

Tonbridge and Malling Borough Council

**Auditor's Annual Report for the
year ended 31 March 2024**

November 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Tonbridge and Malling Borough Council (the Council) during 2023-24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Responsibilities of the appointed auditor

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 2024 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 2023/24; and
- 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.

Value for Money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

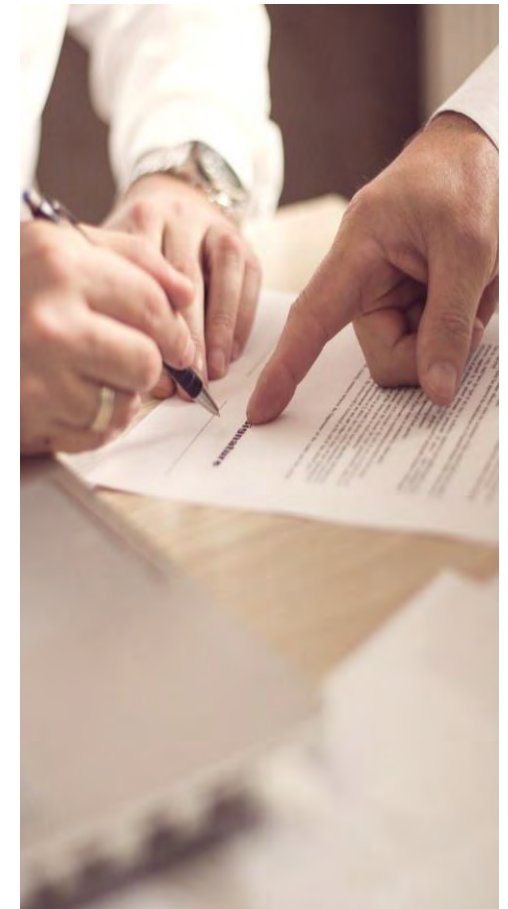
- financial sustainability
- governance
- improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 11 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary

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. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. These new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below.



Financial sustainability

The Council continues to demonstrate a strong track record of financial performance, having outperformed the estimated budgets in 2022-23 and in 2023-24, contributing £0.95m and £1.3m to the General Fund Reserve in the respective financial years. The Council set a balanced annual budget for 2024-25 which fully identified all savings required to achieve this position. The Council is currently on track to deliver the 2024-25 position based on quarter 1 budget monitoring information.

The Council has built up reserves over the period 2019-20 to 2023-24, as such, at the end of 2023-24 the Council held earmarked and General Fund reserves of £33.4m. Reserves are expected to decrease in the medium-term as the Council uses them to fund specific projects that they are set aside to fund, therefore use of reserves is not indicative of a lack of financial control but demonstrates robust financial management.

Across the Council Medium-Term Financial Plan (MTFP) savings beyond 2025-26 are yet to be identified, which creates a budget gap until the savings can be fully identified and attributed to specific plans. This has the potential to reduce reserves beyond current anticipated levels. If in a worst-case scenario the savings were not identified or delivered, the potential reserves balance would represent 52% of net revenue expenditure and remains a strong position.

The Council has a well-established Savings and Transformation Strategy, which is a multi-year savings programme. Currently the scope of this programme is focussed on a few key areas, but there is potential for the Council to explore transformative savings schemes to meet the medium-term gaps identified from the yet to be developed savings plans in later years.

Executive summary

Financial sustainability (continued)

Despite an overall underspent position for 2023-24, the Council has experienced overspends in certain services, which have been offset by underspends elsewhere. The most significant of the overspends relate to the cost of Temporary Accommodation and Homelessness where expenditure was £0.248m above the revised estimate and was met from the Homelessness Reserve which was set aside in prior years in anticipation of rising demand. The Council has reduced demand in this area in prior years, with support from external consultants, and re-engaged those consultants in 2023-24 to provide additional support and address the increasing demand. The results of this work are expected to be implemented in 2024-25. The Council sought additional advice from consultants with regards to its capital response to the temporary accommodation pressures observed. This work has explored sustainable temporary accommodation delivery options, which are expected to be considered in the future capital programme.

The Council's Capital Programme outturn was £1.07m against a revised estimate of £2.306m, an underspend of £1.246m. £0.947m of this underspend was against capital renewals as a result of the delay in purchasing equipment for the Council's Leisure facilities. The Council worked with the Leisure Trust to develop an appropriate replacement programme and replacement equipment is expected to be delivered in quarter 3 of 2024-25.

Overall, arrangements to secure financial sustainability are deemed to be appropriate. No significant weaknesses in arrangements identified, but improvement recommendations have been made.

Executive summary



Governance

In response to recommendations from both External and Internal Audit reviews the Council engaged external consultants, Zurich Risk Management, to carry out a review of the Risk Management Strategy and Strategic Risk Register to suggest updates to existing processes ensuring they remain robust, fit for purpose and reflect best practice. Recommendations from this work have been formulated into an Action Plan which is being monitored by the Audit Committee. Progress has been made on all actions to date and the Plan is on track to deliver to agreed timescales by the end of January 2025.

The Council continues to be well-supported by its Internal Audit function, which received positive assurances from the Audit Committee's review of Internal Audit effectiveness and a service client satisfaction score of 100%. For 2023-24 Internal Audit completed 93% of their audit plan against a target of 90%. In addition, Internal Audit's self-assessment of its compliance with Public Sector Internal Audit Standards received the highest available rating of 'generally conforms'. The overall 2023-24 Internal Audit opinion for the Council was positive, receiving an overall rating of 'substantial assurance', reflecting robust processes and controls in place across a range of operations. The Council responds effectively to recommendations, with 88% of Internal Audit recommendations implemented, nearing completion or in progress at the end of 2023-24.

The budget setting process has remained consistent with the prior year and remains robust. It is a well-understood and collaborative process. Members monitor the financial performance of the Council via Financial Planning and Control Reports. These reports focus on the in-year position across key areas of the budget, and we have identified scope to review the format to ensure that Members are sighted on the year-end impact of in-year performance.

Member decisions are clearly and transparently presented at each Committee, including Cabinet. Reporting of decisions is both retrospective and forward-looking. This contributes to a robust and transparent decision-making culture. The Audit Committee received the Council's annual review of its arrangements against the Local Code of Corporate Governance in July 2024, a detailed response was provided to each requirement and no gaps in assurances were noted. This is a positive reflection of the Council's governance arrangements.

The Council established a Joint Standards Committee, which also includes all Parish Councils within the Borough. The Standards Committee deals with Councillors' standards and behaviour, receiving reporting on complaints annually and investigating individual cases as required. The number of issues raised in-year is low in comparison to the number of Councillors covered by this Committee, indicative of high standards of Member behaviour.

Overall, governance arrangements are deemed to be appropriate. No significant weaknesses in arrangements identified, but improvement recommendations have been made.

Executive summary



Improving economy, efficiency and effectiveness

We identified two weaknesses in arrangements in 2022-23 in this area and raised two key recommendations. The weaknesses were observed in procurement and performance management arrangements. The Council has responded effectively to concerns raised in relation to performance management in a timely manner by developing and implementing a performance management framework, alongside an updated Corporate Strategy for 2023-27. The Strategy, supporting delivery plan and key performance indicators (KPIs) were implemented and monitored from July 2023. As a result of the actions taken we believe this weakness to now be addressed.

For the weakness highlighted in procurement arrangements, the Council has made progress in responding to concerns in this area. The Council engaged Mid-Kent Procurement Partnership to deliver procurement services, with effect from 1 May 2024. The Partnership is working with the Council to deliver relevant training, provide a team to work on key procurements and draft an updated Procurement Strategy. As these actions remain in progress and are yet to complete, and the Partnership did not come into effect until 2024-25, the weakness continued to exist in 2023-24. However, we acknowledge the positive progress made and will review arrangements in 2024-25, once fully embedded.

The Council received a Local Government Association Peer Review, and initial follow up, in 2022. The Council's Action Plan, put in place to respond to the findings, has continued to be monitored internally. The Council has progressed the actions to completion in 2023-24, and so has responded effectively to this external review of its processes.

The Council sought to improve its service delivery, and generate efficiencies, through the procurement of a new software operating system for a wide range of Council services including Planning, Building Control, Housing Improvement, Environmental Health, Licensing, Community Safety, and Land Charges. The original target completion date for implementation of the Agile system was March 2023. The Council experienced delays in the implementation of the system and has revised the target date at several stages. In 2023-24 the Council responded by recruiting a dedicated Business Change Programme Manager to progress the project to completion and requested the Overview and Scrutiny Committee to undertake a Deep Dive on some specific areas of concern within the project. These actions have progressed the project and the system has been implemented for some departments, with expected final completion now set for March 2025. However, the Council would benefit from a retrospective lessons learned review to ensure similar issues are not repeated for future projects.

We have not identified any further weaknesses in arrangements for 2023-24, we acknowledge the positive response to our key recommendations raised in 2022-23. This has resulted in one recommendation being fully addressed and the other in progress, with expected completion in 2024-25. We have identified some improvement recommendations in the newly developed arrangements to support the Council in achieving best practice.

Executive summary



Overall summary of our Value for Money assessment of the Council's arrangements

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2023-24 is the fourth year that these arrangements have been in place. 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. A summary of our judgements are set out in the table below.

| Criteria | 2022-23 Auditor judgement on arrangements | 2023-24 Risk assessment | 2023-24 Auditor judgement on arrangements | Direction of travel |
|---|---|--|---|---------------------|
| Financial sustainability | A No significant weaknesses in arrangements identified but improvement recommendations made. | No significant weaknesses in arrangements identified. | A No significant weaknesses in arrangements identified but improvement recommendations made. | ↔ |
| Governance | A No significant weaknesses in arrangements identified but improvement recommendations made. | No significant weaknesses in arrangements identified. | A No significant weaknesses in arrangements identified but improvement recommendations made. | ↔ |
| Improving economy, efficiency and effectiveness | R Two significant weaknesses in arrangements identified and two key recommendations made. | Prior year weaknesses identified for follow up in 2023-24. | R Of the two weaknesses identified in the prior year, one has been addressed and the other remains in progress following actions initiated in the 2024-25 financial year, which are expected to complete by the end of 2024-25. We identified some improvement recommendations also. | ↑ |

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

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



Opinion on the financial statements



Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Council's financial statements following the Audit Committee on 13 January 2025.

The full opinion will be included in the Council's Annual Report for 2023-24, 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 2024 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 2023/24; and
- 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 (2020) published by the National Audit Office; and
- applicable law.

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline.

Draft financial statements were of a reasonable 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 13 January 2025. Requests for this Audit Findings Report should be directed to the Council.

Use of auditor's powers

We bring the following matters to your attention:

| | 2023-24 |
|--|---|
| <p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p> | <p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> |
| <p>Public Interest Report</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p> | <p>We did not issue a public interest report.</p> |
| <p>Application to the Court</p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p> | <p>We did not make an application to the Court.</p> |
| <p>Advisory notice</p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful. | <p>We did not issue any advisory notices.</p> |
| <p>Judicial review</p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p> | <p>We did not make an application for judicial review.</p> |

Value for Money Commentary on arrangements



The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023-24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' general fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024-25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023-24 and 2024-25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils were subsequently asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

The general election on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.



Local context

The Borough of Tonbridge and Malling is one of 12 districts in the County of Kent. Located in West Kent, it covers an area of 92.7 sq miles and serves a population of 132,600 people. The majority of the Borough is rural in nature but is also home to several villages and small towns. The Council's vision and objectives are set out in its Corporate Strategy 2023-2027, these are supported by a series of actions to achieve those objectives as the Council seeks to be an innovative and forward-thinking Council, that leads the people and businesses of the Borough towards a vibrant, prosperous and sustainable future.

The Council has 44 Councillors, representing 19 wards, following the local elections in May 2023. The majority of seats (20) were secured by the Conservative Party at this most recent election.

The Council operates on a system of Cabinet decision-making whereby the Leader and six Cabinet Members are responsible for most day-to-day decisions. The Leader and each Member of the Cabinet have responsibility for particular service areas. Full Council and Cabinet are supported by a number of Committees, with delegated responsibility for specific functions, three Scrutiny Select Committees and the Overview and Scrutiny Committee. These Scrutiny functions provide a forum which gives all Councillors the chance to discuss matters and assist the Cabinet in its decision-making.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

The Council's revenue position for 2023-24 is a contribution to the Council's General Revenue Reserve of £1.3m which is £0.063m more than anticipated within the revised estimate made prior to the year-end. £1.4m was also contributed to earmarked reserves. The Council continues to demonstrate a strong track record of financial performance, having also outperformed the estimated budget in 2022-23. Members are fully informed of the underlying causes of the position, and the anticipated temporary nature of the predominant causes being increased investment income from high prevailing interest rates and underspent or excess income on salaries and major income streams.

The annual budget for 2024-25 is balanced and was approved by Members on 20 February 2024. All savings required to achieve this position are fully identified. As such, the Council continues to demonstrate arrangements are in place to achieve financial sustainability in 2024-25. The 2024-25 quarter 1 financial position is demonstrating a £3,000 reduction to the revenue budget position set at the start of the year, a very minor change equivalent to 0.002% of the budget, suggesting that the estimates made in developing the budget are robust at this stage.

The Council has built up reserves over the past five years and at the end of 2023-24 holds earmarked and General Fund reserves of £33.4m. Although the level of reserves required to support future projects, or unforeseen financial challenges, is a matter of judgement for each authority, it is clear that the Council currently maintains a good position with the 2023-24 balances representing 156% of the net revenue expenditure budget. The Medium-Term Financial Plan (MTFP) currently estimates this falling to 90% over the 10-year period. The reduction is due to reserves being used for the specific purposes they have been set aside, and not a reactive approach to financial risk management, and so the Council is expected to maintain good budgetary control. The overall reserves balance remains substantial. Across the MTFP tranche 2 and 3 savings are yet to be identified, this would total £10m and at this stage should be acknowledged as a budget gap until identified via individual specific plans. This would reduce reserves to £12.8m if in a worst-case scenario they were not identified or delivered, this is still 52% of net revenue expenditure and remains a strong position. We have identified potential over-optimism in the estimated usage of some earmarked reserves and have raised an improvement recommendation on page 18.

The Council reduced its cash and cash equivalents holdings from £23m in 2022-23 to £14.2m in 2023-24. Despite the decrease the Council holds 3.2 times more current assets than current liabilities, and therefore is sufficiently liquid. The cash and cash equivalents alone could support 86% of current liabilities. The Treasury Management Strategy, which determines the Council's approach to investments, confirms that investments are derived from cash flow surpluses, core cash balances and other long term cash balances. Thus far in 2024-25 cash flow surpluses have averaged £18m per day. Therefore, suggesting a positive cash inflow position from which the Council has been able to benefit from investing.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Plans to bridge its funding gaps and identifies achievable savings

The Council has a well-established Savings and Transformation Strategy, which is multi-year savings programme. The Strategy is updated annually to reflect challenges set out in the MTFP, and ensure it remains relevant to the Council's operating environment. The Strategy identifies savings needed over the long-term and divides these into 'tranches' to enable the Council to exercise budgetary control over several years.

When setting the 2023-24 to 2032-33 Strategy in February 2023 the Council had a £1.7m budget gap in the medium-term and aimed to respond via savings as follows: Tranche 1 – £0.5m by April 2025; Tranche 2 – £0.6m by April 2026; and Tranche 3 – £0.6m by April 2028. During 2023-24 £0.195m of the Tranche 1 target was achieved, leaving £0.305m to be achieved by April 2025. As the tranches are in two year 'blocks' there is flexibility to defer savings into the following year, which has been observed for 2024-25. The reason for the deferral is well-understood and due to the need for consultation required for specific income increases. Internal Audit identified the timeliness of referrals to Members of these types of decisions for approval as an area of improvement, the Council is in the process of responding to this recommendation.

The Council identified savings schemes for 2024-25 in excess of the £0.305m target. These savings, and those achieved to date, are recurring in nature and have a multi-year benefit, contributing to future financial sustainability. The Council has a pipeline of savings to call upon over and above the target, to maximise delivery or reduce financial pressures in future financial years. Savings are planned over the length of the MTFP, although savings included for 2026-27 and beyond are unidentified and remain a priority for the Council to develop fully drawn up plans. The Council continues to include achievement of its savings target within the Savings and Transformation Strategy as a red-risk on the Strategic Risk Register until such time as options for full delivery of the 'gap' have been identified.

The Council's Strategy seeks to achieve savings from a range of opportunities, however we note that in 2023-24 the savings achieved were limited to those in income generation and cost recovery, in-service efficiencies and service changes/reductions. A similar scope is planned for in the medium-term, and therefore there may be opportunity to broaden the scope of future plans, which would be well-supported by learning lessons from savings schemes already delivered. See pages 18-19 for improvement recommendation.

Review of the Savings and Transformation Strategy was included in the 2023-24 Internal Audit Plan. The review was completed and received Adequate Assurance with Good Prospects for Improvement, an overall positive rating. The work acknowledges that Management has robust processes in place for identifying and reporting savings to Members and that the Council was successful in achieving a proportion of the Tranche 1 savings. It also acknowledges that £0.305m savings from Tranche 1 have been rolled into 2024-25 suggests that this a medium-risk recommendation, since plans have already been drawn up to achieve this target.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has a newly developed and approved Corporate Strategy covering 2023 to 2027. It has four key objectives supported by a series of actions to achieve each, as well as complementary supporting strategies. There is clear focus on savings and transformation, environment and climate, housing and homelessness, digital innovation and partnership working. There is a 5% decrease overall in the net expenditure budget between 2024-25 and 2023-24, resulting in reductions across most Directorates to achieve this. However, the Council continues to prioritise its key objectives by setting aside funds in earmarked reserves, directly aligned to its Corporate Strategy and supporting strategies. The largest contributions in 2024-25 are in relation to reserves for the regeneration of Tonbridge Town Centre (£1.85m) and homelessness reduction (£1.45m).

Despite an overall underspent position for 2023-24, the Council experienced overspends in certain services, which have been offset by underspends elsewhere. The most significant of the overspends related to the cost of Temporary Accommodation and Homelessness where expenditure was £0.248m above the revised estimate and was met from the Homelessness Reserve, which was set aside in prior years in anticipation of rising demand. National data and work with external consultants identified that pressures in temporary accommodation relate to supply, unit cost and demand side factors. The Council initially engaged external consultants in October 2021 to undertake a review of temporary accommodation processes at the Council and make recommendations that would reduce the use of this type of accommodation. The recommendations were formulated into an action plan and this resulted in decline in temporary accommodation numbers between March 2021 and March 2023. However, demand rose again in 2023-24 and the Council re-engaged the same consultants to identify further recommendations to improve performance. The results of this work were presented to Members in April 2024 and are expected to be implemented in 2024-25.

The 2023-24 and 2024-25 Capital Programme includes limited investment in temporary accommodation. The Council also commissioned Altair Consultants to research and report on sustainable temporary accommodation delivery options, as part of the Local Government Association Housing Advisers Programme, to deliver 40 sustainable temporary accommodation units. This produced several options which were presented to Members in January 2024 and resulted in a Temporary Accommodation Portfolio Action Plan. This seeks to provide accommodation via the modular construction of new homes, private sector leasing, partnership working with registered providers, social lettings agency and re-purposing existing stock. Progress of the action plan is in the early stages with consideration of suitable sites, understanding legal position and due diligence work completed by the end of 2023-24 for the modular build and other options being in the research phase. As this action plan progresses, this is expected to expand the scope of the capital response.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

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

The Council's Capital Programme outturn was £1.07m against a revised estimate of £2.306m, an underspend of £1.246m. The majority of this slippage was a result of capital renewals (£0.947m) where vehicles, plant and machinery are not replaced until necessary. The slippage is specifically attributed to the delayed replacement of gym equipment at the Council's leisure centre facilities, golf course and swimming pool. The Council worked with Tonbridge Leisure Trust to undertake a review of the equipment required based on post-Covid trends, to avoid a like-for-like replacement programme, instead favouring replacement equipment based on updated requirements. The Council has now placed an order for the required equipment and delivery is expected over the 2024-25 Christmas period, as such, response to the challenges observed has already been actioned. The 2024-25 quarter 1 capital position is yet to show significant improvement, however this is due to the timing of the equipment replacement being planned for quarter 3 of 2024-25, a conscious decision to avoid the busy summer period for these facilities. The Council expects an improved position at the end of 2024-25 and we will review outcomes in 2024-25 to determine if the Council's actions were successful in reducing capital slippage.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council identified the risk of not being able to balance the budget, a legal requirement, as a red-rated risk on the Strategic Risk Register until January 2024. Following a review of the risk register, with support from external consultants in analysing risk management arrangements, the risk was downgraded to an amber rating. This appropriately reflects the financial environment at the Council, having achieved an underspend in 2023-24 and setting a balanced MTFP. The delivery of the Savings and Transformation Strategy remains categorised as red-rated on the Strategic Risk Register, emphasising the importance of developing plans for unidentified savings balancing the MTFP from 2026-27 onwards. These risks are supported by a comprehensive list of mitigating actions and allocated to a responsible officer to ensure progress can be effectively monitored.

Within the budget setting information, the Council identifies an extensive list of operational and financial risks, covering a wide range of supply, demand, income, and expenditure risks. We have identified the opportunity to review the risks for completeness and to ensure that Members are provided with sufficient detail to support their decision making, in light of these potential risks and have raised an improvement recommendation on page 19.

Detailed estimates developed to inform the budget setting process are formulated by Finance in conjunction with individual services, taking into account past outturn, current spending plans, and future demand levels/pressures. This extensive analysis is not directly presented to Members so as not to overwhelm them with information, instead presenting the most likely scenario. There is potential to explore providing more analysis to Members and this is explored further as part of our improvement recommendation.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Financial sustainability



Areas for improvement

Review of Reserves Assumptions

The Council prepares a Reserves Analysis as part of the budget setting process, this presents Members with details of actual and forecast reserves from 2019-20 to 2033-34. It draws particular attention to specific earmarked reserves for future expenditure on Tonbridge Town Centre, Climate Change, Homelessness Accommodation and Transformation. The forecast demonstrates that these reserves will be held at a constant value for the length of the MTFP, suggesting they will remain unused. Our work has identified several plans, strategies and financial pressures in these areas and therefore would suggest future expenditure may be required to support them. As such, it would be reasonable to expect these reserves to be required and there appears to be potential over-optimism in the reserves forecast. The Reserves Analysis would benefit from review to ensure Members have reliable information with which to base their decisions. The reserves position is strong and therefore does provide some headroom, should revised estimates require use of reserves in the future for these specific purposes.

Improvement recommendation 1: The Council should review and update their reserves forecast in the MTFP to address any potential over-optimism in its assumptions.

Review of Savings Strategy – diversification and post implementation reviews

Savings identified and delivered in 2023-24 were limited to schemes focused on income generation and cost recovery, in-service efficiencies and service changes/reductions. The scope of savings in the MTFP continues to be more heavily weighted towards these areas, with £1m of the £1.7m target. The Council's Strategy also allows for savings to be delivered from other sources such as contracts, organisation structure changes, partnership funding and asset management. There is opportunity to diversify the savings portfolio in the medium-term, towards these more transformational sources.

The Council developed, and built up, a Transformation Reserve which is earmarked for investment in these types of savings schemes. The 2024-25 budget includes a net contribution of £0.468m to this reserve to provide resources for the Council to invest in transformation schemes in future years and broaden the scope of the Savings Programme.

Discussions with Officers confirm that, following a change of Chief Executive in July 2024, it is expected that the Savings and Transformation Strategy will be reviewed and refocused as part of the budget preparations for 2025-26.

Transformational projects are different in nature from the current savings schemes in place, they tend to be multi-year schemes requiring close management and monitoring due to their larger scale and relative complexity. It is commonplace for such schemes to be managed by a central or departmental Programme Management Office (PMO), although it is acknowledged that employing a specific and permanent officer to deliver this role can be costly and cost should be balanced with benefit. The aim of the PMO is to ensure there are strong governance foundations for managing, monitoring and reporting on key aspects of such projects is vital in ensuring successful delivery. The Council confirmed that, following the outcome of the anticipated review of the Strategy, adopting a PMO methodology may be considered, as opposed to employing a permanent PMO, which is not considered realistic by officers in terms of cost vs benefit.

We raised an improvement recommendation in relation to savings in our 2022-23 work, for which a detailed response is provided on page 45. We acknowledge the progress that has been made in 2023-24 and consider it to be superseded by this recommendation focussing on diversification.

Post implementation reviews of savings schemes that have, both delivered as expected and under delivered, are useful tools in identifying success factors to maximise delivery in future projects, or for learning lessons and identifying improvement points, ensuring any issues are not replicated across the programme. We enquired as to whether such reviews take place.

Financial sustainability



Whilst no formal reviews of the savings achieved have taken place, there was an informal overview by Finance which highlighted key trends. This identified that the largest savings were in relation to special expenses and transfer of services to the Leisure Trust. As the Strategy develops it may be beneficial to formalise such reviews to expand knowledge and apply lesson learned to future schemes.

Improvement recommendation 2: The Council should review and broaden the scope of its Savings and Transformation Strategy to take advantage of transformation opportunities, with the aim of maximising future savings potential. To ensure that underlying governance arrangements are robust in supporting these types of projects the Council would benefit from formalising post-implementation reviews of savings schemes already delivered and considering using a Programme Management Office methodology to delivering schemes.

Budget Risks and Analysis

Within budget setting information, the Council identifies an extensive list of operational and financial risks, covering a wide range of supply, demand, income, and expenditure risks. The majority of risks considered are within expectation, appropriately reflecting sector-wide issues and issues specific to the nature of the Council's services. One exception noted was lack of consideration of the risk associated with the uncertainties around the General Election. This had not taken place at the time the budget was set, but was expected, and the uncertainty around a change of leadership and government policy has the potential to directly impact Council finances. In addition, the risks identified are provided to Members as a list, but Members received limited additional information on the likelihood, potential financial impact and mitigating actions within the budget itself. This would be of benefit to Members when making financial decisions.

Discussion with officers confirms that, in formulating the budget estimates and risks, Finance works closely with services to undertake detailed analysis considering sensitivities, trends and different scenarios that could occur depending on changes

to key assumptions in the budget and MTFP. The most likely scenario is presented to Members but the detailed narrative in the budget setting information makes it clear that this supporting analysis has taken place to arrive at the budget. In later years of the MTFP there are savings included that are not yet identified, and reserves use may be required in 2027-28 and 2028-29 to balance the budget. This demonstrates that pressure is inherent in medium-term plans and therefore the plan is sensitive to changes in income and expenditure assumptions. Members may benefit from further information, at a high-level, of the potential optimistic and pessimistic scenarios they may be faced with. Our understanding is that this data is already collated and analysed, as such the recommendation is increasing awareness of Members to this information, in a summarised format within the existing MTFP, so as not to require further appendices or data within reports to Members.

Improvement recommendation 3: 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.

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

In response to recommendations from both External and Internal Audit reviews the Council engaged external consultants, Zurich Risk Management, to carry out a review of the Risk Management Strategy and Strategic Risk Register and suggest updates to existing processes to ensure they remain robust, fit for purpose and reflect best practice. The results of the review were presented to Audit Committee Members in January 2024. Improvement identified from this work included defining risk appetite levels, clarifying roles and responsibilities and exploring the possibility of including risk management as an integrated part of other strategies. The findings were formulated into an action plan, with most actions due for completion by January 2025. The Director of Finance and Transformation is designated as the Officer Risk Champion, supported by the Chair of the Audit Committee as the Member Risk Champion. They have assumed responsibility for holding officers to account for completion of the recommendations. The Audit Committee received an update on progress against the action plan in September 2024, progress was noted against each point. Two recommendations were due for completion in November 2024, the training required to respond to these recommendations was delivered in October 2024. As such, we have observed transparency, accountability and responsiveness being evidenced in the process.

As part of the Zurich work officers undertook a wholesale review of the risks, and scoring of risks, within their Strategic Risk Register, to ensure they remain appropriate. This resulted in several changes including downward movement in a number of risk scores and a reduction in the number of red-rated risks. The number and type of risks remains within our expectation for a Council of this size, the nature of operations and to ensure effective discussion of risks. It is clear that the Council has not treated this review as a one-off exercise and iterative changes have been made since, to ensure the register can continue to reliably inform decisions.

The Council continues to be effectively supported by its Internal Audit service, which provides sufficiently regular updates to the Audit Committee. The Audit Committee's review of Internal Audit for 2023-24 was positive in its findings, this is supported by a client satisfaction score of the service of 100% against a target set by the service of 90%. Internal Audit completed 93% of the audit plan against a target of 90%. In addition, Internal Audit's self-assessment of its compliance with Public Sector Internal Audit Standards received the highest available rating of 'generally conforms'.

The overall Internal Audit opinion for the Council for 2023-24 was positive, receiving an overall rating of 'substantial assurance'. Recommendations were raised in-year, at year end 88% were implemented, nearing completion or in progress, with the Council responding at an adequate pace, and continues to take these forward in 2024-25. There was a focus on prioritising high priority recommendations, and all but one of these was addressed by year-end.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

Approaches and carries out its annual budget setting process

The budget setting process remained consistent with the prior year, where no issues were identified, remaining robust. It is a well-understood and collaborative process, which includes effective input and scrutiny from Heads of Service, Service Managers, Finance, Overview and Scrutiny Committee and Cabinet Members at several stages throughout the year. The estimates are based in data analysis and a full suite of information is provided to Members to aid their decision-making, via a series of appendices to the budget.

The Council is proactive in seeking iterative improvements to the budget setting process, to ensure that it is adaptable and continues to be effective in achieving financial sustainability. Finance and Members are in regular communication, this has led to considerations of involving Scrutiny Select Committees in evaluating savings proposals and implementing a 'Star Chambers' process to support the 2025-26 budget and beyond.

The budget and Medium-Term Financial Plan (MTFP) inform each other and are updated simultaneously each year. The MTFP is planned for over a long-term planning horizon of 10 years, as opposed to a more traditional 3-5 year timeframe. By the nature of this timeframe more uncertainty is present in later years of the MTFP, which Members should be mindful of in their decision-making. The Council updates estimates annually to ensure new information is taken into account and uncertainties mitigated as far as is possible. The Council also has a policy, and track record since 2019-20, of building reserves to respond to future uncertainties.

The Council has not undertaken a dedicated budget consultation with the public for some time, this is a conscious decision, as the Council is confident in the robustness of its budget process. There is a significant level of internal stakeholder engagement on the budget and there has been public consultation on the Corporate Strategy 2023-27, which determines the Council objectives that ultimately underpin the budget. There is no legal requirement to consult widely on the budget, and so, although there is a benefit to gaining resident's views, current arrangements are appropriate.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

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

Members monitor the Council's financial performance via Financial Planning and Control Reports. In 2023-24 they received these reports in early July 2023 and October 2023 for the position at the end of May 2023 and August 2023, respectively. The year end-outturn position was then presented in July 2024. To ensure that Members are receiving sufficiently regular and relevant information with which to reliably base their financial decision we would expect at least quarterly monitoring of the financial position, and information to be presented within 1-2 months of the period under review. Although the time-lag in information is acceptable the Cabinet did not receive information for every quarter in 2023-24, with no financial reporting received for the period between August 2023 and March 2024. Therefore, should actions need to be taken to respond to emerging financial risks, Members are not provided with the opportunity to do so in a timely manner. An improvement recommendation has not been made as the year end outturn position was positive, and so limited evidence of emerging risks requiring a response. In addition, officers acknowledged the need for quarterly monitoring and have begun to action this for 2024-25, reporting quarterly to Cabinet and the Finance and Regeneration Scrutiny Select Committee.

The format of the Financial Planning and Control reports remains consistent with prior years, it focusses on presenting performance across key revenue budget areas (salaries, key income streams, investment income, Member decisions, services with overspends over £5,000 and investment income). However, it does not analyse the budget on a line-by-line basis, instead focussing Member attention and discussion in these areas and balancing the capacity of the finance team with the need to provide information in a timely manner. The overall financial position of the Council is well-managed, as such the reporting reflects the level of financial risk. Should the financial risk profile of the Council increase, officers should be adaptable in their reporting. We have identified an area for improvement in the current reporting format, that we feel would be beneficial to Members' understanding of Council-wide performance, we provided details on page 24.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

Member decisions are clearly and transparently presented at each Committee, including Cabinet. Reporting of decisions is both retrospective and forward-looking. Cabinet receives a Notice of Forthcoming Key Decisions. This informs Members of key decisions ahead of time and provides the opportunity to research, gather information, ask questions of officers or request additional information ahead of the decision to ensure they are fully informed when the decision is required. Links to relevant reports are also included to aid this process. This contributes to a robust and transparent decision-making culture.

Members are supported in their decision-making by three Scrutiny Select Committees which were established in May 2022 and introduced to scrutinise decisions made by the Cabinet and Cabinet Members, and to hold the executive to account. These committees were consulted in-year on several policies and key decisions such as procurements,

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

Ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

[continued]

budget and financial monitoring, non-financial performance and key policies such as the Corporate Strategy. Cabinet observes and discusses the Scrutiny Select Committee, and Overview and Scrutiny Committee recommendations within their decision-making, to assist in effectively fulfilling their purpose.

The Council has a readily accessible, easy to understand and up to date Code of Conduct for Members and Officers. This includes clear policies for gifts and hospitality and declarations of interest, with the aim of avoiding conflicts of interest in decision-making. Declarations of interest are requested and made at the start of each Committee and Cabinet meeting as required, a public register of interests is also maintained for each Member. In reviewing these publicly available declarations and liaising with the Director of Central Services we have identified an opportunity to increase transparency in this area. We raise a minor improvement recommendation and further details are provided on page 24.

The Audit Committee received the Council's annual review of its arrangements against the Local Code of Corporate Governance in July 2024, a detailed response was provided to each requirement and no gaps in assurances were noted. This is a positive reflection of the Council's governance arrangements.

Monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services

The Council established a Joint Standards Committee, which also includes all Parish Councils within the Borough. The Standards Committee deals with Councillors' standards and behaviour. It advises on a Local Code of Conduct, hears cases on potential breaches, grants dispensations in certain circumstances and hears complaints that have been referred by the Monitoring Officer. The latest reporting on complaints shows that between August 2023 and July 2024 there were six complaints raised related to the Council and various parishes. This is not deemed to be excessive in context of the size of the Council (44 individual Members) and the number of bodies being monitored (the Council plus 27 Parishes). Four of the six complaints did not pass the legal tests, were rejected or no breach found when investigated. A further two complaints resulted in actions, which were minor in nature such as issuing an apology. Members are kept well informed of issues as they arise as detailed investigations are presented to the Committee for consideration as required, following input from the Independent Person and Standards Panel. The Committee also receives an annual summary of complaints performance.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Governance



Areas for improvement

Budget monitoring forecasting

Within Financial Planning and Control reporting Members are provided with information confirming the full year Council-wide budget, including any revisions. However, more detailed information of profiled budget, actual performance and service level breakdowns focus on specific key areas of the budget. This focusses on the performance against budget for the year-to-date and does not seek to forecast the impact of the in-year position on the year-end outturn position. There is also limited narrative explaining the reasons for any areas of overspend. Overall, the Council's financial performance, overall and by focus area, is positive, however there are areas of overspend at service level which are not explained. Members would benefit from this information to allow them to understand the impact of in-year pressures, if unmitigated, on the year-end financial position and allow them to take appropriate mitigating actions as required. The outturn report, from July 2024, does provide a whole Council view, a detailed appendix at whole Council level and detailed narrative on causes of variances. As such, this provides a useful template for any adaptations to the in-year reporting.

Improvement recommendation 4: The Council should include a year-end forecast and explanations of service level overspends within the Financial Planning and Control budget monitoring reports.

Declarations of interest reporting

We identified examples of Member declarations of interest published online that were several years old, in some cases by 10-12 years. Further investigation highlighted that the information was not in fact outdated, and the underlying process to obtain declarations was robust, however the process was unclear, leading to potential misinterpretation of the reliability of the data. Councillors are required to provide the Director of Central Services with a completed Notification of Disclosable Pecuniary Interests within 28 days of their election, for all newly elected Councillors in May 2023 this has taken place. However, Councillors who are re-elected are not required to do so unless they have new interests not already declared on existing declarations. To ensure that all re-elected Borough Councillors check the accuracy of their previous declarations they are provided with a copy of the most recently submitted declaration, required to review for accuracy and inform Central services of any updates, which are made available online as required. Central Services has confirmed that for 2023-24 all declarations are up to date, following this process. However, the public would be more reliably informed of the integrity of the information if this process was outlined alongside the declarations, if currently dated declarations are published or if a statement confirming no changes to declarations are made for past-dated information.

Improvement recommendation 5: 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.

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

Assessment

Uses financial and performance information to assess performance to identify areas for improvement

The Corporate Strategy 2023-2027 was adopted in July 2023. It sets out the Council's vision, priorities and the outcomes to be achieved by 2027. It is supported by an Action Plan, updated annually, which provides detail on the key projects that the Council aims to implement to achieve its priorities. Success of these projects is measured by a newly developed set of 55 key performance indicators (KPIs), each linked to an action within the Plan, and so directly linked to the Strategy objectives via this mechanism, and assigned to a Scrutiny Select Committee for Member oversight of performance. Cabinet is updated on the progress of the action plan annually and performance against the KPIs quarterly. This is sufficiently regular for Members and officers to take actions in a timely manner. Members have demonstrated a good level of engagement with the new performance monitoring process, evidenced by discussion of individual KPIs and trends observed.

Of the 30 projects in the 2023-24 Action Plan - two are green-rated and therefore complete. 27 amber-rated projects are in progress, and one has a status to be determined. As such there is clear momentum in delivering objectives. The 2024-25 Action Plan is developed and incorporates a number of the ongoing actions from 2023-24 to ensure these are monitored until delivered in full, alongside 2024-25 priorities. The quarter 4 KPI Report shows that only one metric was red-rated across the entire year, this is the '% Handled Rate (Customer Services)', the target is 93% and the Council had an average of 85.25% over the year, performance declined from 88% at the start of year to 82% at the end of the year. The causal factors, and specific actions to respond to these, are clearly set out in the reporting.

We identified the need for significant improvements within the Performance Management Framework as part of our 2022-23 work, leading to the raising of a Key Recommendation, reflecting the weakness observed. The improvements made, specifically the development and regular monitoring of KPIs have effectively responded to the weakness identified and we believe the Key Recommendation to have been responded to in full. Full details of the prior year recommendation and response to each element of our findings can be found on pages 41- 42.

The KPI reporting, although established, is an evolving process and the Council seeks to make iterative improvements as the framework embeds. We have identified an improvement recommendation on page 30, to aid with this process.

Whilst management acknowledges the current framework will need to be continually refined over the coming months, an Internal Audit review of the new framework was carried out in February 2024 to provide initial assurances on effectiveness, allowing the Council to be proactive in making changes that may be required. The work concluded that the framework offered 'substantial' assurance with very good prospects for improvement, a positive result reflecting positive arrangements and strong foundations in place to support further improvement opportunities.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Improving economy, efficiency and effectiveness



We considered how the audited body:

evaluates the services it provides to assess performance and identify areas for improvement

Commentary on arrangements

The Council received a Local Government Association Peer Review, and initial follow up, in 2022. Six months after the review the Peer Review Team was pleased to see evidence of progress against their recommendations, of the 10 recommendations 3 were green-rated and complete, and the remainder were amber-rated as in progress. The Council's Action Plan, put in place to respond to the findings, has continued to be monitored internally. The latest formal review of the Plan was January 2023, by which point six recommendations were rated green and the rest in progress. The Council has progressed these to completion in 2023-24, and so has responded effectively to this external review of its processes. The Council also demonstrated an appropriate pace of response to improvements identified by Internal and External Audit work. Our follow up of prior year recommendations notes progress across each recommendation, many having been fully addressed. 42 Internal Audit recommendations were due during 2023-24, of which 43% have been fully implemented and further 45% in progress or simply awaiting evidence to be provided to Internal Audit to close them.

The Council sought to improve its service delivery, and generate efficiencies, through the procurement of a new software operating system for a wide range of Council services including Planning, Building Control, Housing Improvement, Environmental Health, Licensing, Community Safety, and Land Charges. The initial procurement of the Agile system was approved by Members in March 2022, and the contract signed in May 2022, with an original target completion date of March 2023. This target date was not achieved, and the Council amended the target date on multiple occasions and has progressed some elements of the project more than others. The project is now expected to be delivered in full in 2024-25, following actions taken by the Council to respond to the slippage observed. We believe that the Council would benefit from undertaking a detailed retrospective review of the project, reporting lessons learned to officers and Members, and applying these to future significant projects to avoid similar issues. Further context and our improvement recommendation can be found on page 31.

The Agile project is appropriately identified as a red-risk on the Council's Strategic Risk Register. This level of risk has been identified based on the challenges with service delivery in departments where implementation has recently taken place, the fact that some modules are yet to be implemented, and that there are still a number of project milestones to meet. We would expect the project to remain a risk until completed to ensure it is monitored sufficiently closely.

Assessment

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

Assessment

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

The November 2022 follow up of the LGA Peer Review recommendations noted that engagement and co-development of the Corporate Strategy was limited, particularly at the outset and stakeholder engagement could be improved. The updated Corporate Strategy 2023-27 did undergo community consultation prior to its approval in July 2023 and responds directly to the requirements of the LGA Review. The supporting KPIs and monitoring have gone through extensive internal scrutiny, prior to their approval. As such, we feel stakeholder engagement concerns in respect of objectives and performance have been effectively addressed.

The Council continues to have a dedicated Consultations area of the public website. This shows that there were 10 consultation exercises in 2022, increasing to 12 in 2023, and is at 8 to date for 2024. The Council averages around a one per month rate of consultation, which is deemed appropriate for a small district council, where there is a need to balance the benefit of the insight gained with the cost of the consultation process. The consultations undertaken cover a range of services, whilst also linking to key elements of the budget, policies or objectives in the Corporate Plan.

Significant internal engagement takes place on key decisions and policy development, involving the Senior Management Team, Management Team, Overview and Scrutiny Committee, Scrutiny Select Committees and Cabinet. Their involvement has been observed in relation to the Corporate Plan, KPIs and budget information where each of these groups has received information, informally and formally, before a decision is reached. Internal stakeholders are brought together on specific topics or areas of interest as required and one example is a held a Management Team/Cabinet Development Day which took place in November 2023. A number of actions were agreed under the theme of transformation, which are now being incorporated into the 2025-26 budget setting process.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Commissions or procures services, assessing whether it is realising the expected benefits

Procurement: We raised a multi-part Key Recommendation in relation to procurement arrangements in 2022-23. The Council has an existing internal Officer Study Group which brings together services, legal and finance. Previously the group focussed on discussing specific procurements but the Council had no central team or officer, leading on Council-wide procurement. Following our recommendations, the Director of Street Scene, Leisure and Technical of as member of Management Team, now chairs this Group and is leading on progress the recommendations. The Group meets every 6-8 weeks, discussion ensures that specific actions are assigned to individuals and followed up as the first agenda item at each meeting to achieve accountability.

A vital action to the recommendation response was the decision to join the Mid-Kent Procurement Partnership on a two-year basis. This route was selected as the preferred option, following detailed appraisal, over in-house provision

Red

Significant weaknesses in arrangements identified in the prior year not yet fully addressed, and improvement recommendations made.

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

Assessment

Commissions or procures services, assessing whether it is realising the expected benefits

(continued)

due to advantage of gaining an already established, knowledgeable and expert team with readily available training, templates, strategies and policies who already support similar councils. The Partnership began to provide services to the Council from 1 May 2024, and work has included drafting a new Procurement Strategy. The outdated Procurement Strategy in place at the Council, from 2017, formed part of our 2022-23 Key Recommendation. The draft Strategy has been provided to the Council and is currently being reviewed through the internal governance structures, it is expected to be finalised in 2024-25.

At present the Council has not formally updated its internal governance arrangements in relation to Procurement. The Council intends to develop these arrangements following finalisation of the Procurement Strategy. Assurances on the effectiveness of the arrangements, as they evolve, would be beneficial for the Council to obtain to inform any further improvements that may be required. We have identified this as an area of priority and raised an improvement recommendation for 2023-24 to be addressed alongside completion of the prior year Key Recommendation, further details are on page 31.

The Partnership has begun to deliver a first round of training, which has been well-attended and well-received by Council staff. Further training is expected to be rolled out to remaining relevant staff and on other topics, including bribery and fraud.

Our full response the prior year recommendation is on page 43-44. We acknowledge the positive progress that the Council has made in responding to the recommendation during 2023-24, however given the timing of the response, and the need for some of the actions to fully complete, the weakness remains applicable to the 2023-24 year and will be reviewed again in 2024-25.

When procuring services the Council is able to use tender waivers, where contracts are awarded outside of the Council's existing processes or thresholds as set out in the Procurement Rules. We expect there to be a robust and transparent scrutiny, approval and reporting process in place to reduce the risks associated with this process, ensuring Members have oversight of the use of waivers. Discussions with officers has identified that the Council's processes in this area are more informal in nature than we might expect and we have identified an improvement recommendation on page 31.

Improving economy, efficiency and effectiveness

We considered how the audited body:

Commentary on arrangements

Assessment

Commissions or procures services, assessing whether it is realising the expected benefits

(continued)

Contract management: The Council manages several contracts entered into to deliver its services. Three are considered significant in terms of their value, level of services delivered and length of the contract. These are the contracts for management of the Council's leisure facilities, grounds maintenance and waste services. Responsibility for each of these contracts sits with the Director of Street Scene, Leisure and Technical, and the day-to-day management of these contracts is the responsibility of this department

Each contract includes a series of specific KPIs which are expected to be reported on to the relevant Scrutiny Committee and Management Team, but we have observed this to be inconsistent and could be improved, further details on page 32. In addition, the newly developed Council-wide framework and KPI reporting includes metrics relevant to these services, ensuring significant contracts are effectively captured and monitored via this route.

No significant performance issues were highlighted at the latest report to the Communities and Environment Scrutiny Select Committee in September 2024 for the waste contract. Likewise, the latest KPI reporting in relation to the leisure contract for quarter 4 of 2023-24 was also largely positive. A target of 75% score on the associated Balanced Scorecard is set for this contract as, when reached, this suggests that the overall health of the business is strong. The Leisure Trust delivering the contract achieved an overall score for 2023-24 of 74.5%, just 0.5% below target however we note that the Trust took actions within the year to improve with quarter 4 alone being 81.1%. It was the strongest quarter of the year being a 15.1% higher score than quarters 1 and 2 and demonstrating improving performance across all perspectives within the scorecard. It is clear that the Trust identified and successfully addressed declining performance earlier in the year and that the performance management mechanisms in place were effective in their aims to monitor, hold the Trust to account and effect improvement.

In 2023-24 and 2024-25 to date, all three of these contracts were reviewed by Internal Audit for the effectiveness of the Council's contract management arrangements. Each review was positive in its assurances (ratings of Substantial Assurance for the Leisure Trust Contract and Adequate for Waste and Grounds Maintenance). Improvements were noted however where this was the case strong foundations were observed by Internal Audit that provide good prospects for making the improvements. Management accepted all recommendations and developed an action plan to respond with short timescales, demonstrating a desire to make the improvements identified, in some cases the actions were completed by the time the report was finalised.

Improving economy, efficiency and effectiveness

Areas for improvement

Completeness of benchmarking information

The newly established KPI report to Members includes all the elements we would expect such a report to include to achieve transparency, accountability and provide Members with a full suite of information to inform their decision-making. Notably, this includes assignment of each metric to a responsible officer, RAG rating, trend/direction of travel, a target, benchmarking, link to objectives and comments on the reasons for underperformance against target. In reports during 2023-24 the majority of benchmarking data is yet to be included, instead stated to be 'TBC'. The Council could improve completeness of the benchmarking data. In addition, there are several KPIs where either the data has not been made available or the data has been made available but is currently not meaningful. Officers maintain a spreadsheet which collates the performance information, and drives the KPI reporting, and the expectation is that this will form part of the reporting going forwards.

Improvement recommendation 6: The Council should prioritise the continued development of its KPI reporting to ensure that data is complete.

Agile Project – lessons learned

The Agile system, following approval in March 2022, was due to commence in July 2022 and implemented in full by March 2023. Delivering an annual saving of circa £50,000, compared to the current software platform, from 2023-24. The project would support several Council services including Planning, Building Control, Housing Improvement, Environmental Health, Licensing, Community Safety, and Land Charges. The project experienced delays and this resulted in the target implementation date being revised to January 2023 and the project split into two distinct programmes of work, APAS and PLACIS, prioritising APAS initially. Further delays have occurred, resulting in several revisions to the delivery date.

As a result of the continued slippage the Council requested that their Overview and Scrutiny Committee review the project and report its findings to Members in April 2024, while the project was still in progress. The review focused on specific lines of enquiry such as communications with Members on the implementation, budget, timescales and learning from other authority users of the system.

Ongoing review of the project, prior to the Overview and Scrutiny Committee Deep Dive, led the Council to take corrective action with the aim of getting the project back on track. Since May 2023, the Council has employed a contract Business Change Project Manager to provide internal project management for the implementation, which was not part of the original project scope. The Manager implemented a range of governance arrangements including communications with relevant internal stakeholders, regular project updates, project risk registers, delivery plans utilising project management software and manages a workstream focused on embedding Agile into the various teams to ensure it can be successfully managed in 'business as usual'. The Manager's contract has recently been extended to ensure they can support the project to completion, now planned for March 2025.

The Project Management support is considered a reactive response, not included in the original project scope. This suggests that processes to develop the initial project scope may not have been robust enough to identify the need for this support from the outset. The Council may wish to undertake a lessons learned exercise from this project and apply to other significant projects, specifically to ensure that the need for a specific project manager or central PMO is considered at the scoping stage.

Improvement recommendation 7: 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.

Improving economy, efficiency and effectiveness

Procurement partnership governance arrangements

At present the Council has not updated its internal governance arrangements in relation to Procurement, however there is an informal mechanism by which the Council communicates with the Partnership in place. The Partnership Manager at Mid-Kent Partnership reports to the Director of Street Scene, Leisure and Technical as Chair of the internal Officer Study Group with internal procurement oversight. Once the Procurement Strategy is finalised the Council intends to determine where in its internal structure responsibility for the Procurement Contract will sit and this will determine reporting lines for the Partnership, including the relevant Director and Scrutiny Select Committee.

Performance monitoring of the contract with the Partnership is intended to be undertaken via Officer Study Group. However, this is subject to change depending on the reporting lines agreed following completion of the Strategy. It is clear that arrangements are evolving and the situation is dynamic. We expect arrangements to be formalised and permanent when we review arrangements in 2024-25 and we suggest that the Council prioritises this to ensure a more formal process of performance review and KPI monitoring of the partnership for transparency and accountability.

As the Partnership arrangement is newly-established, it is related to an area of risk highlighted in our prior year work, and internal governance arrangements to monitor performance of the Partnership are developing, the Council would benefit from an Internal Audit review of these arrangements. The review would provide officers and Members with assurances on the effectiveness of arrangements. This will also allow the Council to act promptly should improvements be identified, while arrangements are embedding to ensure they develop effectively.

Improvement recommendation 8: 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.

Tender waiver process

The Council has a process in place for the approval of tender waivers, however this is more informal in nature, and lacks the transparency we would deem appropriate based on the risks associated with awarding contracts outside of due process. Requests for waivers are sent to the relevant Head of Paid Service, Chief Executive, Monitoring Officer and the Section 151 Officer via email, seeking approval for the waiver to be used. Details of the reason for the waiver, nature of the contract, costs and other relevant information is reviewed and approval granted as appropriate by three statutory officers as a minimum. The entire process is undertaken, and evidenced, via an email trail with no formal reporting or oversight by Members.

Formalising and strengthening these arrangements should be a priority to achieve transparency and effective oversight. It is our understanding that the Council plans to work with its Procurement Partnership to review and update arrangements and has initiated these discussions. Updated arrangements are expected to include the use of standardised waiver request templates, central management of the information for all Council waivers, and regular reporting to the Audit Committee.

Improvement recommendation 9: The Council should establish formal processes for the requesting, approving, reporting and oversight of tender waivers.

Improving economy, efficiency and effectiveness

Consistency of KPI reporting to Members

It is expected that the Communities and Environment Scrutiny Select Committee receives performance reporting against agreed KPIs, sufficiently regularly for the Council's key contracts, to be able to monitor performance and hold officers and contractors to account as required. During 2023-24 Members received performance reporting for the waste contract at the June and September 2023 Committee meetings, as such there is a programme of 6-monthly review, with a 2-3 month lag in the information being presented. The September 2024 meeting was cancelled and so Members have not had sight of performance beyond July 2024. No significant concerns were raised in the previous reporting, and metrics related to the waste contract are included in the regular Council-wide KPI reporting which does provide some assurances in lieu of this information.

Regular communication takes place between the Council and the Leisure Trust, these are informal in nature and are expected to be supported by formal quarterly reporting to the Scrutiny Select Committee. The latest performance report taken to the Committee was July 2023 for performance during the period January to March 2023. However, we were able to obtain the January to March 2024 report directly from officers. As such the information has been provided and reviewed, but not formally by Members.

There is no KPI reporting on the grounds maintenance contract observed at the Committee or obtained from officers. However, the Council has considered performance as part of the Grounds Maintenance Contract Procurement, which included the incumbent provider, who were ultimately reappointed. Given a new contract is in place from January 2025 this provides opportunity for the Council to establish performance monitoring and reporting arrangements for this contract.

It is clear that the Council could make improvements to ensure that it upholds and consistent and regular schedule of performance monitoring of its key contracts by Members.

Improvement recommendation 10: 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.

**Value for Money
Recommendations raised in
2023-24**



Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|---|--------------------------|--------------------------|-------------------------|---|--|
| IR1 The Council should review and update their reserves forecast in the MTFP to address any potential over-optimism in its assumptions. | Improvement | Financial sustainability | 2024-25 Budget and MTFP | Reserves are a key mechanism by which the Council responds to future financial risk, and so their accuracy is important in achieving future financial sustainability. | <p>Action: A full review of earmarked reserves and a forecast of spend will be undertaken following the setting of the 2025/26 budget in February 2025, and presented to Cabinet by November 2025. For future forecasts of MTFS, profile of spend within reserves will be included.</p> <p>Responsible Officer: Sharon Shelton, Director of Finance & Transformation</p> <p>Executive Lead: Kim Tanner, Cabinet Member for Finance and Housing</p> <p>Due date November 2025</p> |

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|--|--------------------------|--------------------------|--|--|---|
| <p>IR2</p> <p>The Council should review and broaden the scope of its Savings and Transformation Strategy to take advantage of transformation opportunities, with the aim of maximising future savings potential. To ensure that underlying governance arrangements are robust in supporting these types of projects the Council would benefit from formalising post-implementation reviews of savings schemes already delivered and considering using a Programme Management Office methodology to delivering schemes.</p> | Improvement | Financial sustainability | <p>2024-25 Budget MTFP – Savings Plans 2023-24 Outturn 2024-25 Budget Monitoring to date Discussions with Director of Central Services and Finance</p> | <p>Savings are vital in protecting reserves, closing budget gaps and ultimately achieving financial sustainability in the medium-term. Strong governance is key to maximising savings identification and delivery.</p> | <p>Action: A full review of the scope of the Savings and Transformation Strategy will be undertaken following the setting of the Budget in February 2025. Consideration will be given to implementing a template for Services to review and regularly report back to Members on the savings they deliver. It is not felt that the establishment of a Programme Management Office is feasible given the size and scale of the organisation, however the methodology is worthy and consideration will be given to how this can be adopted.</p> <p>Responsible Officer: Damian Roberts Chief Executive and Sharon Shelton, Director of Finance & Transformation</p> <p>Executive Lead: Matt Boughton Leader and Kim Tanner Cabinet Member for Finance and Housing</p> <p>Due date: Initial report to Cabinet July 2025</p> |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|---|--------------------------|--------------------------|---------------------------------------|---|---|
| <p>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.</p> | Improvement | Financial sustainability | 2024-25 Budget and MTFP | Having a full suite of information in relation to potential risks in the budget allows Members to prioritise actions to mitigate risks accordingly. | <p>Action: Sensitivity analysis for the MTFS will be presented to Members with effect from November 2024. The s25 statement will also include reference to the sensitivity analysis in terms of the MTFS from the next statement in February 2025</p> <p>Responsible Officer: Sharon Shelton, Director of Finance & Transformation</p> <p>Executive Lead: Kim Tanner Cabinet Member for Finance and Housing</p> <p>Due date February 2025</p> |
| <p>IR4 The Council should include a year-end forecast and explanations of service level overspends within the Financial Planning and Control budget monitoring reports.</p> | Improvement | Governance | Budget Monitoring and Outturn Reports | It is important that Members and officers understand the year-end impact of in year pressures so they can take action in a timely manner. | <p>Action: A forecast of year end position will be given based on the “to date” information.</p> <p>Responsible Officer: Sharon Shelton, Director of Finance & Transformation</p> <p>Executive Lead: Kim Tanner Cabinet Member for Finance and Housing</p> <p>Due date: Immediate</p> |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|---|--------------------------|-------------------|---|---|--|
| 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. | Improvement | Governance | Register of Interests Discussion with Director of Central Services | It is important that interests are transparent to allow for appropriate scrutiny and to avoid potential conflicts of interest. | Action: Write to all Borough Councillors to request that they check their Disclosure of Pecuniary Interests declaration to ensure it is up to date. All Members to either confirm that the declaration remains up to date or submit an updated declaration Responsible Officer: Adrian Stanfield, Director of Central Services and Deputy Chief Executive Executive Lead: Dave Davis, Chair of Joint Standards Committee Due date: March 2025 |
| IR6 The Council should prioritise the continued development of its KPI reporting to ensure that data is complete. | Improvement | 3Es | Quarterly Performance Monitoring Reports | Having a full suite of information in relation to performance allows Members to prioritise actions to respond to underperformance in an effective manner. | Action: Quarterly reporting of new Annual Service Delivery Plan 25/26 (comprising priority actions and KPIs) at O&S and Cabinet Responsible Officer: Damian Roberts, Chief Executive Executive Lead: Matt Boughton, Leader Due Date: September 2025 |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|--|--------------------------|-------------------|-----------------------------|--|--|
| 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. | Improvement | 3Es | Agile Implementation Review | A lesson learned review seeks to ensure that issues causing delays are not repeated on future projects, which ultimately has a cost impact to the Council. | <p>Action: Implementation Review for Built Environment (APAS) modules underway, review for Public Protection (PLACIS) modules to be scheduled in 25/26 audit plan when implementation date is confirmed. Strategic review of Agile project including procurement, change management, Member engagement and risk management to be delivered in Jan-March 2025.</p> <p>Responsible Officer: Damian Roberts, Chief Executive and Eleanor Hoyle, Director of Planning, Housing and Environmental Health</p> <p>Executive Lead: Matt Boughton, Leader and Kim Tanner, Cabinet Member for Finance and Housing</p> <p>Due Date: July 2025</p> |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|---|--------------------------|-------------------|---|---|---|
| <p>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.</p> | Improvement | 3Es | <p>Procurement Partnership Contract Discussion with Director of Street Scene, Leisure and Technical</p> | <p>To ensure a key partnership, such as this, is effective in its purpose, a robust performance management framework is required to provide assurances.</p> | <p>Action: Director of Street Scene, Leisure & Technical Services as taken responsibility for procurement within the organisation and chairs a bi-monthly delivery group meeting involving officers from across the organisation and the manager of the Procurement Partnership to ensure progress is being made. This meeting is minuted and reported to Management Team for corporate awareness. A formal annual review meeting of the partnership is programmed to take place as part of the contracted arrangements between the Council and the Partnership. An annual review report will be developed and reported to the Council's Audit Committee for Member consideration. The annual programme of work is determined by the new Procurement Strategy.</p> <p>Responsible Officer: Robert Styles, Director of Street Scene, Leisure and Technical Services</p> <p>Executive Lead: Martin Coffin, Cabinet Member for Transformation and Infrastructure</p> <p>Due date: May 2025</p> |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation * | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|--|--------------------------|-------------------|--|--|--|
| IR9 The Council should establish formal processes for the requesting, approving, reporting and oversight of tender waivers. | Improvement | 3Es | Discussions with Director of Street Scene, Leisure and Technical and Finance | Tender waivers represent a departure from due process, and so carry a higher risk than regular procurements, as such they require closer attention to ensure they are appropriate. | <p>Action: A formal process involving a new template will be established for the approval and oversight of tender waivers.</p> <p>Responsible Officer: Robert Styles, Director of Street Scene, Leisure and Technical Services</p> <p>Executive Lead: Martin Coffin, Cabinet Member for Transformation and Infrastructure</p> <p>Due Date: April 2025</p> |
| IR10 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. | Improvement | 3Es | Scrutiny Select Committee Contract KPI Reporting Quarterly Performance Monitoring Reports [Council-wide] | Having a full suite of information in relation to performance allows Members to prioritise actions to respond to underperformance in an effective manner. | <p>Action: Inclusion of Key Contract KPIs in the new Annual Service Delivery 2025/26 for scrutiny by Members on a quarterly basis. The performance of the leisure, waste and ground maintenance contracts will be reported to the Communities & Environment Scrutiny Select Committee including key performance indicators approved by Members</p> <p>Responsible Officer: Damian Roberts, Chief Executive and Robert Styles, Director of Street Scene Leisure and Technical Services</p> <p>Executive Lead: Matt Boughton, Leader and Martin Coffin Cabinet Member for Transformation and Infrastructure</p> <p>Due Date Annual Service Delivery Plan 25/26, including Key Contract KPIs agreed by Cabinet February 2025. Community and Environment Scrutiny Select Committee April 2025.</p> |

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.

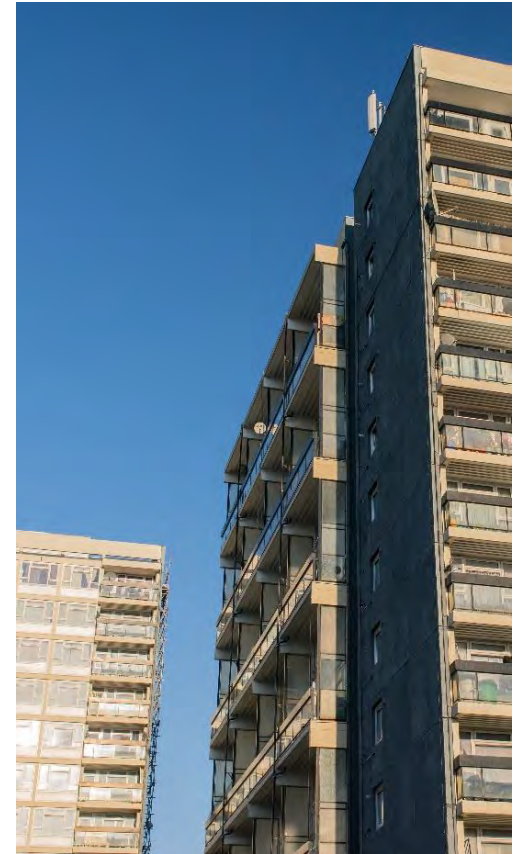
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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 Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) 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



Value for Money arrangements work

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. The audited body's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial Sustainability

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



Governance

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

2023-24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of 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.

| Information which informs our risk assessment | |
|---|---|
| Cumulative knowledge and experience of the audited body | Annual Governance Statement and the Head of Internal Audit annual opinion |
| Interviews and discussions with key stakeholders | The work of inspectorates and other regulatory bodies |
| Progress with implementing recommendations | Key documents provided by the audited body |
| Findings from our opinion audit | Our knowledge of the sector as a whole |

Phase 2 – Additional risk-based procedures and evaluation

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

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Council's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|--|-----------------------------|----------------|---|------------|--|
| <p>KR1 3Es - The Council needs to improve its performance management arrangements by:</p> <ol style="list-style-type: none"> 1. Using the reset Corporate Plan to establish a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and report these to the public; 2. Developing annual delivery plans aligned with the Corporate Plan and reduce the number of service specific strategies to ensure the golden thread is in place; 3. Agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework; 4. Ensuring performance reporting include targets, RAG rating, and actual measures and benchmarking. Reports should use previous year and 'nearest neighbours' data where possible; integrating performance, risk and finance reporting to drive improvement; 5. Ensuring the Cabinet receives quarterly performance reports to enable it to hold officers to account; 6. Using performance and financial data and benchmarking to look at delivery levels of statutory services to ensure the Council is achieving value for money; | Key | September 2023 | <p>1-3. The Corporate Strategy 2023-2027 was adopted in July 2023. It is supported by an Action Plan which provides detail on the key projects that the Council aims to implement to achieve their priorities within the Strategy. It is also supported by a set of KPIs, representing the mechanism for performance monitoring under the newly developed Performance Management Framework. For 2023-24 55 indicators were agreed, each linked to an action within the Action Plan and assigned to a Scrutiny Select Committee. Therefore, clearly linking performance monitoring to the objectives in the Strategy and achieving a 'golden thread'.</p> <p>4-6. KPIs are initially discussed by Senior Management Team, before being presented to Management Team and Informal Cabinet before being shared with the Scrutiny Select Committees, Overview & Scrutiny and Cabinet on a quarterly basis. For 2023-24 this commenced in July 2023 following the adoption of the Corporate Strategy, and therefore covers quarters 2-4. It is best practice, in KPI monitoring, to include a responsible officer, RAG rating, trend/direction of travel, target, benchmarking, link to objectives and comments on the reasons for underperformance against target within the reporting. The KPI reports for all 3 quarters include this information. There are gaps in the benchmarking information as this is in development, we have raised an improvement recommendation in this regard for 2023-24.</p> | Yes | <p>The weakness has been addressed in 2023-24, as a result of the newly developed arrangements we have identified some areas for improvement in these arrangements and have raised improvement recommendations IR6 and IR8 in 2023-24.</p> |

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|--|--------------------------|----------------|--|------------|--|
| <p>KR1 3Es - The Council needs to improve its performance management arrangements by:</p> <p>7. Ensuring that the new performance management framework and reporting extends to key contracts such as waste and leisure;</p> <p>8. Developing a strategic approach to assessing the levels of statutory services needed to save money;</p> <p>9. Engaging with hard-to-reach customers to ensure they can still access services given the Council's digital by default approach;</p> <p>10. Ensuring partnership performance management, including outcomes, is reported regularly to Cabinet;</p> <p>11. Engaging key stakeholders, where appropriate, to determine local priorities for resources or opportunities for savings.</p> | Key | September 2023 | <p>7. Waste and Leisure services KPIs are included within the KPI reporting.</p> <p>8. Both statutory and discretionary services are included within the KPI reporting</p> <p>9. The Council is currently working with Digital Kent to deliver an initiative that provides hardware and digital training to the most digitally excluded residents, offering support to up to 225 residents in the borough.</p> <p>10 The Council has joined the Mid-Kent Procurement Partnership from April 2024 to provide their Procurement Service. Performance Monitoring of the contract with the Partnership is intended to be undertaken via the existing Officer Study Group. However, there will need to be a more formal process of review and KPIs and we have raised an improvement recommendation in this regard.</p> <p>11. The Council continues to not to consult residents on its budget preparation for 2024/25 and 2025/26. This is an active choice as they feel their processes are robust. However a consultation was undertaken to inform the development of the new Corporate Strategy and assess local priorities. Further individual consultations have been undertaken with residents and local businesses more recently on specific matters that are intrinsic to the Corporate Strategy action plan and that impact on resources and options for savings. A further consultation on the Corporate Strategy will take place in 2025 (which represents the mid-point for the strategy).</p> | Yes | <p>The weakness has been addressed in 2023-24, as a result of the newly developed arrangements we have identified some areas for improvement in these arrangements and have raised improvement recommendations IR6 and IR8 in 2023-24.</p> |

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|---|-----------------------------|----------------|--|-------------|--|
| <p>KR2 3E's - The Council needs to improve its procurement and contract management arrangement by:</p> <ol style="list-style-type: none"> 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; | Key | September 2023 | <p>The Council joined the Mid-Kent Procurement Partnership to provide Procurement Services to the Council, via an external 5-person team, under a two-year contract from 1 May 2024. Internally the Council retained its Officer Study Group, which is now chaired by the Director of Street Scene, Leisure and Technical, who are focussed on responding to the recommendations to completeness, supported by the Partnership.</p> <p>1. The Partnership developed a draft Procurement Strategy which at October 2024 was provided to the Director of Street Scene, Leisure and Technical for initial review, with support from the Officer Study Group. Current discussions do suggest that this element will be addressed by the end of Q3 2024-25.</p> <p>2 and 3. Responsibility for the Register has been assumed by Finance for 2023-24. The Council publishes its contracts register on its website, at mid-October 2024 the register was updated multiple times in the year and included contracts to the end of August 2024. This time-lag is acceptable and we will keep a watching brief in 2024-25 to ensure the lag does not increase, ensuring that information is relevant and can be relied upon for decision-making.</p> | In progress | <p>The weakness in arrangements cannot be fully closed and so we continue to recognise the weakness, although acknowledging the progress to date. No new key recommendation has been made. We have identified some additional areas for improvement under the newly established arrangements, see IR8 2023-24.</p> |

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|---|--------------------------|----------------|--|-------------|---|
| KR2 3E's - The Council needs to improve its procurement and contract management arrangement by: 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; 6. Ensuring the Council's shared arrangements for fraud also include procurement and contract management. | Key | September 2023 | <p>4. The Council joined Mid-Kent Procurement Partnership to deliver Procurement Services, who are experts in their field, and support other district councils in the area. They are currently supported internally by the Director of Street Scene, Leisure and Technical as a central point of communication, who liaises with services, finance and legal via an Officer Study Group. Internal governance arrangements are yet to be updated to further support the Partnership and provide permanent reporting lines. Day-to-day management of contracts is the responsibility of individual départements. We have identified some improvement recommendations having reviewed the largest contracts at the Council. But, overall, arrangements are appropriate and Internal Audit work in 2023-24 and 2024-25 to date has provided positive assurances in contract management arrangements.</p> <p>5. As part of their role the Mid-Kent Partnership delivered a first round of training focussed on new approach to procurement with the Mid-Kent Team and requirements of Procurement Act 2023, including the documentation requirements. 50 TMBC staff attended. This will be followed up with further training and specific training planned on bribery and fraud. This recommendations is being progressed, it will be complete when fully rolled out.</p> <p>6. The training above will be followed up with further training, and specific training planned on bribery and fraud. In addition, the Council's SLA with Kent County Council's Internal Audit and Fraud team does already cover this activity.</p> | In progress | The weakness in arrangements cannot be fully closed and so we continue to recognise the weakness, although acknowledging the progress to date. No new key recommendation has been made. We have identified some additional areas for improvement under the newly established arrangements, see IR8 2023-24. |

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|--|-----------------------------|----------------|---|------------|---|
| <p>3 Financial Sustainability - The Council should develop a transformation programme to enable it to reduce spend by looking at different ways of delivering services or by enabling others in its systems leadership role. It needs to:</p> <ol style="list-style-type: none"> 1. Use the Corporate Plan reset to identify its budget priorities and reset the budget; 2. Develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear political priorities; 3. Identify ways to deliver for less and identify activity that can stop where it does not contribute to statutory services or to Corporate Plan priorities; 4. Consult on changes to services and future spending plans with the public and include public engagement annually as part of business planning; 5. Ensure it has transformation and programme management skills in place to manage the programme, lead change and explore new ways of working; 6. Introduce service user testing, when making service changes as part of prototyping, to ensure groups are not adversely impacted by changes to delivery for example digital by default; and 7. Develop early ideas for savings with budget holders and present these to a Members' challenge board to enable early engagement with key stakeholders and to allow Members to see options and the impact of savings on residents. | Improvement | September 2023 | The Council held a Management Team/Cabinet Development Day which took place in November 2023. A number of actions were agreed under the theme of transformation. This resulted in a Tonbridge Town Centre Programme Manager being appointed and started with the Council in September 2024. Joint Briefings commenced in early 2024 and a revised committee report template has been developed and is due to go live in October 2024. | Yes | We acknowledge this progress and from our 2023-24 work have developed a new improvement recommendation to supersede the prior year recommendation, focussed on diversification of the savings programme, see IR2 2023-24. |

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|--|-----------------------------|----------------|--|-------------|--|
| 4 Financial Sustainability - Improve the Workforce Strategy to include fully costed strategy over the medium- to long-term. | Improvement | September 2023 | <p>A review of the establishment took place via the General Purposes Committee in January 2024 and this is incorporated into the budget and MTFP with a 2024-25 additional cost of £97,500, funded within the balanced budget. Assumptions on pay inflation and pay awards are appropriately reflected in the budget and MTFP. Therefore, a review has taken place but we are yet to observe an updated Workforce Strategy since the 2022 document, discussions with officers confirm that the target date for completion of an updated Strategy is January 2025. Key strategies such as this are expected to be reviewed every 3-5 years and so the Council is on track to achieve this.</p> <p>Key changes expected in the updated strategy include:</p> <ul style="list-style-type: none"> • A planned future management development programme. • Address issues identified in the all-staff survey planned for September 2024 • Ensure that the Workforce Strategy develops closer links to the Council's Vision and Values by updating the Council's employee appraisal scheme which will strengthen areas around staff development and succession planning. • Identify behaviour competencies with close links to the Council's vision and values. | In progress | Recommendation remains open until the Strategy update is complete in January 2025, but we acknowledge the positive progress to date. |

Appendix C: Follow-up of previous recommendations

| Recommendation | Type of recommendation * | Date raised | Progress to date | Addressed? | Further action? |
|--|-----------------------------|----------------|---|-------------|--|
| <p>5 Governance - The Council needs to improve risk management by:</p> <ol style="list-style-type: none"> 1. Improving the format of the Strategic Risk Register (SRR) to add for each risk: key controls and assurances; direction of travel; a single named owner; the original risk score and likelihood scores after initial mitigation; current risk scores and target risk scores; and provide updated mitigation quarterly. It would be useful to identify issues, risk and impact separately; 2. Updating the SRR format to align with our proposed SRR changes; 3. Reviewing the SRR risks to ensure they have the right actions and are unique risks; 4. Reporting the SRR quarterly to Cabinet alongside performance and finance; 5. Improving committee reports to facilitate good risk management, referencing strategic risks and their scores and impact in all Council reports; and 6. Developing training for Members and staff to raise awareness of risk and responsibilities. | Improvement | September 2023 | See our work on page 20 where we have confirmed that the Council has engaged external consultants, Zurich Risk Management, to carry out a review of the Risk Management Strategy and Strategic Risk Register. All actions to respond to recommendations have been progressed and are on track to be completed within their target dates, and in full by January 2025. This work included a review of all risks, and their associated scores. The number, type and presentation of risks within the SRR provides appropriate information to Members. | Yes | No |
| <p>6 Governance - The Council needs to fully integrate performance and financial reporting for revenue and capital to improve financial reporting.</p> | Improvement | September 2023 | As part of the budget build process for 2025-26 services are requested to provide details of the costs drivers where volumes can affect the levels of spend and income. This will be incorporated into the reports to Members to in January 2025. | In progress | Recommendation remains open until this can be evidenced in the 2025-26 budget. We acknowledge the Council's intention to respond and accept this is a timing issue, due to the scheduling of the budget process. |

