategy and the accompanying Risk Management Guidance.
- 8.3 A copy of the Risk Management Strategy and accompanying Risk Management Guidance is attached at **[Annex 3]** and **[Annex 4]** respectively.
- 8.4 Changes to the Guidance include a shift from a 4 x 6 risk matrix to the nationally recognised 5 x 5 risk matrix that is used by the Central Government.
- 8.5 To assist managers in assessing these risks the Risk Officer Champions group have also considered examples of how the impact could be considered in matters of reputational, health and safety and financial considerations.
- 8.6 Following these changes, the format of the Council's risk registers will also change. The officer group considered that the current format did not demonstrate any unmitigated risk to the Council and felt that a better flow to demonstrate how the Council currently mitigates these issues and what would be required to mitigate the risks still further would be required. An example of the new format is shown in **[Annex 5]**.
- 8.7 The new strategy, guidance and risk register formats have been shared with the Council's Wider Management Team and officers will provide further feedback at the Committee.
- 8.8 Reporting on the new matrix and format will occur from the January 2026 meeting following approval by this Committee and full Council in October 2025.

9 Zurich Risk Management Review

- 9.1 With the approval of the updated Risk Management Strategy, associated guidance and review of the risk register format, the recommendations given by Zurich are now complete as shown in **[Annex 6]**.

10 Financial and Value for Money Considerations

- 10.1 Financial issues may arise in mitigating risk which will be managed within existing budget resources or reported to Members if this is not possible.

- 10.2 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

11 Risk Assessment

- 11.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.
- 11.2 A specific item for 'Risk Management' appears on all Management Team and Service Management Team agendas.

12 Legal Implications

- 12.1 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.
- 12.2 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

13 Cross Cutting Issues

- 13.1 Equalities and Diversity
- 13.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 - Executive Summary – Strategic Risk Register Annex 1a - Strategic Risk Register Annex 2 - Service Risks Annex 3 - Risk Strategy Annex 4 - Risk Management Guidance Annex 5 - New Format Risk Register Annex 6 - Zurich Recommendations Matrix

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No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
4	Achievement of Savings and Transformation Strategy	F, R, S	Failure to meet objectives and/or make savings. Impact on quality of service, budget overspends, salami slicing, etc. staff motivation impacted and increased risk of fraud or error.	01/04/2017	4	4	16	STS reviewed and updated in line with review of MTFS. Regular reports to update MT and Members. The 25/26 Budget is balanced with small contribution to General Revenue Reserve and significant contributions to Earmarked Reserves for Corporate priorities. s25 statement reported to Members in Feb 25 MTFS updated and reported to Cabinet in February 2025 alongside budget. STS also updated at this point Taking all opportunities to maximise income receipts where appropriate New savings programme being devised by MT	3	3	9	Exercise launched by MT to identify savings to contribute to 1st tranche of savings based on last 3 year outturns. This has been reported to FRPSSC in Sept 2025. In addition, a wider review is currently being finalised by MT to identify more significant options for Members to consider in order to deliver the full programme of savings needed.	Exercise launched by MT to identify savings to contribute to 1st tranche of savings based on last 3 year outturns. This has been reported to FRPSSC in Sept 2025. In addition, a wider review is currently being finalised by MT to identify more significant options for Members to consider in order to deliver the full programme of savings needed.	Chief Executive / Head of Finance (Section 151 Officer)/ Management Team	↔	Dec-25
5	Delivery of a Local Plan	F, R	Reputational risks around not being able to agree a Local Plan.Impacts around not meeting the timeframe for submission of the Local Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not being delivered. Potential for central Government intervention.	04/01/2017	4	4	16	Members are updated via workshop sessions open to all members on Local Plan policies - as part of the Engagement Strategy and via email updates and reports to the Housing & Planning Scrutiny Select Committee. Local Plan risk register in place to manage full range of individual risks Ensure that all other policy tools, including 5 year housing land supply evidence, is up to date The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage. Use of legal advisors/Counsel to ensure plan is legally sound and compliant with NPPF/NPPG.	3	3	9	Regular review of Government policy that may impact on delivery, including updated housing standard methodology and WMS relating to Planning. Regular review of project plan and liaison with consultants to ensure plan can be delivered within current Government timeframes. Ongoing engagement with Counsel Ongoing engagement with Members including implementation of engagement strategy and ensuring Members are sighted and able to comment on policy areas ahead of Local Plan consultation Regular analysis of budget position and programme. Maintain staff levels within Planning Policy team to ensure capacity to manage process Regular analysis of programme - within Policy team on a weekly basis, reporting to Head of Planning/DPHEH bi-weekly. Resource available corporately to manage contract and procurement delivery	Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.	Director of Planning, Housing and Environmental Health	↔	Dec-25
12	Managed exit from Agile (This replaces previous risk "implementation of Agile Software") NEW	F, S	Service impacts from level of staff time required to test upgrades, attend training and test data migration Post implementation data issues if transfer is poorly managed	17/03/2025	4	4	16	Fixed term 'Service Transformation Manager' role appointed to in order to provide internal project management resource Regular informal briefings to Cabinet Risk and issue log maintained Internal meetings with staff. Post-implementation review being carried out by internal Audit - live lessons learned being PID signed with IDOX, which includes establishing technical requirements for return of data from Agile system	2	1	2	Revised internal governance Commercial relationship management with IEG4	Digital Strategy	Director of Planning, Housing and Environmental Health	↔	Dec-25

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No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
1	Safeguarding and PREVENT	S, R	Significant impact should a child, young person or adults at risk come to harm, including radicalisation and child sex exploitation, and TMBC are unable to demonstrate appropriate processes are in place with adequate staff resource to ensure safeguarding procedures are consistently being followed.	01/04/2017	3	4	12	<p>The overall responsibility for safeguarding lies with the Chief Executive, rather than individual services.</p> <p>The Council has undertaken the following actions to mitigate risk</p> <ul style="list-style-type: none">Carried out audit review of procedures to identify and address weaknessesProvided training to all licenced Dual, Hackney Carriage and Private Hire DriversProvides a secure database for the recording and sharing of safeguarding concerns.Officer Study Group with safeguarding champions across services who are able to provide advise and support regarding safeguarding issuesDedicated safeguarding officer employed for 2.5 days per week. <p>Training provided to staff</p>	3	4	12	<p>Continue to refer Safeguarding concerns to appropriate agencies where necessary and also raise with partners at the weekly CSU meetings.</p> <p>Complete outstanding actions from the Safeguarding Audits/ Self Assessments.</p> <p>Dedicated Safeguarding Officer now in post.</p>	Safeguarding Policy	Chief Executive		Dec-25
2	Financial position/budget deficit	F, R	<p>Financially unstable organisation. Failure to deliver a balanced budget, detrimental impact on quality of service, increased intervention and/or s114 notice.</p> <p>This includes</p> <ul style="list-style-type: none">Failure to maximise New Homes Bonus (for as long as it exists).Assessment of the current economic implications of higher inflation and interest rates <p>Failure to deliver identified savings / Additional income</p>	01/04/2017	3	4	12	<p>The Council provides an annual statement (as a minimum) on the following areas;</p> <ul style="list-style-type: none">Treasury Management and Investment Strategy.Robustness of estimates and adequacy of reserves (s25 statement)Medium Term Financial Strategy (MTFS)Savings and Transformation Strategy (STS) <p>Statement of Accounts containing Audit and Value for Money Opinion. 2023/24 accounts audited without qualification and a positive position from External Audit noted. 2024/25 accounts closed in accordance with statutory requirements and audit underway. 20024/25 outturn showed underspend, which has allowed contribution to reserves for key priorities.</p> <p>Growth in business rate income above baseline assisted overall financial position in year 24/25 . This is expected to continue in 2025/26.</p> <p>The Council also considers it has the following</p> <ul style="list-style-type: none">Effective Budgetary control and reporting procedures covering areas such as Leisure Trust Utility costsEffective monitoring covering Business Rates and Council Tax income including reporting to the Kent Pool. <p>Regular reviews undertaken on the forecast of the Local Government Settlement. Responses have been made to consultations so far and will continue as new consultations are issued</p> <p>2024/25 outturn was positive, mainly due to investment income and business rates</p> <p>Minimum level of General Revenue Reserve maintained at £3m. In addition, a Budget Stabilisation Reserve is held.</p> <p>Update of MTFS presented to Members in February 2025 Budget meeting. Current financial position within MTFS shows balanced budget for final year. This is after allowing for assumptions made on long term resourcing issues covering Funding Reform, Business Rates reset and allows for increased contract costs on major council contracts.</p> <p>Budget monitoring to date shows overall budget on track, although individual areas need careful review and attention.</p>	3	3	9	<p>Continued budget monitoring during year and actions put in place to address overspending areas, e.g. homelessness. In addition, through budget 2025/26, consider increased budget pressures and how they will be met.</p> <p>It has always been anticipated that once local government Funding Reform has been undertaken, the position will dramatically switch and expenditure will outstrip external funding. Therefore savings needs to be made in order to ensure that by the end of MTFS we have a balanced budget again. Under new government, national priorities and actions need to be carefully tracked. NEW SAVINGS PROGRAMME BEING LAUNCHED BY MT with budget holders to assess options for presentation to Members.</p> <p>Ensure that Business Rate income is maximised for benefit of TMBC prior to any Reset by any incoming Government (expected 26/27)</p> <p>Update of MTFS presented to Members in February 2025 as part of budget setting showed expected funding gap to be £2.8m. This can be broken down into tranches over next 4 to 5 years with first tranche of £600k to be achieved by 1 April 2026. £300k has now been identified and reported to both Cabinet and FRPSSC in September 2025</p> <p>Continue to respond to any consultations in respect of LG finances.</p> <p>Waste, Homelessness and Local Plan continue to be service areas of financial pressure and are being managed carefully. In addition, any necessary growth areas need to be carefully managed and increase in spend needs to be matched by reductions elsewhere.</p> <p>MT and Cabinet continuing to work to consider the best way of delivering transformation which could also to assist with identification and delivery of efficiencies. New savings programme being devised by MT, and details to be reported to Cabinet in near future</p> <p>Carefully review any knock on implications from upper tier spending and funding decisions and where appropriate consider action to address this. Council will need to plan for potential for borrowing in relation to replacement of Angel Leisure Centre. Reports due to come to Members in first part of 2025/26.</p> <p>Continue to actively monitor in year budgets to enable swift action as needed</p>	<p>Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"</p> <p>Annual Service Delivery Plan has an objective of identifying at least £300k savings. This has now been identified and report to Cabinet in September 2025.</p>	Head of Finance (Section 151 Officer)		Dec-25



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3	Performance Management	F,R,S	Without an effective performance management framework in place, the authority will not be able to monitor delivery, understand any required improvements or achieve value for money for our residents.	30/08/2023 (separated from Corporate Plan)	3	3	9	Having now been established for over 2 years, a review of performance management was undertaken and reported to O&S and Cabinet in November 2024. Improvements have been made in terms of reporting, as well as strengthening the link between the Corporate Strategy 2023-27 and delivery through the Annual Service Delivery Plan 2025/26 which comprises approximately 70 priority actions and 60 KPIs and was adopted by Cabinet in February 2025.	1	3	3	A streamlined reporting process was implemented during Q3 2024/25, with quarterly reports going to Management Team, O&S and Cabinet and this process is continuing for the reporting of the Annual Service Delivery Plan 2025/26. An annual Member Report is scheduled for the relevant Scrutiny Select Committee, highlighting achievements over the previous 12 months and future plans.	One of the priorities in the new Corporate Strategy is "Efficient services for all our residents, maintaining an effective council"	CE/MT	↔	Dec-25
4	Achievement of Savings and Transformation Strategy	F, R, S	Failure to meet objectives and/or make savings. Impact on quality of service, budget overspends, salami slicing, etc. staff motivation impacted and increased risk of fraud or error.	01/04/2017	4	4	16	STS reviewed and updated in line with review of MTFS. Regular reports to update MT and Members. The 25/26 Budget is balanced with small contribution to General Revenue Reserve and significant contributions to Earmarked Reserves for Corporate priorities. s25 statement reported to Members in Feb 25 MTFS updated and reported to Cabinet in February 2025 alongside budget. STS also updated at this point Taking all opportunities to maximise income receipts where appropriate New savings programme being devised by MT	3	3	9	Exercise launched by MT to identify savings to contribute to 1st tranche of savings based on last 3 year outturns. This has been reported to FRPSSC in Sept 2025. In addition, a wider review is currently being finalised by MT to identify more significant options for Members to consider in order to deliver the full programme of savings needed.	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"	Chief Executive / Head of Finance (Section 151 Officer)/ Management Team	↔	Dec-25
5	Delivery of a Local Plan	F, R	Reputational risks around not being able to agree a Local Plan.Impacts around not meeting the timeframe for submission of the Local Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not being delivered. Potential for central Government intervention.	04/01/2017	4	4	16	Members are updated via workshop sessions open to all members on Local Plan policies - as part of the Engagement Strategy and via email updates and reports to the Housing & Planning Scrutiny Select Committee. Local Plan risk register in place to manage full range of individual risks Ensure that all other policy tools, including 5 year housing land supply evidence, is up to date The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage. Use of legal advisors/Counsel to ensure plan is legally sound and compliant with NPPF/NPPG.	3	3	9	Regular review of Government policy that may impact on delivery, including updated housing standard methodology and WMS relating to Planning. Regular review of project plan and liaison with consultants to ensure plan can be delivered within current Government timeframes. Ongoing engagement with Counsel Ongoing engagement with Members including implementation of engagement strategy and ensuring Members are sighted and able to comment on policy areas ahead of Local Plan consultation Regular analysis of budget position and programme. Maintain staff levels within Planning Policy team to ensure capacity to manage process Regular analysis of programme - within Policy team on a weekly basis, reporting to Head of Planning/DPHEH bi-weekly. Resource available corporately to manage contract and procurement delivery	Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.	Director of Planning, Housing and Environmental Health	↔	Dec-25
6	Organisational development inc. staff recruitment and retention/skills mix. Impact of loss of capacity caused by recruitment difficulties upon delivery of corporate objectives. Increase in rate of inflation and consequent pressure on level of pay award.	F, R, S	Lack of resources or the right skills to deliver required outcomes, loss of key professionals/senior officers due to pay constraints and pressures, reduced staff morale and quality of work, leading to financial loss, reputational damage and detrimental impact on staff wellbeing.	01/04/2017	3	4	12	Review of staff resources and skills via service reviews. Organisational structure reviews are part of S&TS to achieve efficiency, coordinated service delivery and reflect changing legislative and policy requirements and priorities. The Council implemented it's Market Supplement policy in October 2023. At present all 'qualified' Planning Officer roles receive a market supplement. Vacant Planning Officer roles are advertised with a 'Golden Hello' payment. Specific workstream on Building Control due to Building Safety Act requirements for all surveyors to be recertified - looking at different certification routes and HR processes for staff.	3	4	12	Succession planning and staff development to be prioritised and reflected in an updated appraisal process (delivered 1 April 2025). Engagement of agency staff, external consultants and specialists where required. Reviewed by MT on a monthly basis to ensure Value for Money. Resilience and rationalisation of existing structures. Pay award for 2025/26 for all staff. Award of 2.9% agreed by General Purposes Committee in January 2025, with SCP 1 & 2 plus 315 deleted. Structural reviews approved by Members on an ongoing basis. Workforce Strategy approved by General Purposes Committee in June 2022. Revised version approved by General Purposes Committee in March 2025.	HR Strategy (Inc. Workforce Development Strategy) Savings and Transformation Strategy	Director of Central Services and Deputy Chief Executive/ Chief Executive	↔	Dec-25

Direction of Travel key



Downward or positive movement



No change in movement



Upward or negative movement

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7	Health and Safety	F, R, S	Significant reputational impact should a service user, officer, member or contractor come to harm and TMBC are unable to demonstrate appropriate processes were in place.	01/04/2017	3	4	12	Lone working policy and service based practices to be continuously monitored. Health and Safety considered by management at weekly SMT meetings. Staff involvement with Health & Safety Group Ongoing review undertaken to react to potential key risk areas. Organisational learning and response to national events. Incident and near miss reporting.	2	3	6	Embedding and dissemination of good practice through staff briefings. Corporate Health and Safety Group (chaired by DPHEH) identifying cross organisational issues with feedback to Management Team and Health and Safety Officer. All services have reviewed all their Health & Safety local Procedures in particular Lone working and service specific risk assessments. Staff survey on H&W completed spring 2021, results reviewed and a future survey will be incorporated into general staff survey approach Corporate Health & Safety Policies and procedures are up to date and reviewed regularly which all staff can access. Continuing focus on risk assessment process including reviews as a result of Coronavirus pandemic. Further staff wellbeing survey to focus on working at home and wellbeing.	Staff wellbeing and customer care underpin the Council's fundamental service and corporate objectives	Director of Planning, Housing and Environmental Health		Ongoing
8	Cyber Security	F, R	Loss of data and legislative breach, leading to financial penalties and reputational impact.	01/04/2017	3	4	12	The Council has; Information Security Policy deployed via Policy Management System. Implemented network security measures including access controls. Considered cyber insurance. Established an Information Governance Group. Appointed a Member Cyber Champion. Rolled out Cyber awareness training to all staff and Members via eLearning. Deployed 'Next generation' Palo Alto firewall technology for improved visibility and control. Deployed software solution to identify potential confidential data held on file servers. Implemented secure email in accordance with NCSC guidelines. Maintained dual level firewall security with the KPSN gateway being primary and the Council's own firewalls secondary. Implemented Solarwinds Security Event Manager. 1 member of IT team obtained Certified Information Systems Security Professional (CISSP) qualification October 2020. Implemented cloud backup and DR facilities to improve resilience; and embedded cyber security into DR and BCP processes. Continued to monitor Cybersecurity alerts via LGA Cyber Security email; through membership of NLAWAREP and CISP; and attending information sharing events such as Kent Connects Information Security Group. Cloud based web and email filtering has been deployed to improve availability and resilience. Completed firewall ruleset review following migration to Cloud to ensure our configuration is in line with best practice guidelines. Done Annually at ITHC Carried out phishing simulation exercises for awareness training for staff and members, to highlight areas of risk and to identify training needs. Subsequent online training sent out to all staff and members. Developed and deployed wallpaper/ lock screen to all TMBC laptops and PCs, with cyber security reminder to further reduce risk by increasing awareness. Head of IT appointed Senior Information Risk Owner (SIRO) from October 22. This role has responsibility for information and data risk and protection. Obtained Cyber Essentials accreditation in May 2025, demonstrating that our technical controls are designed to defend against the most common cyber threats. NCSC approved cyber security training has been evaluated and made available via the Council's new LMS.	3	3	9	The Council has; Prioritised the resources (both financial and staff) to ensure relevant updates and security mitigations are carried out in a timely manner. Scheduled annual IT Health Check (ITHC), quarterly PCI scans, and monthly vulnerability scans, feeding into remediation plans. Investigating and resolving detected security issues from previous ITHC. New ITHC completed August 2024, including the TMBC Microsoft 365 environment with remediation of security improvements underway. Next ITHC scheduled for w/c 18 August 2025 Regular email messages are sent out to all staff and Members on cyber security vigilance. Continuing to investigate emerging threats and cyber alerts, communicating with 3rd party suppliers to check compliance/obtain security updates and implementing mitigations as required to reduce likelihood of compromise. Training for IT staff on security aspects of Cloud environment is underway. Investigating further improvements to DR capability with specific regard to recovery from cyber incidents. Ensuring new staff have been invited to undertake training cyber security training. Further training and audits will follow to ensure the Council is as aware and prepared as possible to respond to potential cyber attacks. Procured NCSC approved cyber security training for staff and members, deployed during 2023, continued training throughout 2024 and re-procured for 2025 Staff and Councillors have been required to complete Cyber Training. Phishing simulations are carried out on an ad-hoc basis, without prior notification, to check effectiveness of training, and as regular assurance of staff and member awareness. Maintaining of industry standards, PCI DSS, Cyber Essential and Cyber Essential Plus annually to ensure that any changes in the IT environment still demonstrate that our technical controls are designed to defend against the most common cyber threats. Enrolment and management of devices in Intune is now live. It has replaced SCRM for deployment of all line of business apps to PCs and laptops, and Microsoft Defender for Endpoint is being used to leverage additional security features including network blocking when malware is detected and enforcement of encryption on laptops and removable media.	IT Strategy	Director of Central Services and Deputy Chief Executive		Dec-25

Direction of Travel key



Downward or positive movement



No change in movement



Upward or negative movement

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	Cyber Security. Continued							Achieved 'Substantial' rating for Cyber Security at Internal Audit Report TM19-2023 & TM07-2023 - Cyber Security and ICT Infrastructure (Combined Report). An in-depth phishing training package, to highlight specific risks and increase staff awareness, was deployed to all staff and followed up by phishing simulations to check effectiveness of training. PCI DSS accreditation achieved to demonstrate that standards have been met by the Council with compliance of the PCI DSS standards to help protect sensitive payment card information and help reduce the risk of data breaches and fraud. Obtained Cyber Essentials Plus accreditation in October 2024, demonstrating that our technical controls are designed to defend against the most common cyber threats which were independently checked and verified. Utilising Microsoft Defender for Cloud to further enhance security of the Council's Azure IaaS infrastructure. Operation member of the IT team to be trained in the Certified Information Systems Security Professional (CISSP) qualification to ensure there is a higher knowledge of security within the team - Staff member qualified in Jan 2025 Maintain and using the new government framework Cloud Assessment Framework (CAF) to ensure critical systems are documented and robust. - CAF readiness and assessments completed in line with the first Government adoption programme				Test restore to sandbox environment carried out to validate our ability to recover successfully from a cyber incident. Areas for improvement identified, documentation of process underway and training for all technical support staff planned for Q4 2024/25. Continued ongoing development training to ensure that knowledge is kept up to date. Investigating preventative analysis, monitoring and remediation of suspected malicious network activity and NCSC approved cyber incident response retainer services to allow on hand cyber experts to assist with any Cyber Incident that may occur. Investigating and working towards the new government framework Cloud Assessment Framework (CAF) to ensure critical systems are documented and robust. Run regular simulations for Cyber readiness to ensure all staff are prepared and understand their roles during incidents. Report of the Senior Information Risk Owner (SIRO) presented to FRPSSC July 2025 in part 2 with recommendations for consideration by Cabinet in September				
9	Business Continuity and Emergency Planning (incl. Civil Contingencies)	F, R, S	Failure to provide statutory service or meet residents' needs resulting in additional costs, risk of harm and reputational impact. Impact/pressures on services and resources. Failure to ensure proper safeguards to prevent or to respond adequately to a significant disaster/event e.g. terrorist attack at a large scale public event, fire or flood	updated January	3	4	12	The Council has in place; Business Continuity Plan. Corporate Business Continuity Risk Register Emergency Plans Disaster Recovery Plans Inter-Authority Agreements Mutual Aid Agreement Partnership agreement with Kent Resilience Team. Emergency Planning Support Officer. Duty Emergency Coordinator System and Duty Officer System introduced to provide greater resilience. Covid Secure rest centre plan has been developed Flood Risk Assessments along with Support from Parishes with Flood Wardens EA support for expansion of Leigh Storage Area and works to Medway River Wall	3	4	12	Emergency planning documentation undergoing constant review and key aspects exercised. Increase % of staff trained in roles identified in the Emergency Plan Training organised by Kent Resilience Team. Business Continuity working group established to review and update existing Plan. Updated plan to be considered by Management Team and tested by a training exercise. Duty Officer rota in place to support Duty Emergency Coordinators out of hours. All staff fully trained before commencing duties. Out of Hours Manual reviewed and regularly updated. DSSLTS sits on Kent Resilience Forum Strategic Board. Actions taken in response to the Covid 19 pandemic will be reviewed and lessons learnt for the future. Any approved changes will be reflected in the Corporate Business Continuity Plan. Business Continuity Group including all members of Management Team meets twice weekly to oversee and coordinate response to pandemic. Annual Emergency planning review to be reported to Management Team. Exercising of plans must be undertaken regularly to ensure they are fit for purpose and to validate them. Recruitment into roles in the Emergency Plan is ongoing. Enhanced staff training being developed to ensure rest centre staffing levels Funding allocated in Council's Capital Plan to support works to Leigh Flood storage area which will be completed by 2025.	Business continuity underpins the delivery of the Council's essential services and is a core of the authorities risk management	Director of Street Scene, Leisure & Technical Services		Dec-25



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10	Sustained or increasing levels of Housing need.	F, R, S	Increased demand on Housing and Revenues & Benefits services. Significant cost of providing temporary accommodation Inability to meet our legislative requirements - increased risk of decisions being challenged.	01/04/2017	4	3	12	TMBC run Welfare Reform Group with partner agencies invited. Knowledge sharing and issue identification. Council has joined the ReferKent network Additional resources in place to ensure focus on prevention activity and management/increase of ... Working with owners to bring long term empty properties back into use. Ongoing work on Empty Homes is being supplemented by fixed term resource. Council in February 24 agreed empty homes premium and second homes premium. EQIA assessment of key decisions included in all Board reports. Signposting now to UC rather than HB for new working age claimants. Keeping track of welfare statistics CTR Scheme approved for 24/25 . Downsizing incentive policy agreed Homelessness services externally reviewed and Member approved action plan being implemented	3	3	9	Improved working with TA providers leading to more guarantees of available accommodation and developing a TA Procurement Strategy Improved working with main housing provider to identify trends/specific cases across borough to jointly agree approach to preventing homelessness using housing provider mechanisms, DHP payments and homeless prevention funding where needed. Development of council owned/leased temporary accommodation portfolio - including delivery of the Local Authority Housing Fund £1.6m funding received. Continue to facilitate Welfare Reform group and widen participation from external partners so as to ensure best support for those affected by welfare reforms in T&M. Work with Kent councils collaboratively to ensure grants and support targeted to those most in need Continued focus on homelessness prevention through staff training, team structure and delivery of homelessness action plan Distribute latest Household Support Fund	Improving housing options for local people, whilst protecting our outdoor areas of importance - use every power we can to support those who are most in need of housing support and at risk of becoming homeless	Director of Planning, Housing and Environmental Health/ Head of Finance (Section 151 Officer)		Sep-25
11	Political factors including stability of political leadership and decision making	F, R	Decisions required to achieve objectives including corporate strategy and savings and transformation may not be made and therefore required savings not achieved.	01/04/2017	3	4	12	Close liaison with Leader, Deputy Leader and Cabinet in developing the Savings & Transformation Strategy. Clear and comprehensive reports to support Members in making appropriate decisions to support the S&TS. Regular Group Leader meetings in place and stability of leadership following election. Regular pattern of informal MT/Cabinet meetings to provide stability and cohesiveness	3	3	9	Member briefings and training sessions.	Underpins delivery of overall strategy and Savings and Transformation.	Chief Executive		Sep-25
12	Managed exit from Agile (This replaces previous risk "implementation of Agile Software") NEW	F, S	Service impacts from level of staff time required to test upgrades, attend training and test data migration Post implementation data issues if transfer is poorly managed	17/03/2025	4	4	16	Fixed term 'Service Transformation Manager' role appointed to in order to provide internal project management resource Regular informal briefings to Cabinet Risk and issue log maintained Internal meetings with staff. Post-implementation review being carried out by internal Audit - live lessons learned being PID signed with IDOX, which includes establishing technical requirements for return of data from Agile system	2	1	2	Revised internal governance Commercial relationship management with IEG4	Digital Strategy	Director of Planning, Housing and Environmental Health		Dec-25
13	Carbon Neutral 2030 Aspiration	F, R, S	Significant reputational risk, particularly if other similar councils have achieved similar goals or targets. Significant financial cost to purchasing offsets to meet carbon neutral. High cost of increased frequency and intensity of extreme events (floods, heat waves) that increase costs and disrupt service delivery.	01/09/2023	4	3	12	Development of climate evidence (e.g. for the Local Plan), partnerships (residents, community and other Councils) and pathway analysis to support move towards transformative and larger-scale emissions reductions. Produce advice on decarbonising new waste collection contract. Increased contributions to Climate Change Reserve to Support match funding as well as capital projects. Grant Award received for Energy Efficiency measures for Sports Facilities. Total grant award of £1.6m will support installation of LEDs, solar PV and a heat pump at Larkfield Leisure Centre, reducing vulnerability to energy price variations and tackling a significant source of carbon emissions. Grant Award received for Energy Efficiency measures for Sports Facilities confirmed got Poulton Wood Golf Course to be installed in 2025/26.	3	2	6	New strategic planning, oversight and commitment by Members, senior management and services to ambitious actions beyond 'business as usual'. Improved understanding of financial returns from climate mitigation measures that can be reinvested. Innovative thinking and delivery of services and mitigation options. Gap analysis report endorsed at Overview and Scrutiny Committee January 24 Funding is dependant on successful applications and awards being achieved, otherwise Council Resources will be needed. Successful delivery of decarbonisation projects using grant funding. Ensure all delivery, project and monitoring milestones set by funders are met.	Climate Change Strategy 2020 - 2030, Corporate Strategy 2023 - 2025	Chief Executive		Dec-25



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14	Contract/Contractor Procurement	F, R	Failure to appoint suitably experienced and qualified contractors leading to poor quality of service, reputational damage and increased costs to the Council.	01/02/2024	2	3	6	Compliance with Council's adopted Procurement Rules and Strategy. Consultation undertaken with Property and Legal Services to ensure appropriate Lease/License/Contract arrangements are in place. Procedure adopted and monitored for the engagement of contractors setting out and seeking minimal requirements including Risk Assessment and Public Liability. Establishment of cross-departmental working groups for key contracts and projects. Contracts awarded on an evaluation of 'most economically advantageous' and 'best value' and not solely on financial benefit. Directorate representatives on the Council's Procurement OSG. Use of Mid-Kent Procurement Partnership Use of specialist advisors on major contracts. Contracts to include break clause and/or extension periods based on performance. Use of contract frameworks where appropriate. Risk assessment approach to appointment of contractors.	1	3	3	Corporate Procurement Strategy adopted Procurement documentation being reviewed. Corporate Training progressing for staff and Members Annual report to audit committee on procurement performance Compliance with new Procurement Act regulations Review level of legal resources for supporting contract procurement	Procurement Strategy. Compliance with legislation. Health and Safety.	Director of Street Scene, Leisure & Technical Services	↔	Dec-25
15	Devolution and Reorganisation in Kent Local Government	F, R	Uncertainty about future operating models and changes / opportunities in responsibilities or service provision leading to financial pressures, impact on quality of services, reputational damage. New Unitary Council being burdened with historic County Debt Maintaining core Current Council services during the transition and delivery of Council Priorities and Annual Service Plan Current Council priorities & projects undermined by future spending constraints Staff concerns: scale of change & securing a job in new structure Not being aligned with other Councils forming the new unitary. Political risks & loss of public support if no consensus achieved. The current council may not having sufficient capacity (financial, staffing and project mgmt.) to manage the transition process and carry out Business as Usual Is there a risk towards shorter-term thinking (Political Thinking) Risk of Forward Planning being linked to changes in long term organisation	Feb-25	4	3	12	Mitigation will be subject to legislative agenda. Dependent on the accounting records for the debt, whether attributed to specific assets or distributed on Population base Work on certain services will be cross cutting and staff could be seconded to prepare for unitary works therefore leaving ongoing services with reduced support. Regulation 24 will prevent excessive spending from a given date. Major Capital Works (replacement for Angel and Temp Accommodation) will need to be agreed and letter of intent issued prior to this date. Issues around staff retention and appointment needs clarification in accordance with legislation rather than through rumour. Changes in recent elections have changed political control of authorities and therefore a potential wider mix of Political Parties. Link to Core service provision Will depend on 'go-live' date on how matters schemes are progressed or deferred.	4	3	12	Will depend on legislation and accounting records held Planned resources priorities, both frontline and support staff areas in order to maintain service provision. Clear project management of major schemes, showing milestones for achievement. Regular reporting to Members and Management. Open and Transparent communications with staff on progress and potential impact on staff. In regards to recruitment issues working with Neighbouring boroughs could allow cross working or mentoring. Pro active engagement with other authorities and seek alignment on systems during the transition process. Utilisation of Transformation Reserve, Project Groups including secondment, external expertise. Government funding received and being held by Kent County Council. Strategic Partner engagement is now underway.	All Strategies	Chief Executive	↔	Dec-25

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

		Risk Identified	Background	New or ongoing	Reason for removal / ongoing
Page 99	Executive Services	Homes For Ukraine Scheme	Ongoing home assessments and support for Ukrainians hosted under the Homes for Ukraine Scheme. There is a risk of homelessness and duty to place in TA, therefore work needs to be undertaken by the Resettlement Worker to support with sustainable living arrangements.	Ongoing.	Conflict in Ukraine continues and new arrivals into the borough are ongoing. HFU visas are for 3 years and there is now an option to apply for an 18 month Ukraine Permission Extension once the HFU visa expires. All new hosts/houses must be checked and welfare visits undertaken. Rematches via the HFU scheme are unsustainable in the longer term and work needs to be undertaken to support families into PRS or rent a room agreements.
		Freedom of Information/ EIR/ Subject Access Requests	No dedicated resource to oversee management of FOI, EIR & SAR request compliance. Response rates within statutory deadlines for FOI & EIR are typically between 75-80%, which fall below the ICO's recommended performance target (min of 90% responded to within statutory deadlines).	Ongoing	Number of requests continue to rise, particularly the number of requests made under the Data Protection Act 2018. This creates additional capacity issues for services across the Council, particularly those who receive a large number of requests. Requests for advice from services also continue to rise, as requests for information become more complex. Report on FOI/ EIR/ SAR performance to be submitted to O&S Committee on 11 Sept 2025. This will raise the issue of capacity and resources.
		Successful delivery of the UK Shared Prosperity Fund Programme (inc. Rural England Prosperity Fund)	Having had our initial three-year T&M Investment Plan approved by MHCLG in 2022, implementation of projects required for period up to March 2025). A one-year extension (to March 2026) was awarded in late 2024.	Ongoing.	The 2022-25 UKSPF Programme was ultimately 100% by the end of the financial year and approval for the 2025-26 programme was secured in March 2025. As we get close to the end of Q1, the 2025-26 programme is currently around 15% spent, with all projects progressing as expected.
		Corporate Insurance	Increases and changes to premiums for 2024/25 and 2025/26 insured year	Ongoing	The Councils Insurers have made changes to the charges included within the premiums. Therefore changes will be required to capital and revenue project evaluations to include insurance assessment.
		Payroll	Key information being supplied to Payroll in a timely manner, causing risk of staff and members not being paid.	Ongoing.	Information to be included in the pay run must be received no later than three working days into the month. Delays in these submissions jeopardised the payment to all staff requiring addition unsocial hours to be worked by the payroll team.
		Loss of Key Personnel	With the loss of the Director Finance and Transformation, irrespective of the appointment of the Head of Finance (Section 151 Officer) there will be a need for interim resources at Section 151 and Deputy Section 151 levels	Ongoing.	Report to go onto Council 8th July 2025.
		Fair Funding	Proposals to Central Government funding to Local Authorities underway - expectation that funds could be diverted to deprived areas	Ongoing.	Consultation response to be shared with members.
		Council Tax Administration	Proposals from Government on changes to collection methods and exemptions to be granted. Likely impact on the cashflow for the council.	Ongoing.	Consultation response to be shared with members.
		Supported Accommodation	The Supported Housing (Regulatory Oversight) Act 2023 came in to force August 2023. Assessment of the act has been ongoing and a consultation on how the act will regulated in practice. The practice is likely to involve a Licensing duty for the responsibility of the Council. Further implications could effect Housing Benefit payments to Landlord where care levels are considered to be unsuitable for the tenant.	Ongoing	Consultation released by central government now being considered.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

	Risk Identified	Background	New or ongoing	Reason for removal / ongoing
Central Services	Gibson Building - unable to deliver financial saving which has been assumed within MTFS	Cabinet agreed in Sept 2022 that the main offices of the Council should remain located at Kings Hill. On 3 June 2025 Cabinet resolved that the freehold option to dispose of Gibson West be progressed.	Updated	Need to keep under review to ensure that changes in office accommodation deliver value for money and deliver identified savings. Deal agreed with KCC in respect of covenants. Risk of capital cost for works to Gibson East exceeding previously agreed budget.
	Government withdraws funding for Public Sector Decarbonising Scheme	Government has not allocated any funding for future rounds on PSDS funding in the latest Spending Review, meaning it is likely the Council will need to fund in their entirety new decarbonising projects coming forward. The first of which will be the substantial Tonbridge Pool scheme	Ongoing	
	IT Security (formerly COCO Compliance)	Review of IT Infrastructure identified several areas of weakness for IT standards compliance	Ongoing	Number of risks removed, expected that remaining risks, once removed, will allow full compliance.
	Cyber Security	Request for 24hr monitoring now being considered as part of SIRO annual report	Ongoing	
	IT Resources	Resource capacity for both Development and Technical Staff	Ongoing	The current demands on IT Staff are placing increased pressures on the resource capacity given competing demands of corporate systems being reviewed and implemented, namely the move from Agile to IDOX.
	Street Naming and Numbering	Resourcing within Team	Ongoing	This remains a risk due to the reversion from Agile to IDOX
	GDPR Compliance findings	Redacted information being stored with unredacted information	Ongoing	Requires testing once new IDOX system is available.
	Back Scanning	Scanning now complete, hand over to Information at Work systems and service recognition.	Ongoing	Services all have access to digitised documents held in NEC's interim cloud storage. Pending transfer to TMBC corporate document management system. Will be removed a risk once migration complete.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

		Risk Identified	Background	New or ongoing	Reason for removal / ongoing
<div> <div>Page 101</div> <div>Planning, Housing and Environmental Health</div> </div>		Temporary Accommodation (TA)	TA consultancy review undertaken Dec 2021, actions implemented in 2022. Cost of living crisis and DA legislation implementation are impacting on maintaining TA levels within the agreed range.	Ongoing	TA costs remain high, as does level of need. Project underway to look at sustainable TA portfolio approach to help manage unit costs for TA. This is alongside ongoing work/training in service to support demand.
		Temporary Accommodation (TA)	Personal injury claims	Ongoing	Updated inspection regime being developed by officers.
		Food & Safety	Increased risk of food complaints/poisoning. Additional resources to manage backlog of inspections.	Ongoing	During the Covid-19 crisis the ceasing/reduction in the food hygiene inspection regime may result in food safety issues. There will also be a backlog of food safety inspections due to restrictions on visiting/businesses closed. Agreed catch up programme in place utilising COMF funding.
		Increased number of planning appeals/inquiries	Application determination timescales not being met, more speculative development, creates reputational risks and increases likelihood of appeals.	Ongoing	Volume and complexity of applications coming forward in parallel with local plan progression and given current uncertainties in timescales for adoption. MT agreed agency planning funding for short term. Head of Planning conducting service review summer 2022
		Staffing challenges in Planning services	Ongoing recruitment and retention difficulties in the sector and in T&M specifically. Several recruitment campaigns carried out.	Ongoing.	MT agreed that development of a Workforce Strategy will include recruitment and retention. Part 2 report to GP in July 2023 to look at immediate pressures. This will likely be followed by a new recruitment campaign and therefore this risk remains.
		Windmill Lane Gypsy Site	KCC have requested return of management of this site (which is already owned by TMBC) to TMBC on 31 March 2024. This is part of a programme of returns to districts of their owned G&T sites. Initial discussions about management issues and costs have been undertaken.	Ongoing	The return requires Member approval, proposing that this happens via Cabinet in Jan 2024. There are a mixture of Property and Housing risks relating to this potential transfer. Officers are awaiting detailed information from KCC on maintenance costs, the detailed works schedule for grant funded improvements that are scheduled to complete before end of financial year and rent roll. TMBC will require a management arrangement for the site, which is being explored with neighbouring authorities as well as external providers. There will also be a requirement for the Council to have a G&T Allocation Scheme. Risk that the approach to management of this site is not fully in place before the proposed transfer, which could cause liability issues. Also need to consider specific equalities considerations for this group of residents.
		Local Plan	Reg 18 carried out in Autumn 2022. Changes to NPPF and proposed changes to system via LURB published December 2022. Assessing options for delivery of a Local Plan.	Ongoing	Members to make a decision on a revised Local Development Scheme in Summer 2023. This is subject to a number of challenges including ongoing delays in Govt announcements on national planning policy. The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirement of the NPPF so that the plan can be found to be sound at the examination stage. Timing is of the essence as the Local Plan will need to be submitted to the Planning Inspectorate by 30th June 2025. The Council has recently engaged Trowers and Hamlins Law Firm to advise and support the Planning Policy Team up until adoption stage.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Street Scene, Leisure and Technical Services	Risk Identified	Background	New or ongoing	Reason for removal / ongoing
	Phone Signal	CEOs having difficulty enforcing parking in Tonbridge and customers having issues accessing Ringo due to deterioration in mobile phone signal.	Ongoing	Multi-network sim cards issues to CEO's and liaison taking place with service providers. Contactless card payments currently being reviewed.
	Garden Waste invoices	Delay in invoices being issued to subscribers wanting to renew due to IT issues.	Ongoing	Financial Services reviewing use of recurring payments.
	Utilities costs	Significant energy price increases at leisure centres is resulting in financial cost to the Council under the risk sharing agreement in the Management Agreement with the Trust.	Ongoing	Trust providing regular updates via Strategic/Service Fee meetings - cost of swim charges increased to help contribute to additional cost, energy saving initiatives being investigated and implemented and central government being lobbied. Government grants applied for successfully to reduce utility costs e.g. solar panels and air source heat pumps.
	CEO Recruitment	Difficulties in recruiting into CEO posts resulting in reduced patrolling and income generation.	Ongoing.	Vacancies needing to be advertised on an ongoing basis. Four posts are currently not filled.
	KRF Review	The KRF have undertaken a review and plan to make adjustments to how the forum operates.	Ongoing.	Risks associated with increased responsibility being undertaken by LA's . Many Kent Chief Executives are recruiting dedicated full-time resource to enable work to be developed and maintained. This appears to be requiring LA's to delivery work areas that were historically delivered through the KRF and KRT.
	Business Continuity & Emergency Planning	The current structure of the LRF and legislation has been added to. The Kent Resilience Forum has undergone review with significant changes to how the Kent Resilience Team will provide support and guidance to Local Authorities. The UK Government has also recently published a new 'UK Government Resilience Framework'. Further guidance is expected but the theme is around increasing locally led resilience and planning at the LA level. Additional recommendations have now been published in relation to the Grenfell Tower Enquiry. These are likely to be included with the review of the CCA.	Ongoing	Need to track new guidance and review how we contribute and participate in the Kent Resilience Forum. We also need to be able to ensure that we maintain a fit-for-purpose organisation to enable suitable response.

RISK MANAGEMENT STRATEGY



June 2025

1. Introduction

- 1.1. The risk management strategy of Tonbridge and Malling Borough Council (the Council) is to adopt best practices in the identification, evaluation, and cost-effective control of risks. This is intended to ensure that risks are reduced to an acceptable level or, where possible eliminated, thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community.
- 1.2. The Council endeavours to deliver essential services to the local community. It will exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control and governance arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements serve to ensure that the Council does not expose itself to risks above an acceptable level.

2. Mandate and commitment

- 2.1. This strategy is supported and endorsed by the Management Team and Members of the Audit Committee who will ensure that:
 - The risk management objectives are aligned with the objectives and strategies of the Council
 - The Council's culture and risk management strategy are aligned
 - The necessary resources are allocated to risk management
 - There is a commitment to embedding risk management throughout the organisation, making it a part of everyday service delivery and decision making
 - The framework for managing risk continues to remain appropriate

3. Applicability

- 3.1. This strategy applies to all functions undertaken by the Council. Where the Council enters partnerships the principles of risk management established by this strategy and supporting guidance should be considered as best practice and applied where possible. The Council expects that our significant contractors have risk management arrangements at a similar level, and as such will be subject to monitoring during the procurement and contract arrangements.

4. Objectives

- 4.1. The risk management objectives of the Council are to:
 - Embed risk management into the culture of the Council
 - Apply a consistent approach to risk management across all services.
 - Manage risks in line with its risk appetite, and thereby enable it to achieve its objectives more effectively
 - Reduces and where possible eliminate the impact, disruption and loss from current and emerging events
 - Harness risk management to identify opportunities that current and emerging events may present and maximise benefits and outcomes

- Ensure effective intelligence sharing and collaboration between risk management disciplines across all Council activities
- Ensure fraud risks are proactively considered and embedded into the organisation's risk management arrangements
- Ensure sound and transparent risk management arrangements are operated in partnership and commissioner / provider situations, underpinned by a culture that supports collaboration and the development of trust, ensuring clear effective lines of communication and the management of relationships.

4.2. The delivery of this strategy is the collective responsibility of officers, Service Management Teams, Management Team, the Council's partners and Members, with delivery being assured by the Management Team.

5. Roles and responsibilities

- 5.1. Responsibility for risk management runs throughout the Council. Managers and staff that are accountable for achieving an objective are accountable for managing the risks to achieving it.
- 5.2 To ensure that risk management is successful, the roles and responsibilities of key groups and individuals are identified at the table shown at 5.4 .
- 5.32. Other officer groups' deal with related risk specialisms such as Health and Safety; Treasury Management; Emergency Resilience and Business Continuity; Insurance; Information Security; Anti-fraud, bribery and corruption, etc. These groups are linked into the governance arrangements of the Council so that their work is co-ordinated within the Council's overall risk management framework.
- 5.4. In order to support Members and Officers with their responsibilities, risk management guidance is available.

Group or Individual	Responsibilities
Full Council / Cabinet	Approval of the Risk Management Strategy will be witnessed by the signature of the Leader of the Council.
Audit Committee	<p>The Audit Committee, as those charged with Governance, will provide independent assurance of the adequacy of the risk management framework and will monitor the effective development and operation of risk management in the Council.</p> <p>The Chairman of the Audit Committee will take a lead role in promoting the application of sound risk management practices across the Council.</p> <p>Training will be provided periodically for all Audit Committee members.</p> <p>The Audit Committee will consider the Risk Management process as part of the assurance evidence in support of any Annual Governance Statement.</p>

Committees	<p>Responsibility for considering risk when making decisions on behalf of the Council.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>
Chief Executive	<p>Responsibility for the overall monitoring of strategic risks across the Council, including the endorsement of priorities and management action. Responsible for ensuring that risk management resources are appropriate.</p> <p>Also responsible for counter-signing the Risk Management Strategy.</p>
Section 151 Officer	<p>Active involvement in all material business decisions to ensure immediate and longer-term financial implications, opportunities and risks are fully considered.</p>
Management Team (MT)	<p>To ensure the Council manages risks effectively and actively consider, own and manage key strategic risks affecting the Council through the Strategic Risk Register.</p> <p>Keep the Council's risk management framework under regular review and approve and monitor delivery of the annual risk work programme.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p> <p>Delegate the development and delivery of appropriate training to support the implementation of this policy for Members and Officers.</p>
Service Management Teams (SMT)	<p>Responsibility for the effective management of risk within the directorate, including risk escalation and reporting to the Management Team as appropriate.</p> <p>Briefing sessions will be provided on an as and when basis to senior management.</p>
Internal Audit	<p>Assesses the effectiveness of the risk management framework and the control environment in mitigating risk.</p> <p>Review and challenge risk management arrangements through its audit and fraud prevention activities.</p>
All elected Members and staff	<p>Identify risks and contribute to their management as appropriate. Report inefficient, unnecessary or unworkable controls. Report loss events or near-miss incidents to management.</p>

6. Review of this strategy

- 6.1. It is the responsibility of the Audit Committee to: 'On behalf of the Council ensure that Risk Management and Internal Control systems are in place that are adequate for

purpose, and are effectively and efficiently operated.' Internal Audit will support their role in assuring its effectiveness and adequacy.

- 6.2. Information from Internal Audit and from other sources will be used to inform recommended changes to the strategy and framework at least annually. Any changes will be presented to the Audit Committee for approval before publication. The Strategy was last reviewed in January 2024 and will be reviewed next in January 2026.

7. Approval

Signed:

Print Name: Matt Boughton

Date:

Position: Leader of the Council

Signed:

Print Name: Damian Roberts

Date:

Position: Chief Executive

Document Review History

Version	Reviewed	Reviewer	Approver	Date Approved
Jan 2024	December 2023	Chief Financial Services Officer	Audit Committee and Full Council	Feb 2024
Current	Sept 2025	Head of Finance	Audit Committee and Full Council	

**TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE**

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TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE

1. Introduction

- 1.1. Tonbridge and Malling Borough Council (the Council) has an approved Risk Management Strategy (the Strategy) and this guidance should be read in conjunction with this Strategy.
- 1.2. The aim of this guidance is two-fold; to specify how the Council will deliver its objectives as outlined in the Strategy and provide guidance on how to effectively manage and monitor risk.

2. Achieving strategy objectives

- 2.1. The Council shall achieve its objectives, as outlined in the Strategy, through:
 - Integrating effective risk management practices into the Council's management, transformation, decision making and planning activities.
 - Maintaining the frequency and effectiveness of monitoring of key risks.
 - Providing sufficient risk management training, awareness sessions and support for both Members and Officers of the Council in order to ensure compliance with the Strategy.
 - Ensuring links between audit planning and risk management processes to enable assurance on the effectiveness of risk management across the Council.
 - Subjecting the Council's risk strategy, guidance and practice to annual review to ensure ongoing effectiveness of risk management.
 - Provide robust monitoring and challenge on risks and there mitigating actions.
 - Working with internal and external partners and providers to ensure that effective risk management arrangements are in place to protect the Council.
 - Providing guidance on identifying, assessing, managing and reporting on risk, including escalation of risks.

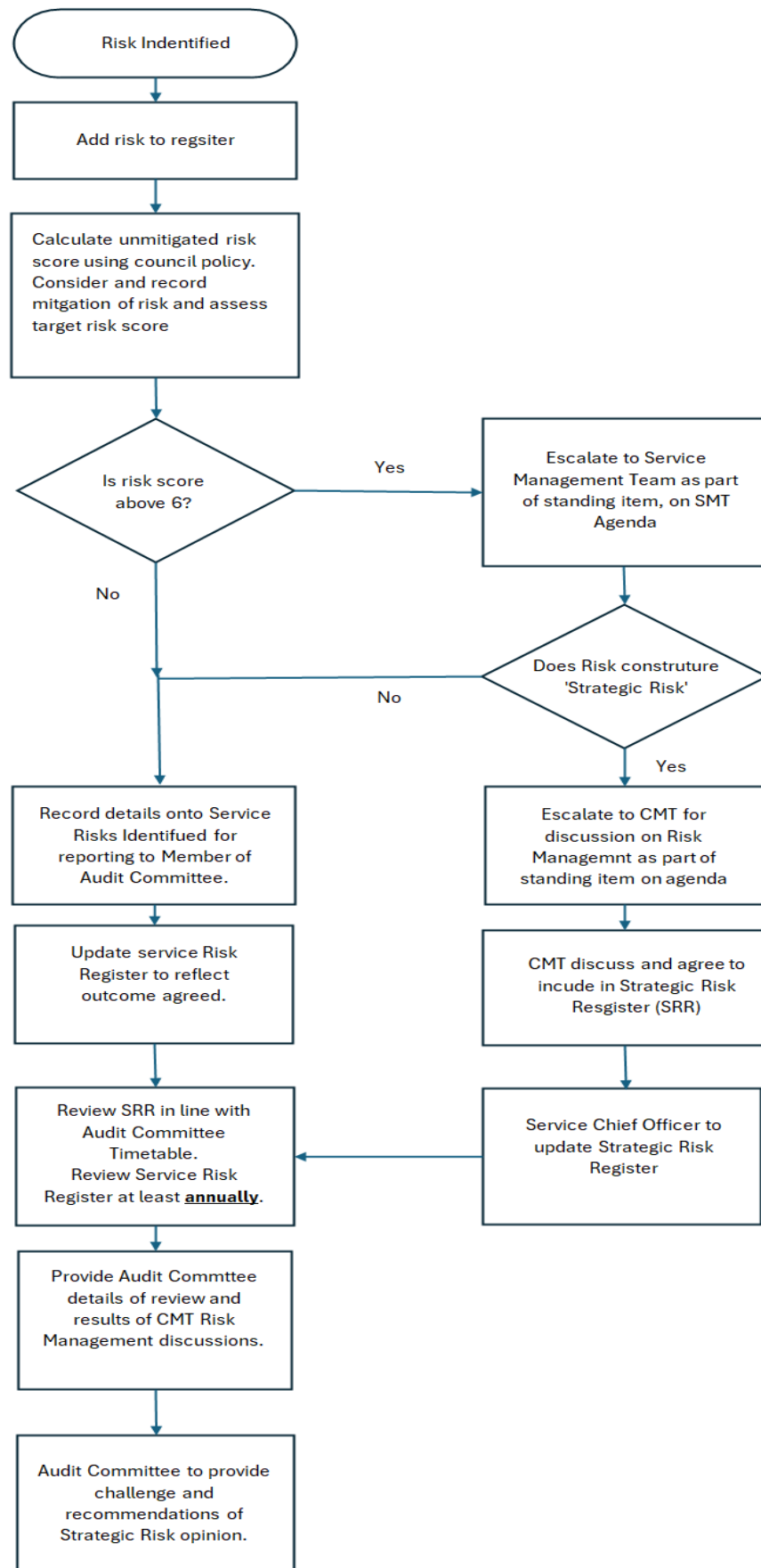
3. Risk Management Process

- 3.1. The risk management process is a circular effect being the following
 - Identify the risk
 - Assess the impact of that risk
 - Evaluate and score the risk
 - Escalate the risk where necessary
 - Allocate mitigation and take action
 - Monitor the risk



4. Risk management at a glance

- 4.1. The following process flow diagram visually demonstrates the risk management process that should be followed by officers.



5. Identifying and Assessing risks

- 5.1. Risk is something that might happen, which if it materialises will affect us in some way or other. A risk is a combination of 'likelihood' and 'impact', that is; how likely the risk is to happen and if it did how much would it affect us. Where a risk is identified it should be recorded on the services risk register, see Appendix A. This Register should be considered a 'live' document and therefore be a process of continually review and update.
- 5.2. Before evaluating the level of risk associated with an activity you should determine what could trigger the risk assess what the consequences may be if it did occur, i.e. identify the risk event. In doing so you should be mindful of the potential timeframes of this risk occurring and focus on a period of no longer than two years in the future, after this period risks are considered speculative.
- 5.3. The Council classifies risk into the distinct types;
 - Financial – Those that have a monetary impact on the Council.
 - Reputational – Those that have an impact on the public perception of the Council, this could be from a regulatory, environmental or service delivery perspective.
 - Health and Safety – Those that have an impact on the health and safety of the public or officers of the council.
- 5.4. The risk assessment should then determine the consequences of failing to act on this risk.

6. The Risk Register

- 6.1. Following a recommendation from Zurich in 2024, the Council uses a single format of risk register to cover, operational, service and strategic risk.
- 6.2. The format of the register can be found in Annex 1 to this guidance note along with details of what needs to be included on the register in line with the guidance offered below.

7. Evaluating and Scoring the risks

- 7.1. Once you have identified the risk and the potential consequences and impacts, the risk needs to be scored.
- 7.2. The Council has now adopted the national model of a 5 x 5 matrix, this matrix will be used for Health and Safety and Business Continuity process. The table below give the four levels of risk and the scoring matrix.

LOW	MEDIUM LOW	MEDIUM HIGH	HIGH
1 – 3	4 – 6	7 – 12	13 – 25

- 7.3. Each risk should initially be considered in its rawest form, prior to any mitigation that you may have in place to eliminate or reduce the risk.
- 7.4. Using the table below and the examples given in Appendix A of this guidance note, managers should consider the likelihood and impact of each risk identified.

Score	Likelihood	1	2	3	4	5
Impact	Description	Rare	Unlikely	Reasonably Possible	Likely	Almost Certain
1	Low	1	2	3	4	5
2	Moderate	2	4	6	8	10
3	Significant	3	6	9	12	15
4	Severe	4	8	12	16	20
5	Catastrophic	5	10	15	20	25

- 7.5. You can then calculate the overall risk score by multiplying the likelihood score by the impact score. The score should then be assessed as red, amber, yellow or green.
- 7.6. However, once the unmitigated risk has been calculated managers should then include the mitigations, if any, that have been put in place in order to reduce the risk to what is considered the current level.
- 7.7. Using the 5 x 5 matrix rescore the issue to give the current level of accepted risk.
- 7.8. Amber risks, those scoring between 8 and 12, should be raised at Service Management Team, added to the Service Risks identified list which can be found on the [Strategic Risk Register Sharepoint Site](#).
- 7.9. Red risks, those scoring 15 to 25, should be considered by Service Management Teams for potential escalation Corporate Management Team for inclusion onto the Strategic Risk Register (SRR), see the section on escalation later in this guidance note. If agreed the Chief Officer raising the concern should add the details required to the SRR.
- 7.10. Managers should then consider mitigating factors that are in place to reduce the impact of the initial risk scoring, examples that can be used are existing policies and strategies within the Council such as lone working, whistle blowing or training course offered to staff.

- 7.11. Using these mitigations managers should then consider the potential changes to both the likelihood and impact scoring and adjust accordingly, if the mitigations do not impact on the initial score, further discussions should take place with your Service Management Team.
- 7.12. Services should then document the actions required to ensure that the identified mitigation remains, this could include examples as ensuring that training of staff is relevant and that the policies are regularly reviewed and published.
- 7.13. Any links to corporate objectives or strategies should be identified and listed along with the service lead and the date of next review.
- 7.14. Service Risk registers should be reviewed regularly but be subject to peer review at Service Management Team on an annual basis. These reviews should be documented and included within the minutes of the Service Management Team.

8. Escalating risks

- 8.1. Where a risk has been identified the service should consider whether the risk should be escalated to either Service Management Team or onto Corporate Management Team.
- 8.2. It is suggested that the following process should be followed.

Low (Green) Risk	Managed within Service Team
Medium Low (Yellow) Risk	Managed within Service Team but regularly reviewed
Medium High (Amber) Risk	Escalate to Service Management Team with consideration to raise at Corporate Management Team
High (Red) Risk	Full Discussion at Service Management Team and Consideration by Corporate Management Team with potential inclusion on Strategic Risk Register.

- 8.3. Where a risk is identified in having an impact onto the Strategic operations of the Authority the Chief Officer should raise their concern at the next Corporate Management Team.
- 8.4. Where Corporate Management Team that the risk identified is of a strategic impact, the Chief Officer should add the risk onto the Strategic Risk Register (SRR) for sharing with Members of the Audit Committee. The Strategic Risk Register can be found at [TMBC Strategic Risk Register - Home \(sharepoint.com\)](#).
- 8.5. Where the risk is not considered of a strategic nature but does have major service implications it the Chief Officer should add the risk to the Service Risks Identified which can be found in the same location as the SRR. These risks are reported to the Audit Committee as examples of issues within Services but not high enough to escalate to Strategic Risk.

9. Allocating risks and determining actions

- 9.1. Any risk identified should be allocated a lead officer, the allocation will depend on the type and severity. This lead officer will be responsible for monitoring and scoring the risk.
- 9.2. The table below suggested the ownership of the of risks depending on the levels and location of the risk.

Location of Risk	Level	Suggested owner
Strategic Risk Register	All Levels	Member of Management Team
Service Risk Register	Amber and Above	Service Management Team
Service Risk Register	Yellow and Green	Service Manager

- 9.3. Once the risk has been allocated those responsible should then consider how that risk is to be managed, taking into account the mitigation that has been put in place, these actions are;
- Terminate – Stop the activity that gave rise to the risk.
 - Tolerate – Accept the risk but ensure that the mitigation identified is robust and remains in place.
 - Transfer – Transfer the risk to a third party, this could be through insurance or contracting out, although the responsibility will remain with the Council but will act as mitigation.
 - Treat – Put in place controls and contingency plans to reduce the risk levels to an acceptable level.

10. Monitoring Risks

- 10.1. Risks should be continuously monitored, as unmanaged risks can prevent the Council from achieving its objectives.
- 10.2. As a minimum Service Risk Registers should be reviewed by the Service Management Team on an annual basis, with weekly discussion on risks identification being minuted as part of service Management Teams.
- 10.3. Strategic Risk should also be discussed and minuted as part of Corporate Management Team, with quarterly monitoring taking place in order to report current identified risks and their scores to Member of Audit Committee at their scheduled meetings.
- 10.4. As part of the discussions at both SMT's and CMT the following needs to be considered
- Changing Risks – Is the risk still appropriate and relevant to the Council.
 - Escalation or De-escalation – has the risk levels changed due to the situation changing, this could be an increase or decrease in scoring requiring the change.

- Changing landscape – have any new risks be identified.
- Process – are procedures in place to carrying out regular reviews.
- Challenge – Are the risks stale.
- Control Measures – Are these still in place and can they be relied on.
- Scoring – Does the scoring and therefore risk level seem right when compared with other risks.

11. Proximity of risk

- 11.1. As mentioned above the registers should only consider events that could occur within two year time frame. Some risks will have higher priorities than others, either due to timing or severity.
- 11.2. Priorities can be categorised as follows:
- Immediate – Risk likely to occur / most severe within the next 6 months
 - Medium Term - Risk likely to occur / most severe between 6 to 12 months
 - Long Term - Risk likely to occur / most severe 12 months plus
- 11.3. Where risks are considered immediate or medium term priorities management should ensure that any mitigation required to reduce or eliminate the risk should be acted upon immediately and maintained until the risk is no of concern. Longer term risks may require additional work to fully mitigate or eliminate risk but time scales should be given to implement these factors and these should also be closely monitored.

TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE

Appendix A - Determining Likelihood and Impact

	Likelihood	Example – winter weather
Almost Certain	<ul style="list-style-type: none">• Is expected to happen	<ul style="list-style-type: none">• Rain
Likely	<ul style="list-style-type: none">• More likely to happen than not	<ul style="list-style-type: none">• Strong winds
Reasonably Possible	<ul style="list-style-type: none">• Strong possibility it will happen	<ul style="list-style-type: none">• Snow
Unlikely	<ul style="list-style-type: none">• This could happen	<ul style="list-style-type: none">• Flooding
Rare	<ul style="list-style-type: none">• Once in a lifetime occurrence	<ul style="list-style-type: none">• Thames freezes over

Impact

Score	Description	Health and Safety - Examples	Reputational - Examples	Financial - Examples
1 Low	Minimal or no impact	Some distress caused, very minor injury	No Media coverage / minor complaints/minor non-compliance to internal standards	Financial loss or overspend of below £10k
2 Moderate	Limited impact, easily recoverable	Mild injury or illness leading to less than three days absence	Adverse local media / negative local opinion / formal complaints. Failure to meet internal standards, <24 hrs Service Disruption	Financial loss or overspend of more than £10k
3 Significant	Noticeable impact, requires some resources to address	Injury or illness requiring medical attention leading to more than 7 days absence	Adverse local & national media / member or senior staff position threatened. Failure to meet Professional and National Standards, Serious Service Disruption for less than 24hrs.	Financial loss or overspend of more than £50k
4 Severe	Significant impact, requiring substantial resources and effort	Injury or illness requiring immediate hospital treatment	Situation remembered for years/ member or senior officer resignation, national and local media coverage, failure to meet legislative standards, Service Suspension for more the 24 hrs.	Financial loss or overspend of more than £250k
5 Catastrophic	Devastating impact, potentially irreversible	Loss of limb or fatality	Criminal Prosecution, Repeated failure to meet legislative standards, Service Suspension for an indefinite period.	Uncontrollable financial loss or overspend of over £500k

*Impact should always be considered in terms of financial loss, harm to a person or people and the Council's reputation and should link to Tonbridge and Malling Borough Council's risk appetite.

TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE

Annex B - Risk Register Format

The template example below shows a risk from the Strategic Risk Register, it now shows the unmitigated risk impact of the risk identified, the mitigation in place and then the mitigated or accepted risk score. This score will trigger the escalation process to Service Management Teams or onto Corporate Management Team for escalation to the Strategic Risk Register.

Number	Risk Title & Description	Effect of non compliance	Classification	Risk Owner from Management Team	Date identified	Last date of review	Unmitigated risk Score			Movement to previous review	Current mitigation in place	Mitigated risk Score			Movement to previous review	Actions required to reduce score further	Link to Annual Service Development Plan	Links to Strategies
							Likelihood Score (1-5)	Impact score (1-5)	Overall risk score			Likelihood Score (1-5)	Impact score (1-5)	Overall risk score				
	Acheivement of Savings and Transformation Strategy - Failure to meet objectives or savings targets	Resultant overspend would have significant on council reserves resulting in potential Section 114 notice declaring authority is no longer a Going Concern	F & R	Head of Finance on behalf of Management Team	Apr-17	Mar-25	4	5	20		Savings and Transformation Strategy is reviewed, by Members and Officers, along side Councils Medium Term Financial Strategy.	3	3	9		1) Taking opportunity to maximise income receipts were appropriate. 2) Exercise to commence to identify and assess savings opportunities for review by Members in September 2025	Objective 3.15	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"

Actions completed to increase mitigation and potentially reduce scoring

these need to be smart time related

Number	Risk Title & Description	Effect of non compliance	Classification	Risk Owner from Management Team	Date identified	Last date of review	Unmitigated risk Score			Movement to previous review	Current mitigation in place	Mitigated risk Score			Movement to previous review	Actions required to reduce score further	Link to Annual Service Development Plan	Links to Strategies
							Likelihood Score (1-5)	Impact score (1-5)	Overall risk score			Likelihood Score (1-5)	Impact score (1-5)	Overall risk score				
	Acheivement of Savings and Transformation Strategy - Failure to meet obejctives or savings targets	Resultant overspend would have signifcant on council reserves resulting inpotential Section 114 notice delaring authority is no longer a Going Concern	F & R	Head of Finance on behalf of Management Team	Apr-17	Mar-25	4	5	20	↔	Savings and Transformation Strategy is reviewed, by Members and Officers, along side Councils Medium Term Financial Strategy.	3	3	9	↔	1) Taking opportunity to maximise income receipts were appropriate. 2) Exercise to commence to identify and assess savings opportunities for review by Members in September 2025	Objective 3.15	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"

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ZM Risk Management Review Recommendation Matrix

Reference	Recommendation	Management Response	Update September 2025	Officer / Member Responsible	Implementation Date
	Culture and Leadership				
1	Consider assigning a corporate risk champion who will drive risk management conversations, set the tone and be the example to follow for both fellow senior level managers and officers at all levels.	This role should be considered by Corporate Management Team on who would have sufficient seniority and resource.	Director of Finance and Transformation appointed as Corporate Risk Champion to be supported by Service Officers as individual Service Risk Champions. DFT now replaced by Head of Finance (S151 Officer)	Director of Finance and Transformation	November 2024
2	Clarify risk management roles and responsibilities, in particular to separate officers and members' roles. This should include not just what is expected, but also how responsibilities should be carried out.	This will be considered as part of the Risk Strategy Review	Risk Strategy to include terms of reference for Risk Champions, Officer and Members. Roles and responsibilities have been shared and accepted in the Officer Group. These have been reflected in the Risk Strategy roles to be approved by Members.	Head of Finance, Risk Management Officer Group and CMT	September 2025
3	Review the level of engagement that is possible from senior officers within current workloads to ensure that risk management responsibilities and objectives are realistic.	Wider review will need to be undertaken	Discussion at Officer Risk Management Group, implementation of new formats to be phased over forthcoming year starting with Strategic Risk Register and then Operational Risk Registers over the next 12 months	Head of Finance, Risk Management Officer Group and CMT	September 2025
	Risk Appetite & Strategy				
4	Define risk appetite levels and statements across different risk categories. This will provide an organisational approach and align thinking across officer and members while providing officers practical guidance at key decision points.	Wider review will need to be undertaken	Contained within Risk Strategy and Guidance notes issued to service managers and staff.	Head of Finance, Risk Management Officer Group and CMT	September 2025
5	Revisit the risk management strategy and its place among other frameworks. Determine if there are opportunities to include risk management as an integrated part of working rather than an add-on requiring specific resources.	The Council's Risk Strategy and Guidance will be reviewed following the clarification of risk appetite.	Workflow to be developed, giving links between areas such as Safeguarding, Budget and Savings, Procurement and Workforce Strategies. These strategies are under review by responsible officers and will be linked following approval	Head of Finance	September 2025
	Governance				
6	Consider a process for increasing visibility of risks across services, this could be either at management level through a management board or more informally through risk champion officers from each service that take on responsibilities for both risk updates within services but also meet to share practices and discuss emerging risks.	Ensure that risks are adequately discussed at Team and Service Management Meetings.	Service Risk officer have been appointed and Risk is a weekly item on Service and Corporate Management Team agendas.	Appointed Risk Champion and CMT	November 2024
7	Ensure that members, and audit committee representatives in particular, receive risk management training that include clear descriptions of their remit and responsibilities.	Training to Members is being prepared and delivered on 15 th January 2024. The session will be recorded and placed into the members resources library.	Received January 2024	Head of Finance	January 2024
	Methodology				
8	Initiate dedicated risk identification sessions at both service- and corporate level to increase proactive risk identification and expand the timeline available to manage risks by being proactive rather than reactive.	Ensure that risks are adequately discussed at Team and Service Management Meetings.	Officer Risk Group discussions are to include the both the Service Risks identified and Strategic Risk Registers in order to provide wider challenge and feedback to CMT and Members.	Head of Finance, Risk Management Officer Group and CMT	September 2025

9	Ensure controls are SMART and that risk owners complete follow-ups. Risk should have practical roadmaps to desired risk score.	Risk Registers need reviewing on an annual basis by Service Management Teams along with documented evidence showing review.	To be discussed at Risk Group but plan is that Risk 'route map' to be discussed with Service Risk Holder and they are to provide project plan to eliminate or reduce risk.	Risk Champions on SMTs	September 2025
	People & Training				
10	Mandate training sessions for elected members, senior leadership, service heads and possibly also third tier managers.	Members training will be delivered in January 2024, Officer training will be arranged following policy renewal in June 2024	Member Training delivered Jan 24 Officer Training Oct 24.	Chief Financial Services Officer	November 2024
11	Consider if there are officers within teams that could have capacity to receive extra training and be integrated risk champions in each service.	Review following Risk training	Consideration to be made following Officer Training in October.	CMT	November 2024
	Projects, Partnerships, Contracts & Supply Chain				
12	Review procurement and contract policies and ensure that a defined risk management approach is included. Ensure training is supplied to increase the skills and confidence of officers managing contracts and partner relationships.	Consideration to be made by Procurement OSG	Cabinet approved Procurement Strategy December 2024 integration into risk Strategy will take place during review.	Head of Procurement OSG, Appointed Risk Champion	September 2025

Audit Committee

29 September 2025

Part 1 - Public

Delegated



Cabinet Member Cllr Martin Coffin, Cabinet Member for Finance

Responsible Officer Paul Worden, Head of Finance S151

Report Author Karen Herbert, Audit Lead;
James Flannery, Counter Fraud Manager

Internal Audit and Counter Fraud Quarter 1 Progress Report

1 Summary and Purpose of Report

- 1.1 This report provides Members with an update on the work of both the Internal Audit function and the Counter Fraud function.
- 1.2 The report also seeks Member approval of additions and amendments to be made to the Internal Audit Plan for 2025/26.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective Council.
- 2.2 The provision of Internal Audit and Counter Fraud Services provides assurance on Council procedures and policies.

3 Recommendations

- 3.1 Members are asked to:
 - 1) NOTE this Internal Audit and Counter Fraud Progress Report as a source of independent assurance regarding the risk, control, and governance environment across the Council, noting the outcomes from audits completed since July 2025 and the Counter Fraud activity for the period.
 - 2) CONSIDER and subject to any amendments required to APPROVE the Internal Audit Plan additions and amendments for the year 2025/26.

4 Introduction and Background

- 4.1 The Accounts and Audit Regulations 2015 require the Council to undertake an adequate and effective Internal Audit of its accounting records and of its system of

internal control in accordance with the proper practices in relation to internal control. Proper practice is defined by the Global Internal Audit Standards (GIAS) and CIPFA's Local Government Application Note to the PSIAS.

- 4.2 The GIAS requires Internal Audit to report periodically to senior management and the board on the Internal Audit activity's purpose, authority, responsibility, and performance relative to its plan.
- 4.3 The professional standards for Internal Audit require the Chief Audit Executive to establish a risk-based plan to determine the priorities of the Internal Audit activity, consistent with the organisation's goals. The Plan as a whole must enable the Chief Audit Executive to provide an overall opinion on risk management, governance, and control at the end of the financial year.

5 Internal Audit and Counter Fraud Progress Report Quarter 1 2025/26 and Proposed Internal Audit Plan Additions

- 5.1 This Progress Report provides the Audit Committee with an accumulative summary view of the work undertaken by Internal Audit and Counter Fraud for the period July 2025 to September 2025, together with the resulting conclusions where appropriate.
- 5.2 The report also provides details of additions and amendments to be made to the Internal Audit Plan for 2025/26.
- 5.3 Whilst the Plan is drawn up annually, it is important that the Plan is flexible and respond to key risks; Internal Audit therefore in April 2025 sought approval of, and prioritised and scheduled audits for the first 6 months of 2025/26. The remaining identified potential reviews have been kept under consideration and discussed with Directors as part of the 6 monthly liaison and planning meetings. A further 8 audits are recommended for inclusion in the plan for 2025/26.
- 5.4 Relevant links to the Strategic Risk Register are shown within the Plan itself. Members will note that not all audits are linked to a specific risk; some are intended to provide assurance over core areas (for example financial audits), and some are included as the Council is undertaking change programmes. In line with the nature and scope of Internal Audit as set out in the Internal Audit Charter, it is important that, overall, the Plan balances all these assurance and consultancy needs.
- 5.5 The plan may be amended at any time to respond to emerging risks, with the approval of the Audit Committee.
- 5.6 The Internal Audit and Counter Fraud Progress Report, including additional audit proposals is attached at **[Annex 1]**.

6 Financial and Value for Money Considerations

- 6.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient, and effective use of Council resources

in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

- 6.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

7 Risk Assessment

- 7.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the Council on the adequacy and effectiveness of its framework for governance, risk management and control.
- 7.2 Failing to have an efficient and effective Counter Fraud function could lead to an increased level of fraud. This report, summarising the work of the Counter Fraud function, provides a key source of assurance for the Council on the adequacy and effectiveness of its counter fraud arrangements.
- 7.3 The Internal Audit and Fraud Plan is intended to ensure that the work of the Internal Audit and Fraud Team is effectively directed. For this very reason, the process for preparing the Plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit and Fraud Plan for the year 2025/26 ensures that the status of the Plan is maintained.

8 Legal Implications

- 8.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control in line with Internal Audit Standards.
- 8.2 The Council has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.
- 8.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

Background Papers	None
Annexes	Annex 1 – Internal Audit and Counter Fraud Progress Report

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1. Introduction

- 1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council’s ability to achieve its objectives.
- 1.2 Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.
- 1.3 This activity report provides Members of the Audit Committee and Management with 5 summaries of completed work between July and September 2025.

2. Key Messages

- 5 audits have been finalised to draft/final report in the period. This includes the remaining 2 audits from 2024/25 plan and 3 audits from the 2025/26 plan. The summaries are contained in **Appendix A**
- A further 2 audits from the current 11 audits on the 2025/26 plan are in fieldwork with 4 audits in planning
- Progress against the current 11 audits from the 2025/26 rolling Audit Plan are provided in **Appendix B**
- There has been one amendment to the 2025/26 Audit Plan with the deferral of previously agreed Internal Audit consultancy on project management and implementation of services at the Castle.
- 8 further audits have been identified for inclusion in the 2025/26 Audit Plan.
- Preparation for an External Quality Assessment (EQA) is underway with Internal audit commencing procurement procedures to secure a provider for this service.
- The Counter Fraud team have been shortlisted for a CIPFA 2025 Public Finance Award in the Outstanding Fraud Prevention, Detection and Recovery category in respect to the work done on developing a counter fraud culture.

3. Resources

3.1 In accordance with the Global Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- There are 2 vacancies within the Internal Audit Team.
 1. The Head of Internal Audit and Counter Fraud Service has left the service – The Audit Manager as Interim Head of Internal Audit and Counter Fraud Manager as Interim Head of Counter Fraud will fulfil this role until a recruitment exercise is undertaken to fill the post permanently.
 2. There is currently one Auditor vacancy within the team – a recruitment exercise will be undertaken in due course.
- Audit Management software remains under review for further enhancements to Internal Audit Processes.
- There is adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi.

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4. 2025-26 Internal Audit Plan

4.1 The audit summaries are provided at [Appendix A](#). A summary is provided below on current progress against the 2025-26 Audit Plan.

Table 1- 2025/26 Audit Plan Status

Status	Number of Audits	%
Not yet started	1	9.09%
Planning	4	36.36%
Fieldwork	2	18.18%
Ongoing	0	0.00%
Draft Report	2	18.18%
Final Report	1	9.09%
On Hold	0	0.00%
Removed/Deferred	1	9.09%
Total	11	100%

[Appendix B](#) sets out progress against the Rolling 2025-26 Audit Plan.

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Table 2 – Summary of Audits by Committee Meeting

- 4.1 With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.
- 4.2 In this period, the following report summaries are provided at **Appendix A** for the Committee’s information and discussion. Audit Definitions are provided at **Appendix C**

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Audit Committee 29th September 2025				
Ref	Audit	Status	Assurance	Prospects for Improvement
TM09-2025	Digital Strategies and Automation	Draft Report	Substantial	Good
TM13-2025	Facilities Management / Building Maintenance	Complete	Substantial	Good
TM04-2026	Starters and Leavers	Draft Report	Adequate	Good
TM01-2026	Parking Enforcement	Draft Report	Adequate	TBC
TM05-2026	UK shared Prosperity, Rural Prosperity Fund review	Complete	Substantial	Very Good

5. Internal Audit and Counter Fraud Plan

- 5.1 To ensure that the Plan can be flexible and respond to key risks, at the Audit Committee on 14 April 2025 members approved for 11 audits to be prioritised and scheduled for the first 6 months of 2025/26. The remaining identified potential reviews were presented to be kept under consideration and along with other emerging risks to the Authority, these remaining potential audits were discussed with Directors as part of the 6-monthly liaison and planning meetings.
- 5.2 Following these planning meetings, and review of risk registers and emerging risks it is proposed that an additional 8 audits be added to the Internal Audit and Fraud Plan for 2025/26. Details of these additions are listed on the following page.

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5. Internal Audit and Counter Fraud Plan

No	Internal Audit Title	Estimated Days	Directorate	Assurance/ Consultancy	Cross ref to Strategic Risk Register	Rationale for Inclusion/High-level Scope
1	Housing Condition	12	PHEH	Assurance	PHEH Building Control Risk Register (12 - Medium)	Increased attention on damp/mould and general housing conditions in rental sector. Look at management of cases raised re conditions. Could include temporary accommodation and housing associations to cover the different type of housing stock.
2	Risk Management	12	Exec	Assurance	Inherent Risk	New risk management strategy implemented, changes have been made to risk scoring. Last audited 2022/23
3	Corporate Credit Cards	10	Exec	Assurance	Service Risk Register (Medium)	Review of controls in place regarding allocation of cards, spend limits and reconciliation procedures.
4	IT Cyber Security	15	CSD	Assurance	Strategic Risk Register (Medium)	New topical requirements as part of Internal Audit Standards, Currently highest IT Risk and on Strategic Risk Register. Scope could include alignment with readiness against NCSC CAF framework. Have had an external supplier review their readiness so will need to focus scope to avoid duplication, could consider other areas of Cyber security or progress of action plans from external review.
5	Equalities, Diversity and Inclusion	15	CSD	Assurance	Inherent Risk	Could include review of EQIAS and/or review of recently established Equalities group and other policies and groups. Could also look at work being undertaken to ensure barriers to reducing gender pay gap are removed/reduced as much as possible.
6	GDPR - Record Retention	12	CSD	Assurance	Inherent Risk	Identified as a risk from a recently completed audit. What is currently in place to manage data retentions and what is in place to manage retention/deletion of data given the exit from AGILE?
7	AGILE Withdrawal	12	Exec	Assurance	Strategic Risk Register (High)	Have lessons learned from AGILE implementation been considered as withdrawal back to newer versions of legacy systems progresses. Consider project management, risk management, communication etc.
8	Community Governance Review on Tonbridge Town Council	12	Exec	Assurance	Change Programme	Consultation has identified a strong desire for a Town Council, Ongoing embedded assurance regarding approach taken to progressing proposals.

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6. Quality Assurance and Improvement Programme

6.1 As previously presented to the Audit Committee, a new set of Global Internal Audit Standards (the Standards) are now in effect from January 2025. The Standards are arranged into 5 Domains (with 53 individual standards):

- I. Purpose of Internal Auditing
- II. Ethics and Professionalism.
- III. Governing the Internal Audit Function
- IV. Managing the Internal Audit Function
- V. Performing Internal Audit Services

6.2 An assessment has previously been undertaken to identify areas for improvement or enhancement to the practices of Internal Audit to ensure compliance with the Standards. Actions have been identified against each of the standards where either improvement or enhancement is required. These actions have been considered against the new CIPFA application note for the UK Public Sector that has been released to aid application of the standards.

6.3 Preparation for an External Quality Assessment (EQA) is underway with Internal audit commencing procurement procedures to secure a provider for this service. Previous self-assessments of compliance with the Global Internal Audit Standards are being revisited and progress against the action plans previously developed being reviewed in preparation. It is expected that the actual EQA assessment will take place early in 2026.

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7. Counter Fraud Update

7.1 Prevention and Detection of Fraud, Bribery and Corruption

7.1.1 This section of the report provides details of the Council's activity in preventing and detecting fraud and corruption during the first quarter of the financial year of 2025/26.

7.2 National Fraud Initiative (NFI)

7.2.2 The Counter Fraud Team has collated the data specified by the Cabinet Office for the 2024/25 exercise. This includes reviewing the data to ensure it complies with the required formats and uploading in the required timescale.

7.2.3 The NFI biennial and annual data exercise is progressing with matches being reviewed by relevant teams. A summary of the biennial exercise is shown in **Annex D** and a summary of the annual exercise is shown in **Annex E**.

7.2.4 The annual exercise (Single Person Discount to Register of Electors) 38 cases have been reviewed during quarter one with 17 accounts being adjusted resulting in £17,533 in increased Council Tax Liability and a future loss provision of £5,007.67.

7.2.5 The biennial exercise will be reviewed during quarter three as resources concentrate on completing the annual exercise. It is noted that the annual exercise did take time to investigate and complete due to their nature and at times dependencies on DWP payable benefits impacted on TMBC abilities to update accounts.

7.3 Kent Intelligence Network

7.3.1 The Kent Intelligence Network continues to support Local Authorities in Kent in preventing and detecting fraud. The key focus area for 2025/26 continues to look at fraud and error within Single Person Discounts, Small Business Rate Relief and unrated business and residential premises.

7. Counter Fraud Update

7.3.2 Q1 25/26 the following results have been achieved:

- Single Person Discount reviews from fraud referrals £1,255 increased Council Tax Liability.
- Unrated businesses, 2 cases have been sent to the valuation office, increased liability awaits.
- 60 requests for debtor tracing resulting in 36 debtors being traced to the value of £68,667 for further recovery action.

7.4 Investigating Fraud, Bribery and Corruption

7.4.1 A summary of cases referred or carried into the current quarter can be found in **Annex F**.

7.4.2 A total of 21 new referrals have been received by the Counter Fraud Team in Q1 2025/26. The most reported fraud type involves Council Tax Reduction and DWP benefits, such as Housing Benefits and/or universal credit, totalling 10 referrals.

7.4.3 The second most reported fraud type is Single Person Discount, of Council Tax, where a total of 5 referrals have been reported. Further detail is available in **Annex G**.

7.4.4 Q1 2025/2026, 16 referrals have been closed.
5 closed - error identified and corrected with a recoverable value of £27,384.
2 referrals sent to partner agency, DWP.
8 referrals closed no further action / investigation complete / insufficient evidence.
1 warning / advisory letter.

7.4.5 A total of 35 cases from Q1 2025/2026 are currently open and live.
20 Housing Benefit / UC.
2 Single Person Discount.
1 Council Tax Reduction.
1 Business Rate Relief.
5 Homeless / Housing Application.
6 Other.

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TM09-2025 Digital Strategy

Audit Opinion	Substantial
Prospects For Improvement	Good

The internal audit review of the Digital and IT Strategy has identified that the strategy is well-documented, regularly reviewed with stakeholder input, and supported by annual progress reporting and weekly monitoring meetings. Objectives are clearly mapped to the Corporate Strategy, with annual roadmaps guiding delivery and there has been progress in delivering strategy objectives. Notably, several objectives, including digitalisation of case management and online booking systems, have been delivered ahead of the 2026/27 target. However, a number of 2023/24 and 2024/25 objectives remain in progress. The reversion to IDOX from Agile was not part of the original strategy and has required additional resources, potentially impacting delivery of other objectives.

Internal Audit’s overall Audit Opinion of **Substantial** with **Good** prospects for improvement is based on the following Key Strengths and Areas for Development:

Key Strengths

- ✓ A documented Digital and IT Strategy is in place and is regular reviewed with appropriate stakeholder input.
- ✓ Documented roadmaps are in place setting out objectives to be achieved during each year of the strategy.
- ✓ Annual review and reporting of progress against current and previous milestones is in place.
- ✓ Proactive monitoring of objectives is completed via weekly monitoring meetings.
- ✓ Progress against strategy objectives for 2023/24 and 2024/25 periods has been made, with 21 being completed and 19 actively in progress of 43 total objectives planned.

- ✓ Digital and IT Strategy objectives are aligned with and map to Corporate Strategy objectives.
- ✓ Cyber Essentials and Cyber Essentials Plus certification have been obtained providing assurance around a range of cyber security controls.
- ✓ PCI DSS compliance has been achieved.

Areas for Development

- The project to revert to the use of IDOX, away from the Agile system, was not a part of the original strategy and has required the allocation of time and resources that could potentially impact on the delivery of other objectives. **(Medium)**
- There is ongoing work required to implement recommendations that form part of the National Cyber Security Centre (NCSC) Cyber Assessment Framework. **(Medium)**
- Review of 2023/24 Digital Strategy objectives identified that, of 19 objectives, 1 cancelled and 3 were had ongoing work in progress. For the 24 objectives for 2024/25 2 had been deferred and 16 had ongoing work in progress. **(Medium)**

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	3	3	0
Low Risk	0	0	0

Audit Opinion	Substantial
Prospects For Improvement	Good

Internal Audit established that regular meetings are held to discuss Health & Safety issues with actions recorded and tracked. Progress against actions was seen to have been made however Internal Audit considered that a description of the risk, residual risk, and a target risk against each action would assist in prioritising actions of a health and safety nature.

There are regular inspections of properties; the costs for repair and maintenance are budgeted in the Buildings Repair Reserve Expenditure Plan, this document also details the frequency of cyclical inspection and servicing; there is adequate cost contingency built in for reactive maintenance (call outs).

Critical equipment was included within the maintenance schedules, e.g. Uninterruptable Power Supply (UPS), renewal of batteries, heating systems, air conditioning, intruder alarms and door access systems to protect critical systems, such as IT systems; air conditioning units had been serviced in Gibson Building Print and Server rooms in July 2024 and July 2025.

Asbestos surveys and legionella inspections have been carried out regularly, by independent companies, and Property have completed the majority of the actions arising from the recommendations in the respective reports.

An Internal Audit recommendation raised during a previous audit has been acted upon, and a spreadsheet developed to record reactive maintenance at all sites; this spreadsheet contained useful examples and help files for users, to ensure that the data quality of the information was consistent for management reporting purposes. Internal Audit considered that this spreadsheet could be used to also report progress on planned works, inspections and services, and capture time and quality supplier performance.

Internal Audit’s overall Audit Opinion of **Substantial** with **Good** prospects for improvement is based on the following Key Strengths and Areas for Development.

Key Strengths

Health and Safety

- ✓ Regular meetings were held to discuss Health & Safety issues.
- ✓ The Kings Hill Gibson East and West buildings were visited; the health and safety and buildings issues in Gibson West were documented. The newer part of the Council Offices (Gibson East) inhabited by Council Officers was found to be tidy and no health and safety issues or risks were visible.

Condition surveys

- ✓ Regular inspections of properties, and the cost for repair and maintenance are budgeted in the departments’ 6-year plan.
- ✓ Asbestos surveys were carried out regularly, and reports showed that actions had been undertaken to treat the hazard and were up to date.
- ✓ Legionella reports are scheduled, and undertaken; seventeen of the twenty-five recommendations, from the most recent report, had been completed, with further work planned to investigate and treat the remaining risks.

Contracts

- ✓ For cost effectiveness and flexibility, the department had chosen not to engage a prime contractor, and instead engaged businesses directly, with mostly Small Medium Enterprises (SME), and local businesses where it was appropriate.
- ✓ The Mid-Kent Partnership is successfully used, where it is appropriate, for larger procurements.
- ✓ There was evidence of rationale, a formal proposal and approval from Members for a further four-year agreement with Npower, Total Gas and LASER (K.CC) for the supply of electricity and gas for the Borough Council’s high and low volume sites for the period 2024-2028.

Business Continuity and Emergency Planning

- ✓ The Buildings Repair Reserve Expenditure Plan showed that cyclical maintenance and routine servicing was planned for air-conditioning, air handling, fire alarm/ emergency lighting, heating, fire extinguishers, intruder alarm system, and the access system.

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Key Strengths Continued

- ✓ Internal Audit reviewed Gibson West and Gibson East. Cyclical maintenance was planned for both East and West wings of Gibson building.
- ✓ There was evidence that there was planned cyclical maintenance for the Uninterruptable Power Supply (UPS), renewal of UPS batteries, heating systems, Air conditioning, intruder alarms and door access systems to protect critical systems, including IT systems.
- ✓ Worksheets supported that air conditioning units had been serviced in Gibson Building Print and Server rooms in July 2024 and July 2025.

Critical and High-Risk Systems

- ✓ Inspection and servicing of critical and high-risk systems had been planned.
- ✓ There was a £4,000 budget for renewing the UPS batteries in 2027/2028; these are replaced every 5 years.

Planned Maintenance

- ✓ Repairs, works, maintenance, equipment inspection and service were listed and costed for each site or property, in the Building Repairs Reserve Expenditure Plan. This scheduled maintenance across the TMBC property estate for the period: 2024/2025 - 2029/2030; the plan was last updated in financial year 24/25.
- ✓ Reasonable contingencies are built into the activity costs in the Building Repairs Reserve Expenditure Plan.
- ✓ Asbestos and Legionella surveys were carried out within the last year, and the majority of actions arising from the reports were either completed or being investigated further.

Reactive Maintenance

- ✓ A log for unplanned repairs in the form of a spreadsheet has been created to capture information, from request to closure.

Areas for Development

Target dates for actions

- Internal Audit considered that a description of the risk, residual risk, and a target risk would assist in prioritising actions of a health and safety nature. **(Medium)**

Supplier Performance

- Internal Audit considered that supplier contract monitoring meetings and supplier performance should be recorded. **(Low)**

Buildings Repair Reserve Expenditure Plan (BRREP)

- Internal Audit found a presentational issue; a draft Excel worksheet required removal from the workbook to avoid confusion. **(Low)**

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	1	1	0
Low Risk	2	2	0

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Audit Opinion	Adequate
Prospects For Improvement	Good

Internal Audit recognises the operational performance of HR, Payroll, and IT teams in managing Starter, Mover and Leaver (SML) activities. Sample testing has confirmed that key controls, such as timely HR Updates, accurate payroll adjustments, and prompt IT access changes are consistently applied, even under tight deadlines. However, current processes are hindered by manual PDF-based forms, the lack of a fully joined up approach across each of the departments, and the absence of a formal policy defining roles and responsibilities across departments. These issues increase the risk of inefficiencies and errors and there is significant scope to improve the existing controls in place however sample testing identified no inaccuracies in records held. Encouragingly, the Council has already initiated a redesign of the forms.

Internal Audit’s overall Audit Opinion of **Adequate** with **Good** prospects for improvement is based on the following Key Strengths and Areas for Development:

Key Strengths

- ✓ Sample testing identified that New Starter/Change of Particulars/Termination Forms had been consistently completed prior to the relevant start/change/termination and authorised appropriately.
- ✓ Whilst Internal Audit identified risks associated with the current New Starter/Change of Particulars/Termination Forms, the Council have already commenced work in redesigning these forms via the IT Development Team.
- ✓ Sample testing of SMLs found that HR, payroll and IT were all responsive to need and processed/completed tasks relating to SMLs in a timely manner, even when given tight timeframes. Pay had been started/amended/terminated appropriately. IT system access was consistently in place for starting and revoked the day after the termination date.
- ✓ Within payroll and IT systems, there are respective audit trails of actions taken around pay and system access.

- ✓ Within the payroll department, there are local guidance and procedure documents produced to aid with consistency and clarity in payroll processing activities.

Areas for Development

- There is currently no overarching policy defining the roles, responsibilities, and communication expectations between Managers, HR, IT, and Payroll in managing SMLs, resulting in siloed working and inconsistent processes, which could be mitigated by a unified framework with clear guidance and timeframes, and supporting procedure guidance. **(Medium)**
- The current PDF-based process for submitting employee changes to Payroll and HR lacks automation and traceability, presenting risks which should be addressed in the planned redesign. **(Medium)**
- HR and Payroll currently share SML data through emails and monthly meetings, but the process could be improved by introducing a centralised tracker to enhance coordination, accountability, and efficiency. **(Low)**
- Monthly verification reports sent to Service Managers are a key control for payroll accuracy, however an absence of formal procedures detailing defined timeframes, and escalation protocols results in inconsistent or delayed responses and a lack of contingency for recipient absence. **(Medium)**
- IT access provision for new employees or those changing roles is managed manually, without automated role-based access control. There are no recent or regular system access audits, resulting in a risk of privilege creep. **(Medium)**
- Although Managers are instructed to notify IT of leavers, this is not consistently done, with IT mainly relying on HR emails, highlighting the need for clearer policy, automated notifications, and continued HR involvement as a secondary control. **(Low)**
- On a small number of occasions, key documents—such as updated New Starter, Change of Particulars, or Termination Forms, and resignation letters—were not saved to the employee’s HR file; however, in all cases, the documents were retrieved from email correspondence and made available. **(Low)**

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Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	4	4	0
Low Risk	3	3	0

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Audit Opinion	Adequate
Prospects For Improvement	TBC

As part of the 2025/26 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of the adequacy and effectiveness of the Council’s parking enforcement arrangements, with a focus on policy transparency, enforcement officers’ training, Traffic Regulation Orders (TRO) compliance, penalty charge processing, and data protection in parking enforcement operations. Overall, the parking enforcement processes reviewed were working well. Although a few areas need improvement, the issues found are not serious and don’t pose major risks to the Council.

Internal Audit’s overall Audit Opinion of **Adequate** is based on the following Key Strengths and Areas for Development:

Key Strengths

- ✓ Parking enforcement policies covering fines, permits and appeals etc have been published online for transparency.
- ✓ Relevant training is provided to Civil Enforcement Officers.
- ✓ TROs are in place for locations where parking restrictions apply and they set out the restrictions and parking charges that the Council can enforce.
- ✓ Charges for parking were found to be in line with the respective TRO.
- ✓ Contravention details set out in Penalty Charge Notices (PCNs) were found to relate to a provision in the respective TRO.
- ✓ Penalty charges have been set in line with statutory charging guidelines.
- ✓ Parking services has an appropriate system in place for processing and tracking PCNs.
- ✓ Parking services responds to PCN appeals in timely manner.
- ✓ Parking services has been open and transparent about which personal data will be collected during the course of parking enforcement and this is being adhered to.
- ✓ Personal data collected during parking enforcement are held on a system where access is restricted and controlled.

Areas for Development

- Not all notices of variation to parking TROs have been published on the Council’s website. **(Low)**
- There is a system loophole with pay and display machines which allows drivers to exceed the permitted free parking duration without payment. **(Medium)**
- Greater scrutiny and challenge of debt recovery performance by Senior Management is required. **(Medium)**
- The service is retaining personal data from PCNs beyond the stated period. **(Medium)**
- Although no formal management action is being proposed, the lack of segregation of duties for PCNs voided at the point of issue is being noted in this report. This is based on our data analysis showing that such voids represent only 2% of PCNs issued, making additional staffing to segregate the duties potentially cost inefficient.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	3	3	0
Low Risk	1	1	0

Audit Opinion	Substantial
Prospects For Improvement	Very Good

The audit found that controls across all key areas were well-designed and consistently applied, with strong evidence of transparency, fairness, and structured delivery. Officers demonstrated clear ownership of their roles, with proactive and well-organised processes contributing to timely and effective delivery of schemes. Monitoring return rates were high, follow-up with applicants was thorough, and external conditions were supportive, including strong Cabinet backing, stable funding, and high community demand. No external risks were identified, and stakeholder feedback regarding all aspects of the scheme was positive.

Internal Audit’s overall Audit Opinion of **Substantial** with **Very Good** prospects for improvement is based on the following Key Strengths and Areas for Development:

Key Strengths

Application Review & Selection

- ✓ Strategic alignment was clearly evidenced across all approved applications.
- ✓ Rejections were eligibility-based, with no appeals received.
- ✓ Allocation rules were applied uniformly, checklists and trackers support consistency and objectivity and there is clear documentation of decisions.
- ✓ Scoring prioritised deprived areas, promoting equity.
- ✓ Funding reached a diverse applicant pool, including small and volunteer-led groups.
- ✓ No evidence of exclusion based on geography or community type.

Governance & Delivery Oversight

- ✓ Proactive planning and scenario modelling support budget control and flexibility.
- ✓ Internal coordination is supported by scoring tools and process trackers
- ✓ Decisions are supported by documented rationale and formal governance.

- ✓ No evidence of ad hoc reallocations; processes were transparent and structured.
- ✓ Strong audit trail from scoring to Cabinet approval of awards.
- ✓ Risks were tracked through Cabinet reports and contingency measures.
- ✓ Grant caps and stage payments were adjusted to manage inflation and delivery risks.
- ✓ Clear administrative follow-up with applicants.

Monitoring & Impact Validation

- ✓ Standard templates and internal checklists were used consistently.
- ✓ Full lifecycle documentation consistently retained for each round.
- ✓ High response rates from recipients to monitoring information requests.
- ✓ Monitoring data was structured and validated across schemes.
- ✓ Anomalies were identified and explained, showing active oversight.
- ✓ Cross-scheme validation confirmed consistent application of controls.

Reputation

- ✓ Transparent and collaborative scoring process.
- ✓ High engagement and monitoring return rate.
- ✓ Positive stakeholder feedback.

Areas for Development

Application Review & Selection

- Lack of Documented Scoring Records and Moderation Notes for Grant Applications (**Low**)

Governance & Delivery Oversight

- Absence of Formal Training and Contingency Planning (**Low**)
- Absence of Formal Conflict of Interest Process (**Medium**)
- Absence of Formal Counter Fraud Team Review of Fraud Risk Assessment (**Low**)

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Monitoring & Impact Validation

- No issues identified.

Reputation

- No issues identified.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	1	1	0
Low Risk	3	3	0

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Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
TM04-2026	Starters and Leavers	Draft Report	Adequate	Good	Sep-25
TM01-2026	Parking Enforcement	Draft Report	Adequate	TBC	Sep-25
TM05-2026	UK shared Prosperity, Rural Prosperity Fund review	Complete	Substantial	Very Good	Sep-25
TM02-2026	Appraisal Process (SP and staff development)	Fieldwork			
TM06-2026	Gibson Accommodation Project	Fieldwork			
TM07-2026	Waste Contract Re-tender	Planning			
TM09-2026	Town Centre	Planning			
TM10-2026	Angel Centre	Planning			
TM03-2026	IT Asset Management	Planning			
TM08-2026	Local Plan	Not Started			
TM11-2026	Castle project	Removed	N/A	N/A	N/A
TM12-2026	Independent planning reviewer	Ongoing	N/A	N/A	N/A

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Audit Opinion

High

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

Limited

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

Substantial

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

No Assurance

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

Adequate

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

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Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

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NATIONAL FRAUD INITIATIVE 2024/2025

04-Jul-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
2 High	Housing Benefit Claimants to Student Loans, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
27 High	Housing Benefit Claimants to Housing Benefit Claimants, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
31 High	Housing Benefit Claimants to Housing Tenants, High Quality, Between Bodies		3	Opened	1	0	0	0	£0.00
47.6 Low	Housing Benefit Claimants to Taxi Drivers, Address Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
49.1 High	Housing Benefit Claimants to Benefits Agency Deceased Persons, High Quality, Within Bodies		11	Opened	11	0	0	0	£0.00
78 Info	Payroll to Pensions, High Quality, Between Bodies		1	Not Opened	0	0	0	0	£0.00
80 High	Payroll to Creditors, Same Bank Account, Within Bodies		26	Not Opened	0	0	0	0	£0.00
81 Low	Payroll to Creditors, Address Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00
91 High	Housing Benefit Claimants to Waiting List, High Quality, Between Bodies		20	Not Opened	0	0	0	0	£0.00
172.3 High	Resident Parking Permit to Benefits Agency Deceased Persons, High Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

NATIONAL FRAUD INITIATIVE 2024/2025

04-Jul-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
240 High	Waiting List to Housing Benefit Claimants, High Quality, Within Bodies		1	Not Opened	0	0	0	0	£0.00
241 High	Waiting List to Housing Benefit Claimants, High Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
257 High	Waiting List to Waiting List, High Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
261 High	Waiting List to Benefits Agency Deceased Persons, High Quality, Within Bodies		2	Not Opened	0	0	0	0	£0.00
295 High	Council Tax Reduction Scheme to Payroll, High Quality, Within Bodies		2	Not Opened	0	0	0	0	£0.00
436 High	Council Tax Reduction Scheme to Payroll, High Quality, Between Bodies		58	Not Opened	0	0	0	0	£0.00
436.1 High	Council Tax Reduction Scheme to Pensions, High Quality, Between Bodies		64	Not Opened	0	0	0	0	£0.00
440 Low	Council Tax Reduction Scheme to Payroll, Address Quality, Between Bodies		6	Not Opened	0	0	0	0	£0.00
440.1 Low	Council Tax Reduction Scheme to Pensions, Address Quality, Between Bodies		2	Not Opened	0	0	0	0	£0.00
446 High	Council Tax Reduction Scheme to Council Tax Reduction Scheme, High Quality, Between Bodies		3	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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NATIONAL FRAUD INITIATIVE 2024/2025

04-Jul-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
450 High	Council Tax Reduction Scheme to Housing Tenants, High Quality, Between Bodies	1	Not Opened	0	0	0	0	0	£0.00
456 Medium	Council Tax Reduction Scheme to Right to Buy, Medium Quality, Between Bodies	1	Not Opened	0	0	0	0	0	£0.00
459.1 High	Council Tax Reduction Scheme to Taxi Drivers, High Quality, Within Bodies	7	Not Opened	0	0	0	0	0	£0.00
459.2 High	Council Tax Reduction Scheme to Taxi Drivers, High Quality, Between Bodies	4	Not Opened	0	0	0	0	0	£0.00
460.6 High	Council Tax Reduction Scheme to Taxi Drivers, Address Quality, Between Bodies	2	Not Opened	0	0	0	0	0	£0.00
476 High	Council Tax Reduction Scheme to Housing Benefit Claimants, High Quality, Within Bodies	4	Not Opened	0	0	0	0	0	£0.00
477 High	Council Tax Reduction Scheme to Housing Benefit Claimants, High Quality, Between Bodies	4	Not Opened	0	0	0	0	0	£0.00
480 High	Housing Benefit Claimants to Council Tax Reduction Scheme, High Quality, Between Bodies	3	Not Opened	0	0	0	0	0	£0.00
482 High	Council Tax Reduction Scheme to Benefits Agency Deceased Persons, High Quality, Within Bodies	15	Opened	15	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
483 High	Council Tax Reduction Scheme to HMRC Property Ownership		49	Not Opened	0	0	0	0	£0.00
483.1 High	Council Tax Reduction Scheme to HMRC Earnings and Capital		58	Not Opened	0	0	0	0	£0.00
483.2 High	Council Tax Reduction Scheme to HMRC Household Composition		385	Not Opened	0	0	0	0	£0.00
701 High	Duplicate creditors by creditor name		22	Not Opened	0	0	0	0	£0.00
702 High	Duplicate creditors by address detail		72	Not Opened	0	0	0	0	£0.00
703 High	Duplicate creditors by bank account number		29	Not Opened	0	0	0	0	£0.00
708 High	Duplicate records by invoice amount and creditor reference		300	Not Opened	0	0	0	0	£0.00
709 High	VAT overpaid		8	Not Opened	0	0	0	0	£0.00
711 High	Duplicate records by supplier invoice number and invoice amount but different creditor reference and name		5	Not Opened	0	0	0	0	£0.00
713 High	Duplicate records by postcode, invoice amount but different creditor reference and supplier invoice number and invoice date		1	Not Opened	0	0	0	0	£0.00
750 High	Procurement - Payroll to Companies House (Director), High Quality, Within Bodies		4	Not Opened	0	0	0	0	£0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
9999 Info	Individuals who appear on more than one of the standard reports		9	Not Opened	0	0	0	0	£0.00
TOTAL			1191		27	0	0	0	0.00

IMPORTANT : This summary includes matches that occurred in previous years.

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NFI ReCheck

02-Sep-2025

AUTHORITY SUMMARY: Tonbridge & Malling Borough Council

No.	Report Name	Total Recommended	Total All	Status	Processed	In Progress	Frauds	Errors	Savings
801 High	Council Tax single persons discount to Electoral Register	0	938	Not Opened	97	26	0	17	£24025.73
804 High	Council Tax to All Datasets	0	938	Not Opened	0	0	0	0	£0.00
805 High	Council Tax to DDRI Deceased Persons, High Quality, Within Bodies	0	251	Not Opened	231	1	0	0	£0.00
815.2 High	Council Tax to HMRC Household Composition	0	961	Opened	6	1	0	0	£0.00
TOTAL		0	3088		334	28	0	17	24025.73

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IMPORTANT : This summary includes matches that occurred in previous years.

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Total Referrals	Referrals B/F	New Referrals	Open Referrals	Closed Referrals	Under Investigation	Awaiting Sifting	% Referrals Closed
58	37	21	42	16	38	0	28%

Investigations completed within 3 months
1

Investigations completed within 3 - 6 months
2

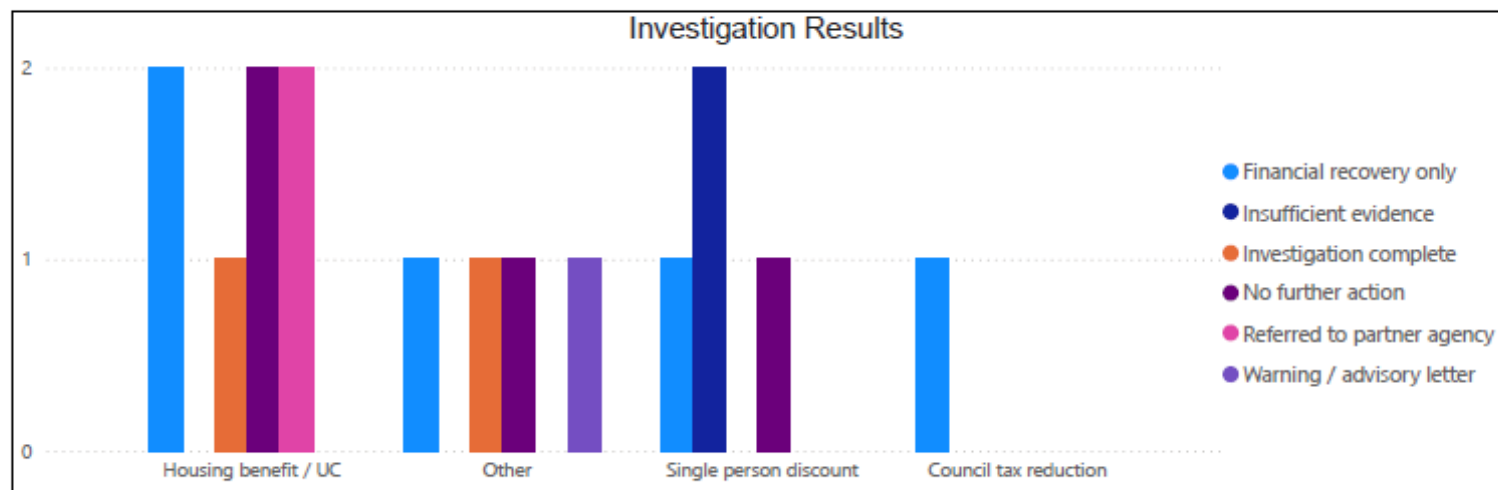
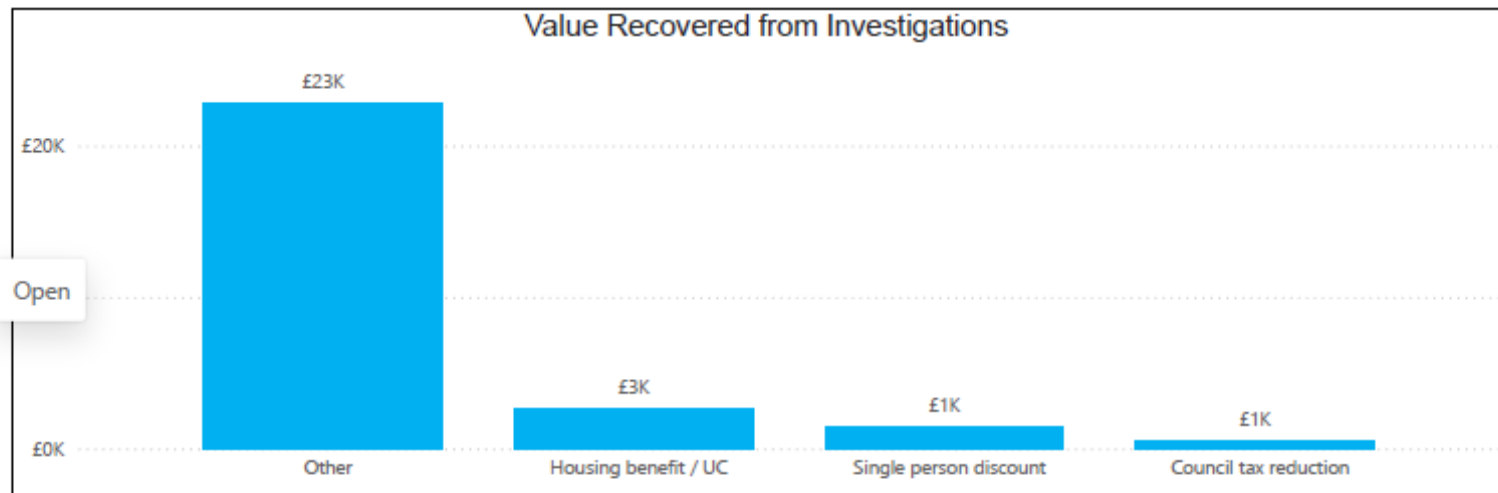
Investigations completed over 6 months
1

All cases closed within 6 months
14

Percentage cases closed within 6 months
88%

All cases closed over 6 months
2

Percentage of referrals sifted within 10 days
95%



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[Quality Assurance and Improvement Programme](#)

[Counter Fraud Update](#)

[Appendix A - Summaries](#)

[Appendix B – Internal Audit Plan Status](#)

[Appendix C - Definitions](#)

[Appendix D – National Fraud Initiative Biennial Exercise](#)

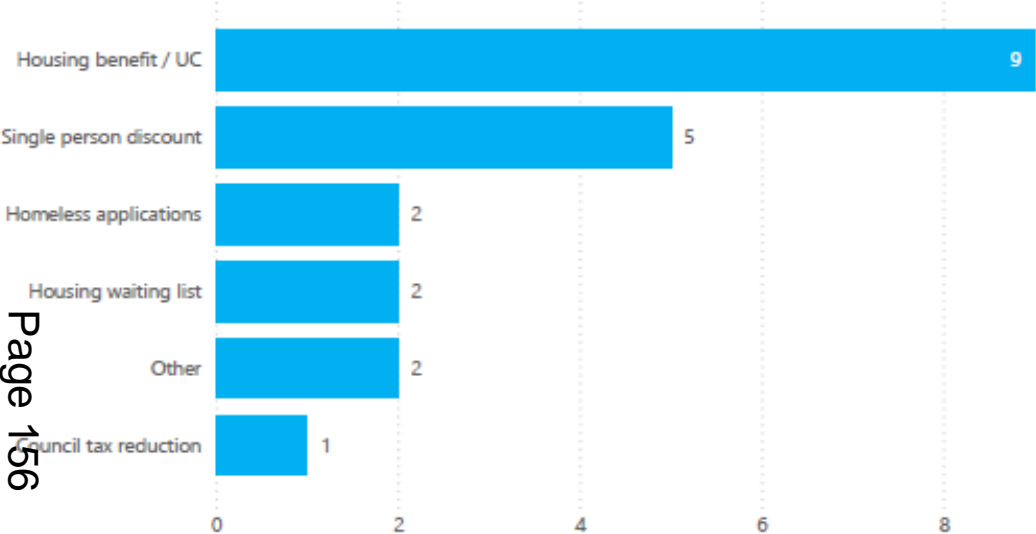
[Appendix E – National Fraud Initiative Annual Exercise](#)

[Appendix F – Fraud Referrals and Investigations](#)

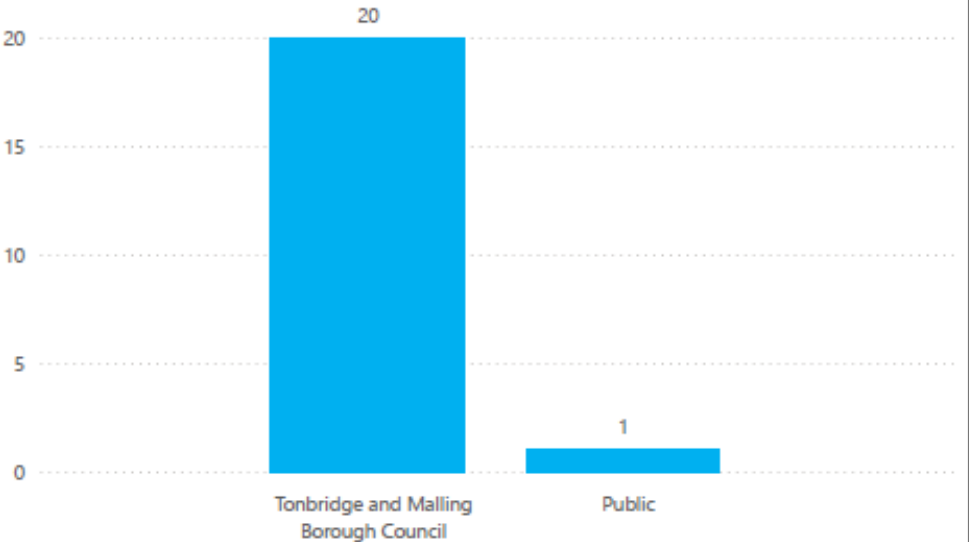
[Appendix G – Fraud Referrals Summary](#)

Appendix G – Fraud Referrals Summary

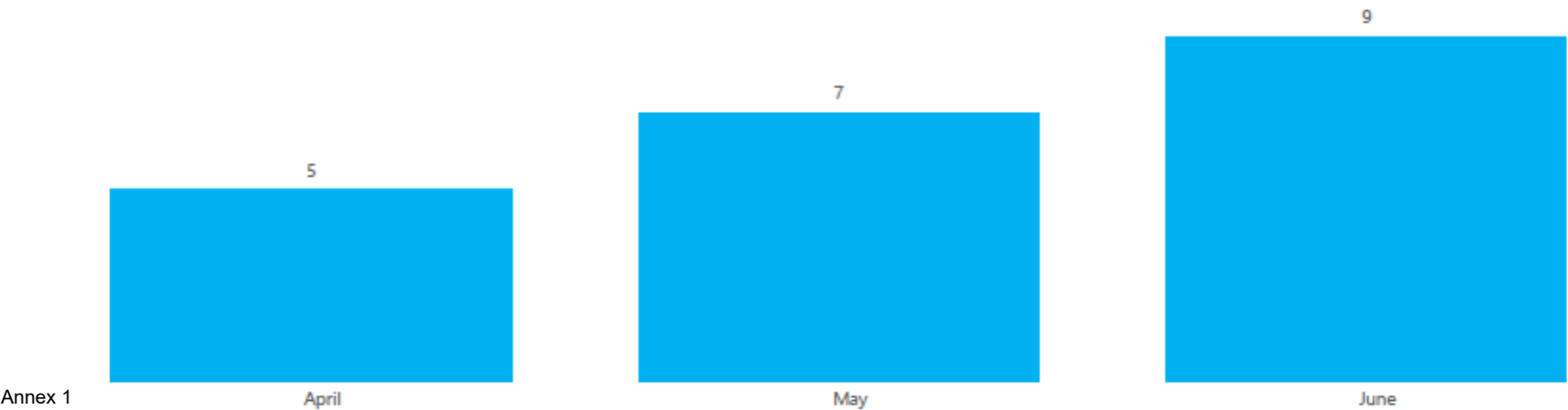
REFERRALS BY FRAUD TYPE



REFERRALS BY SOURCE



REFERRALS BY MONTH



Audit Committee

29 September 2025

Part 1 - Public

Delegated



Cabinet Member	Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Paul Worden – Head of Finance
Report Author	Amanda Riley – Principal Accountant

Statement of Accounts 2024/25 – Audit Findings Report

1 Summary and Purpose of Report

- 1.1 The unaudited Statement of Accounts was presented to this committee in July 2025. This report presents the Audit Findings Report following the review carried out by our external Auditors, Grant Thornton.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The Statement of Accounts and the Audit Findings Report demonstrate that the authority's finances remain in a sound position.

3 Recommendations

- 3.1 Members are **RECOMMENDED** to:
- Once fully agreed, receive and approve the audited set of Accounts for 2024/25 [Annex 1] and ask that the Chairman sign the Accounts in the appropriate place.
 - Approve the Audit Findings Report contained at [Annex 2] and the Management Responses, as detailed in paragraphs 5.4 and 5.5 on the outcome of the audit of the Statement of Accounts for 2024/25.
 - Approve the Letter of Representation [Annex 3] for signature by the Chairman and the Head of Finance (s151) when Grant Thornton issue their opinion.

4 Introduction and Background

- 4.1 The Accounts are to be prepared in accordance with International Financial Reporting Standards. The Code of Practice on Local Authority Accounting in the United Kingdom is issued by the Chartered Institute of Public Finance and Accountancy and is reviewed and as appropriate updated at least annually. There have been no material changes to the presentation of the Accounts for 2024/25.
- 4.2 Attached at **[Annex 1]** is a current copy of the Statement of Accounts, this may be subject to further minor amendment by Grant Thornton, with a verbal update given at the meeting. **May I ask that any questions on the Statement and its contents be raised in advance of the meeting with the report authors so that they can prepare responses to be given at the meeting.**
- 4.3 Members will note in accordance with the Accounts and Audit Regulations, in the role as the Council's responsible financial officer, Sharon Shelton has certified that the Statement of Accounts present a "true and fair view" of the financial position of the local authority at the end of the year and its income and expenditure for the year.
- 4.4 The Accounts and Audit Regulations require:
- The Council's responsible financial officer to certify an unaudited set of accounts for issue, that present a "true and fair view" of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025 by no later than 30 June 2025.
 - The responsible financial officer and Members to certify / approve an audited set of accounts for publication by no later than 27 February 2026 and that following approval both the responsible financial officer and Chairman of the receiving Committee sign and date the Statement of Accounts.
 - Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement accompany but is not part of the Accounts.

5 Audit Findings Report

- 5.1 Our external auditor (Grant Thornton UK LLP) is required to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts, and for this to be endorsed and approved before the Accounts are signed off. It is this Committee that is charged with governance for this purpose.
- 5.2 At the time of writing this report the external audit have almost concluded their review and issued a Draft Audit Findings Report on the outcome of the audit of the Statement of Accounts 2024/25 which is attached at **[Annex 2]**. Members will

note that the Engagement Lead anticipates being able to issue an unqualified audit opinion on the financial statements by the end of September and will provide a verbal update at the meeting on any residual findings and answer any questions.

- 5.3 At the time of writing, other than a small number of textual and minor disclosure changes, no other amendments have been made to the accounts as a result of the audit as detailed below.
- 5.4 The Audit Findings Report, at page 35 of the Grant Thornton document gives two recommendations for the Council identified during the audit, these have been summarised below along with the proposed management response.

Issue 1 – Bank Reconciliation

Risk – Bank reconciliations are a key control for financial governance in order to ensure the accuracy of the cash and cash equivalent held by the Council. While management indicates the issues this year were primarily due to delays caused by staff illness, these deficiencies pose a risk of misappropriation of assets.

Recommendation – We recommend that all reconciling items are investigated and resolved in a timely manner. Management must further ensure that appropriate action is taken to investigate prior balances.

Management response - Although the unreconciled difference on the cash account is below triviality, officers acknowledge that staff sickness and a recent system upgrade limited the time available to fully investigate and analyse the balance at year end. The Finance Team considers the identification of these unreconciled amounts a high priority. The bank reconciliation process is being reviewed, with the aim of streamlining the procedure and building resilience within the team going forward.

Issue 2 – Related parties disclosure note – declaration of interest.

Risk - There is a risk that management is not aware of relationships with related parties that require disclosure. Members who represent the Council's interest in borough development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known by the Council.

Recommendation – We recommend that management incorporates alternative procedures for those who have not completed their annual declarations. This will provide greater assurance that related party transactions are not identified or omitted.

Management should consider amending the existing declaration form to include guidance that the return covers both the Councillor and members of their immediate family.

Management response - Returns were received from all but 1 non-executive member of 43 Councillors elected as at the end of the 2024-25 financial year, the non-return was due to severe ill health of the Member concerned. In the event of this happening in future, Officers will perform additional searches to obtain details of potential related party transactions.

The Related Party Form will be reviewed for 2025-26 to cover closely related persons and will also include a review of the Members Declaration of Interests as highlighted in the Value for Money Audit Findings Reports.

5.5 There were three recommendations from the 2023/24 audit concerning the areas below:

1. Sundry Creditors
2. Related Party Transactions
3. Fixed asset register

The first recommendation has been implemented. The second issue has been raised again in 2024/25 and additional recommendations and management response provided as shown in Issue 2 above. The third remains ongoing due to the size and nature of the work being undertaken.

5.6 A post Balance Sheet event has been included in the final version of the Accounts, detailing the capital loss of £92,000 as a result of the early withdrawal from the Hermes Property Fund. This compares to an £88,000 loss recorded in the Financial Statements as at 31st March 2025.

5.7 The Audit Findings Report also contains the Value for Money Review completed in parallel with the Audit of the Statement.

5.8 The VFM report is also contained in the Auditor's Annual Audit Report found elsewhere on this agenda and the responses to the issues identified are covered in that report.

6 Letter of Representation

6.1 For completeness and in accordance with best practice it is recommended that the Chairman countersign the Letter of Representation, [**Annex 3**], that officers have prepared.

7 Financial and Value for Money Considerations

7.1 The fee for the audit of the 2024/25 Accounts is £163,828, compared to £147,460 for the 2023/24 audit. The increase is as a result of the new contract for Public Sector Audit and a fee variation for testing the first year application of IFRS16.

8 Risk Assessment

- 8.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescales could adversely affect the Council.

9 Legal Implications

- 9.1 Compliance with the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting in the United Kingdom is a statutory requirement. There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

10 Cross Cutting Issues

10.1 Equalities and Diversity

- 10.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Statement of Accounts Annex 2 – Audit Findings Report Annex 3 – Letter of Representation

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Due to its size this Annex will be published as a supplement.

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Audit Findings (ISA 260) Report for Tonbridge and Malling Borough Council

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Year ended 31 March 2025

September 2025



Tonbridge and Malling Borough Council
Gibson Building Gibson Drive
West Malling
Kent ME19 4LZ

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

10 September 2025

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Dear Members of the Audit Committee

Audit Findings for Tonbridge and Malling Borough Council for the year ended 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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 expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-25).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Sophia Brown
Key Audit Partner
for Grant Thornton UK LLP

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Chartered Accountants

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01 Headlines

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Headlines (1)

This page and the following summarises the key findings and other matters arising from the statutory audit of Tonbridge and Malling Borough Council (the ‘Council’) and the preparation of the Council’s financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to report whether, in our opinion:

- the Council’s financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed remotely over two visits, during March and again from June–September 2025. In April 2025, we issued an Indicative Audit Plan, setting out the scope and timing of our work. We confirm that no material changes were made to that report, and it should be noted as the final audit plan for 2024–25 financial statements.

Our findings are summarised in section 3 and Appendices B and D of this report. We have not identified adjustments to the financial statements that have an impact to the Council’s Comprehensive Income and Expenditure Statement and the level of usable reserves.

We identified several disclosure amendments throughout the financial statements. These are detailed in Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year’s audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- review of audit work by senior audit engagement team members;
- receipts of IAS 19 assurance letter from Kent Pension Fund auditors in relation to your pension liability;
- receipt of management’s representation letter;
- review of subsequent events; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

Headlines (2)

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work, and our detailed commentary is set out in the separate Auditor’s Annual Report, presented alongside this report. We reported one significant weakness in the prior year, carried forward from 2022-23, which is now closed and fully addressed.

We have satisfied ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources in the current year.

Statutory duties

The Local Audit and Accountability Act 2014 (the ‘Act’) also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we receive confirmation from the NAO that the group audit of the Whole of Government Accounts has been certified by the Comptroller & Auditor General. Therefore, no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026

For years ended 31 March 2026 by 31 January 2027

For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

We intend to finalise this audit in advance of the backstop date for the 2024-25 financial year, and the Council will not be affected by the backstop legislations for the audit current audit year and prior years. We would like to express our appreciation for the continued assistance provided by finance team and other staff of the Council, supporting the audit process fully.

Headlines (3)

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Council

In the current year, the implementation of IFRS 16 has resulted in the first-time recognition of a right-of-use asset and a corresponding lease liability on the Council's balance sheet. These has brought in £215k, net book value of assets and lease liability in the balance sheet. Additionally, corresponding movements have been charged in the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS).

New accounting policies were included in the financial statements, and additional disclosures relating to leases have been added in Note 30 of the accounts in accordance with the requirements of the IFRS 16 as adopted by CIPFA Code.

We report on this area on page 19, covering the procedures we have completed and our findings.

02 Materiality

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Our approach to materiality

As communicated in our Indicative Audit Plan dated 14 April 2025, we determined materiality at the planning stage as £1.49m based on approximately 2.5% of prior year gross expenditure. At year-end, we reconsidered planning materiality based on the draft financial statements. Final materiality levels have remained the same as reported at the planning stage. A recap of our approach to determining materiality is set out below.

	Council £	Qualitative factors considered
Materiality for the financial statements	1,490,500	We determined the final financial statement materiality based on a proportion of the prior year gross expenditure of the Council. The main users of the Council's accounts primary interest is in the cost of providing services and how the it manages its spending. As such, we conclude that the gross expenditure is the most appropriate benchmark to set the materiality levels for the Council. Materiality is £1.491m which equates to approximately 2.5% of your prior year gross expenditure for the period.
Materiality for specific transactions, balances or disclosures – senior officer remuneration and termination benefits	20,000	We consider senior officer remuneration and termination benefits as sensitive disclosures and of public interest. We set a lower materiality figure to ensure adequate procedures are performed and identified misstatements of lower amounts are reported to those charged with governance. No changes on this threshold since the planning stage.
Reporting threshold	74,500	We determined that an individual difference less than £74,500 is considered trivial. We report to the Audit Committee any unadjusted misstatements above this threshold.

03 Overview of significant and other risks identified

Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	● Green
Valuation of land and buildings	Significant	↔	✗	High	● Green
Valuation of the pension fund net liability/asset	Significant	↔	✗	High	● Green
Risk of fraud and error in revenue recognition (rebutted for all streams)	Other	↔	✗	Low	● Green
Fraud in expenditure recognition	Other	↔	✗	Low	● Green

- ↑

 Assessed risk increase since Audit Plan
- ↔

 Assessed risk consistent with Audit Plan
- ↓

 Assessed risk decrease since Audit Plan
- Green

 - Not likely to result in material adjustment or change to disclosures within the financial statements
- Amber

 - Potential to result in material adjustment or significant change to disclosures within the financial statements
- Red

 - Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks (1)

Risk identified	Audit procedures performed	Conclusions
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Evaluated the design and implementation of management controls over journals.• Analysed the journals listing and determined the criteria for selecting high risk unusual journals.• Identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration to supporting evidence.• Identified and tested journals entries made off-ledger, gaining understanding and corroborating to supporting evidence.• Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.• Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	<p>Our audit work is complete and has not identified any issues in respect of management override of controls.</p>

Significant risks (2)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of land and buildings</p> <p>The Council re-values its land and buildings on a rolling five-yearly basis. The Council applies valuation techniques such as the depreciated replacement cost (DRC) for the valuation of its other land and buildings. In applying this method, key assumptions are made by the valuer to arrive to a value of a modern asset equivalent (MEA), meeting the capacity and location requirements of the services being provided by the replaced asset.</p> <p>The valuation of land and buildings represents a key accounting estimate which is sensitive to changes in assumptions and market conditions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, particularly key assumptions and inputs applied by the valuer at financial statement date to determine the current value of the assets.</p> <p>As a result, we selected 10 assets covering £30.9 million of the £51.2 million balance revalued during the year.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to management’s valuation expert, and the scope of their work.• Evaluated the competence, capabilities and objectivity of the valuation expert engaged by management.• Discussed with, and wrote to, management’s valuation expert to confirm the basis on which the valuation was carried out.• Challenged the information and assumptions used by management’s valuer to assess completeness and consistency with our understanding.• Recalculated the valuations, testing key inputs including BCIS rates, floor areas, obsolescence and other assumptions used in both DRC and existing use valuations. We also considered the appropriateness of each method applied to determine the assets valuation.• Tested revaluations made during the year to confirm if they were input correctly to the Council’s asset register.• Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that the carrying amounts of these assets are not materially different to the current value at 31 March 2025.	<p>Our audit work is complete and has not identified any issues regarding the valuation of land and buildings.</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of land and buildings were appropriate.</p> <p>Furthermore, we found no material misstatement arising from management bias as a result of the judgments and estimates made over the valuation.</p>

Significant risks (3)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of net pension liability/asset (£2.882m)</p> <p>The Council’s share of the pension fund net liability, as reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The estimation of the pension fund net liability depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A small change in inputs can have a significant impact on the estimated pension fund liability.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£2.882m in the Council’s Balance Sheet at 31 March 2025, falling by £3.245m from £6.127m at 31 March 2024) and the sensitivity of the estimate to changes in key assumptions. The present value of the defined benefit obligation was £97.7m and the fair value of fund assets was £106.4m.</p> <p>We therefore identified the valuation of the Council’s pension fund as a significant risk.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Updated our understanding of the processes and controls put in place by management to ensure that the Council’s pension fund net liability is not materially misstated and evaluated the design of the associated controls.• Evaluated the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary’s work.• Assessed the competence, capabilities and objectivity of the actuary who carried out the Council’s pension fund valuation.• Assessed the accuracy and completeness of the information provided by management to the actuary to estimate the liability.• Tested the consistency of the pension fund liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.• Reviewed the IFRIC 14 assessment carried by management’s expert actuary.• Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report.• Requested ISA 19 assurance letter from the Kent Pension Fund auditor over controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the administering authority and the fund assets valuation in the pension fund financial statements.	<p>Our audit work is substantially complete and has not identified any issues regarding the valuation of net pension liability.</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of net pension liability were appropriate.</p> <p>Furthermore, we found no material misstatement arising from management bias as a result of the judgments and estimates made over the valuation.</p>

Other risks (1)

Risk identified	Audit procedures performed	Conclusions
<p>Presumed risk of fraud in expenditure recognition</p> <p>In line with the Public Audit Forum Practice Note 10, , in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>Having considered the nature of all expenditure streams at the Council, we considered the risk that expenditure may be misstated due to the improper recognition of expenditure and concluded that there is not a significant risk for all expenditure streams. This is due to the low fraud risk in the nature of the underlying transaction, which would require a significant number of transactions to be incorrectly recorded to cause a material misstatement. We determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none">• There is little incentive to manipulate expenditure recognition;• Opportunities to manipulate expenditure recognition are limited; and• The culture and ethical frameworks of local authorities, including that of the Council, meaning that all forms of fraud are seen as unacceptable. <p>Based on our assessment, no specific fraud risk factors have been identified and therefore we do not consider expenditure recognition to be a significant risk for the Council.</p> <p>Though we rebutted the risk of fraud above, we considered that the risk relating to expenditure recognition may be prevalent around manual accruals of expenditure around year-end and the potential volume at year-end increasing the risk of error in expenditure recognition.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Inspected a sample of transactions incurred around the year-end to confirm whether they had been included in the correct accounting period.• Tested a sample of expenditure items and tested to supporting information to gain assurance over accuracy and occurrence.• Inspected a sample of accruals made at year-end for expenditure incurred but not yet invoiced to assess whether the estimation of the accrual was consistent with the value billed after the year.	<p>Our audit work is complete and has not identified any issues regarding the expenditure recognition.</p>

Other risks (2)

Risk identified	Audit procedures performed	Conclusions
<p>Risk of fraud and error in revenue recognition (rebutted for all streams)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Page 18 Page 19 Page 20</p> <p>In our risk assessment of all revenue streams for the Council, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Council. Based on that, we rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, which would require a significant number of transactions to be incorrectly recorded to cause a material misstatement. This is due to the low fraud risk in the nature of the underlying transactions. We determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none">• There is little incentive to manipulate expenditure recognition;• Opportunities to manipulate revenue recognition are limited; and• The culture and ethical frameworks of local authorities, including that of the Council, meaning that all forms of fraud are seen as unacceptable. <p>Based on our assessment, no specific fraud risk factors have been identified and therefore we do not consider revenue recognition to be a significant risk for the Council.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Selected a sample of revenue items from each material revenue stream and tested to supporting information and subsequent receipt of income to gain assurance over accuracy and occurrence.• Tested a sample of receipts and invoices raised post year-end to ensure they were included in the correct financial year, gaining assurance over completeness.• Updated our understanding of the revenue business process for material revenue streams.	<p>Our audit work is complete and has not identified any issues regarding the revenue recognition.</p>

Other risks (3)

Risk identified	Audit procedures performed	Conclusions
<p>IFRS 16 Leases implementation</p> <p>IFRS 16 Leases is now mandatory for all local government bodies from 1 April 2024. The standard replaced IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – incentives, and SIC-27 Evaluating the substance of transactions involving the legal form of a lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as right of use (ROU) assets, representing the right to use the underlying leased assets, and a corresponding liability representing its obligation to make lease payments.</p> <p>The Code adapts IFRS 16 and requires that the subsequent measurement of the ROU asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p> <p>We considered the implementation of IFRS 16 as other risks, noting the significant changes to disclosures required under the new standard, while the values per the draft accounts (£215k) involved at the Council are immaterial.</p> <p>We pinpointed the risk over completeness of IFRS 16 disclosures made under the new accounting standard.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none">• Documented our understanding of the processes and controls in place by management to ensure that the Council’s ROU assets and corresponding liabilities are not materially misstated. This included steps implemented by management to identify leases impacted by IFRS 16, ensuring completeness.• Reviewed accounting policies and disclosures in relation to IFRS 16.• Obtained the lease register from management and compared to the prior year to identify any leases omitted. Additionally, reviewed lease payments listing using the full ledger to identify lease payments made and corroborate to a lease agreement to the lease register.• Reviewed the application of judgement and estimation in determining ROU asset valuations and lease liabilities.• Reviewed disclosures made in the accounts in relation to ROU asset values and lease liabilities.	<p>Our audit work is substantially complete and at this stage we have not identified any issues regarding the IFRS 16 standard adoption.</p>

04 Other findings

Other findings – information technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Integra	ITGC assessment (design, implementation and operating effectiveness)	<div><div></div></div> Green	<div><div></div></div> Green	<div><div></div></div> Green	<div><div></div></div> Green	No issues identified

Assessment:

- Red - Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Amber - Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- Green - IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Black - Not in scope for assessment

05 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period, and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. We have raised a control recommendation in relation to related parties' disclosures, please see details in Appendix B of this report.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from management, which is presented as a separate item for presentation along this report. There were no specific representations requested from management.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted, and the requests were sent. All requests that were sent to counterparties were returned.
Disclosures	Our review found no material omissions in the financial statements. We have reported immaterial disclosure misstatements in Appendix D of this report.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	There were no significant difficulties. Members of the finance were available to provide evidence and explanations as required throughout the audit.

Other responsibilities (1)

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">• The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities• For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Authority and the environment in which it operates• the Authority’s financial reporting framework• the Authority’s system of internal control for identifying events or conditions relevant to going concern• management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified; and• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (2)

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none">• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,• if we have applied any of our statutory powers or duties.• where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate for the Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we receive confirmation from the National Audit Office that the audit of the Whole of Government Accounts (WGA) consolidation pack for the year ended 31 March 2025 is complete and certified by the Comptroller and Auditor General. There is no further work required to be undertaken by us.</p> <p>We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.</p>

06 Value for money arrangements

Value for money arrangements

Approach to value for money work for the year ended 31 March 2025

The National Audit Office issued its latest value for money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, the Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30 November each year from 2024-25. Our draft AAR accompanies this audit findings report as a separate Committee item.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

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Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have not identified any significant weaknesses in arrangements. Full commentary is included in our 2024-25 AAR, presented along this report.

07 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council, senior management or staff that would exceed the threshold set in the Ethical Standard.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services (1)

Annex 2

The following tables below set out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the date of this report, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor. None of the below services were provided on a contingent fee basis.

For the purposes of our audit, we made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Tonbridge and Malling Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

Audit-related non-audit services

Service	2023-24 £	2024-25 £	Threats identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	35,031	40,000	Self-Interest (because this is a recurring fee) Self-review (because Grant Thornton provides audit services) Management threat	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £40,000 in comparison to the total fee for the audit of £163,828 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self review threat and management threat, we have not prepared any elements of MPF720A form which we are reviewing. The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We will perform the proposed service in line with the instructions and reporting framework issued by DWP and will report to DWP, with a copy of our report being provided to the council at the same time.</p> <p>Based on past experience, it is not expected that there will be material changes to housing benefit subsidy payable or receivable in future years based on the work that we perform. Any changes to the form will be agreed with the council before we conclude our report to DWP. Any changes to subsidy payable will be determined by DWP and we will have no involvement in the decision.</p>
Total	35,031	40,000		

Fees and non-audit services (2)

We confirm below our final fees charged for the audit.

Audit fees	Proposed fee £	Final fee £
Scale fee for Tonbridge and Malling Borough Council audit	154,418	154,418
Fee variation for testing the first-year application of IFRS 16*	9,410	9,410
Total audit fees (excluding VAT)	163,828	163,828

*Fees are subject to PSAA approval.

A reconciliation of audit fees to the financial statements is set out below:

Reconciliation of fees per the financial statements to total fees above (audit services)	£
Fees per the financial statements for audit services	164,000
Certification of grant claims and returns	30,000
Total audit fees (excluding VAT)	194,000

Appendices

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A. Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance.	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks.	●	
Confirmation of independence and objectivity.	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern.	●	●
Views about the qualitative aspects of the Council’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures.		●
Significant findings from the audit.		●
Significant matters and issue arising during the audit and written representations that have been sought.		●
Significant difficulties encountered during the audit.		●
Significant deficiencies in internal control identified during the audit.		●
Significant matters arising in connection with related parties.		●

A. Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements.		●
Non-compliance with laws and regulations.		●
Unadjusted misstatements and material disclosure omissions.		●
Expected modifications to the auditor's report, or emphasis of matter.		●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Action plan (1)

We set out here our recommendations for the Council which we identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we identified during the course of our audit and that we concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<div>●</div> <div>Medium</div>	<p>Bank reconciliation</p> <p>During our review of cash and cash equivalents, we identified an unreconciled trivial balance in the cash account, which represents the Council's Collection Deposit Book. Furthermore, there has been a cumulative running difference throughout the year that was not investigated or reconciled in a timely manner.</p> <p>Management has attributed the delays in resolving these discrepancies to staff illness and an upgrade to the cash management system.</p> <p>Risk – Although the balances involved are trivial, bank reconciliations are a key control for financial governance. They are vital in ensuring the accuracy of cash and cash equivalents held by the Council. While management identified the cause of the issue and is prioritising streamlining the process, we report this issue as it could have adverse impact in the effective operation of the bank reconciliation key control, which is fundamental in safeguarding the Council’s cash.</p>	<p>We recommend that all reconciling items are investigated and resolved in a timely manner. Management must further ensure that appropriate action is taken to investigate prior balances.</p> <p>Management response</p> <p>Although the unreconciled difference on the cash account is below triviality, officers acknowledge that staff sickness and a recent system upgrade limited the time available to fully investigate and analyse the balance at year end. The Finance Team considers the identification of these unreconciled amounts a high priority. The bank reconciliation process is being reviewed, with the aim of streamlining the procedure and building resilience within the team going forward.</p>

Key

- **High** – Significant effect on control system and/or financial statements
- **Medium** – Limited impact on control system and/or financial statements
- **Low** – Best practice for control systems and financial statements

B. Action plan (2)

Assessment	Issue and risk	Recommendations
<div><div>●</div><div>Medium</div></div>	<p>Related parties disclosure note – declaration of interest</p> <p>We identified a missing declaration of interest for one Councillor. Upon discussion with management, it was established that this was due to long term ill-health.</p> <p>Management had not performed alternative procedures to ensure that all interests of the Councillor were considered for the financial year. Alternative procedures could involve conducting a Companies House search to identify any interests that may require disclosure.</p> <p>Additionally, we identified that that declaration forms do not cover closely related persons.</p> <p>As part of our testing of the disclosure, we were satisfied that the absence of the declaration form did not constitute a material omission in the related party transactions disclosure. Our search did not identify any such transactions requiring disclosure.</p> <p>Risk – There is a risk that management is not aware of relationships with related parties that require disclosure. Members who represent the Council’s interest in borough development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known by the Council.</p>	<p>We recommend that management incorporates alternative procedures for those who have not completed their annual declarations. This will provide greater assurance that related party transactions are not identified or omitted.</p> <p>Management should consider amending the existing declaration form to include guidance that the return covers both the Councillor and members of their immediate family.</p> <p>Management response</p> <p>Returns were received from all but 1 non-executive member of 43 Councillors elected as at the end of the 2024-25 financial year, the non-return was due to severe ill health of the Member concerned. In the event of this happening in future, Officers will perform additional searches to obtain details of potential related party transactions.</p> <p>The Related Party Form will be reviewed for 2025-26 to cover closely related persons and will also include a review of the Members Declaration of Interests as highlighted in the Value for Money Audit Findings Reports.</p>

Key

- **High** – Significant effect on control system and/or financial statements
- **Medium** – Limited impact on control system and/or financial statements
- **Low** – Best practice for control systems and financial statements

C. Follow up of prior year recommendations

We identified the following issues in the audit of the Council’s 2023-24 financial statements, which resulted in 3 recommendations being reported in our 2023-24 Audit Findings Report. Two of the recommendations are now closed, and we set out below the remaining in-progress recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Not yet addressed	<p>Fixed asset register (FAR)</p> <p>Deficiency noted in the preparation and maintenance of the Council's FAR, maintained in an Excel workbook with separate tabs for each asset type. This means that there is not one listing of all assets from which sampling, recon, or other checks can be carried out. Additionally, the FAR does not clearly include data needed to determine accounting entries for revaluation movements.</p>	<p>Management update</p> <p>Per management comment, this recommendation was made after using the same format since the inception of capital charges in 1993. That being said, management agreed to review and update these registers, the first being land and buildings which was reviewed in 2022-23 with other FARs to be reviewed in the forthcoming years.</p> <p>Auditor comment</p> <p>Work remains in progress. Recommendation remains open.</p>

D. Audit adjustments (1)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

No adjusted misstatements were identified at the date of issuing our report. We will provide an update to management and Audit Committee should any issues be identified from our remaining work.



D. Audit adjustments (2)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Reason for not adjusting
Note 8 Land and buildings – overstatement We recalculated the external works values used by the external valuer in arriving at the valuation of land and buildings assets valued using the depreciated replacement cost method. For Larkfield Leisure Centre, we identified a variance amounting to an overstatement of £79k. This is an estimation variance rather than a factual error.	Dr Deficit on the revaluation of PPE 79	Cr PPE 79	Dr 79	Immaterial estimation difference
Overall impact of current year unadjusted misstatements	Dr 79	Cr 79	Dr 79	

D. Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023-24, and the resulting impact upon the 2024-25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024-25 financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Reason for not adjusting
<div>Page 204</div> <div>Indexation of assets not revalued</div> <div>Based on our indexation exercise of assets not revalued, using market data, we concluded that the other land and buildings asset class is £778k overstated.</div>	nil	Dr PPE 778 Cr Unusable reserves 778	nil	Immaterial difference in estimation
<div>Note 8 Land and buildings – overstatement</div> <div>We recalculated the external works values used by the external valuer in arriving at the valuation of land and buildings assets valued using the depreciated replacement cost method. For one asset we identified a variance amounting to an overstatement of £0.077m. This was an estimation variance rather than a factual error.</div>	Nil	Cr PPE 77 Dr Unusable reserves 77	Nil	Immaterial estimation difference
Overall impact of prior year unadjusted misstatements	0	0	0	0

D. Impact of unadjusted misstatements in current and prior years

The table below considers the overall impact of unadjusted misstatements in current and prior years.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Conclusion
	£000	£000	£000	
Overall impact of unadjusted misstatement in the current year	Dr 79	Cr 79	Dr 79	Impact not material in current year, no change in net expenditure position in current year.
Overall impact of unadjusted misstatement in the prior year	Cr 0	Dr 0	Cr 0	Impact not material in prior year, no change in net expenditure position in current year.
Net expenditure impact	Dr 79	Cr 79	Dr 79	The impact of prior period and/or current period unadjusted misstatements is not material and does not change the reported position of the Council.

D. Audit adjustments – misclassification and disclosure

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Leases	In our review of lease arrangements in the Council, we identified a lease (Union Street) that was not disclosed in the prior period. The value of the understatement in lease disclosures was £86k. Management has not amended.	No
General – minor disclosure issues	A number of minor disclosure amendments have been processed in various areas of the annual report, and the financial statements. These amendments include corrections for typographical errors, minor casting or rounding issues, presentation and referencing. None of these amendments are individually or in aggregate significant enough to warrant separate disclosure. Management agreed to review and make appropriate amendments.	Yes

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E. Management letter of representation (1)

Grant Thornton UK LLP
8 Finsbury Circus,
London, EC2M 7EA

Dear Grant Thornton UK LLP

Tonbridge & Malling Borough Council
Financial Statements for the year ended 31 March 2025

Page 207 This representation letter is provided in connection with the audit of the financial statements of Tonbridge and Malling Borough Council ("the Authority") for the for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

E. Management letter of representation (2)

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Investment properties valuation, property, plant and equipment valuation, pension liability valuation, and heritage assets valuation. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. There are no prior period errors to bring to your attention.

E. Management letter of representation (3)

- xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements
- xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Page 209 Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.

E. Management letter of representation (4)

- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on **29 September 2025**.

Yours faithfully

Signed on behalf of the Authority

F. Draft audit opinion – to follow

We anticipate to issue the Council with an unmodified audit report.



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(Annex 3)

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

Contact	Paul Worden
Email	Paul.worden@tmbc.gov.uk
Your ref.	
Our ref	
Date	29 September 2025

Dear Grant Thornton UK LLP

Tonbridge & Malling Borough Council
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Tonbridge and Malling Borough Council ("the Authority") for the for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law. We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Investment properties valuation, property, plant and equipment valuation, pension liability valuation, and heritage assets valuation. We are satisfied that the material judgements used in the preparation of the

financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. There are no prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the

- financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
- b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

- xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

- xvii. We have communicated to you all deficiencies in internal control of which management is aware.

- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

- xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on 29 September 2025.

Yours faithfully

Name: Councillor Robert Cannon
Position: Chair of the Audit Committee
Date: 29th September 2025

Name: Paul Worden
Position: Head of Finance (Section 151 Officer)
Date: 29th September 2025

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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The Chairman to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

**ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT
INFORMATION**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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of the Local Government Act 1972.

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of the Local Government Act 1972.

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Agenda Item 14

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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