

# Tonbridge and Malling Borough Council

Auditor's Annual Report  
Year ending 31 March 2025

**September 2025**



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

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# 01 Introduction and context

# Introduction

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

## Opinion on the financial statements

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

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

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

## Auditor's powers

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

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

## Value for money

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

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

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

# Local government – context

Local government has remained under significant pressure in 2024-25

## National

### Past



#### Funding not meeting need

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



#### Workforce and governance challenges

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

### Present



#### Financial sustainability

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



#### External audit backlog

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

### Future



#### Funding reform

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



#### Reorganisation and devolution

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

## Local

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

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

# Grant Thornton Insights – Local Government Reorganisation (LGR)

## National perspectives - devolution and LGR

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

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

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

## Local perspectives - LGR in the Kent region

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

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

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



## Grant Thornton insight

### What the Council is already doing

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

### The Council should consider

- Modelling potential outcomes to discuss with members and establish political priorities.
- Making advance preparations for member and public engagement within a tight timeframe.
- Considering the potential cost of transition for the Council and how this will be funded.
- Making use of available guidance, including the "Learning from the new unitary councils" report by Grant Thornton.

## 02 Executive summary



# Executive summary – our assessment of value for money arrangements

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

Criteria	2023-24 Assessment of arrangements	2024-25 Risk assessment	2024-25 Assessment of arrangements
Financial sustainability	A No significant weaknesses in arrangements identified but improvement recommendations made.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified and no new improvement recommendation made. However, one prior year improvement recommendation has been kept open
Governance	A No significant weaknesses in arrangements identified but improvement recommendations made.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified and no new improvement recommendation made. However, two prior year improvement recommendations have been kept open
Improving economy, efficiency and effectiveness	R Significant weaknesses from prior year in relation to procurement and contract management remained open. Improvement recommendations raised.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified but one improvement recommendation made.



No significant weaknesses or improvement recommendations.



No significant weaknesses, improvement recommendation(s) made.



Significant weaknesses in arrangements identified and key recommendation(s) made.



# Executive summary

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



## Financial sustainability

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



## Governance

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




## Improving economy, efficiency and effectiveness

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

# Executive summary – auditor’s other responsibilities

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

Auditor’s responsibility	2024-25 outcome	
Opinion on the financial statements	Our audit of your financial statements is substantially complete, and we plan to issue an unqualified audit opinion following the Audit Committee meeting on 29 September 2025. Our findings are set out in further detail on pages 11-12.	
Use of auditor’s powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>	

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

# Opinion on the financial statements

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

## Audit opinion on the financial statements

We plan to issue an unqualified opinion on the Council's financial statements following the Audit Committee meeting on 29 September 2025. The full opinion will be included in the Council's Annual Report for 2024-25, which can be obtained from the Council's website.

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

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

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

## Findings from the audit of the financial statements

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

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

### Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on 29 September 2025. Requests for this Audit Findings Report should be directed to the Council.

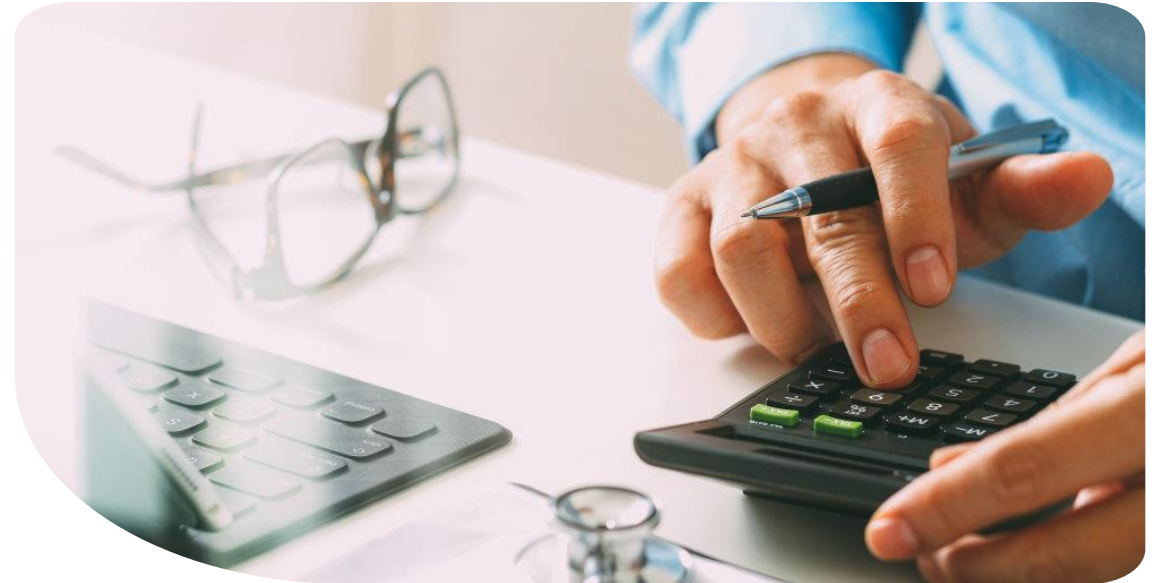
# Other reporting requirements

## Annual Governance Statement

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

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

We have nothing to report in this regard.



# **04 Value for money commentary on arrangements**

# Value for money – commentary on arrangements

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

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

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



## Financial sustainability

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



## Governance

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



## Improving economy, efficiency and effectiveness

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



# Financial sustainability – commentary on arrangements (1)

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

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

# Financial sustainability – commentary on arrangements (2)

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

- G

No significant weaknesses or improvement recommendations.
- A

No significant weaknesses, improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendation(s) made.

# Grant Thornton insights – learning from others

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



## What the Council is already doing

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



## What others do well

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



## The Council could consider

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

# Governance – commentary on arrangements (1)

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

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

# Governance – commentary on arrangements (2)

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

- G

No significant weaknesses or improvement recommendations.
- A

No significant weaknesses, improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendation(s) made.

# Improving economy, efficiency and effectiveness – commentary on arrangements (1)

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

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

# Improving economy, efficiency and effectiveness – commentary on arrangements (2)

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

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



# Improving economy, efficiency and effectiveness – improvement area

## Area for improvement identified: Lessons from Agile system implementation

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

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

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

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

## Improvement recommendation 1

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

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

# Improvement recommendations raised in 2024-25

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

# **06 Follow up of previous Key Recommendation**

# Follow up of 2022-23 Key Recommendation

Prior Key Recommendation		Raised	Progress	Current status	Further action
KR2	<p>3Es - The Council needs to improve its procurement and contract management arrangement by:</p> <ol style="list-style-type: none"> <li>Updating its procurement strategy;</li> <li>Ensuring the contracts register is monitored, kept up to date and used by all services;</li> <li>Ensuring it fully meets the Local Government (Transparency Requirements) (England) Regulations 2015 legislation;</li> <li>Having a suitably trained client lead for procurement and contract management;</li> <li>Provide training for officers and members on procurement and contract management to enable them to fully understand their responsibilities for social value and value for money; and</li> <li>Ensuring the Council’s shared arrangements for fraud also include procurement and contract management.</li> </ol>	2022-23	<p>The Council has significantly improved its procurement processes by developing a new procurement strategy in collaboration with the Mid-Kent Procurement Partnership, which has been validated as appropriate through Internal Audit. The strategy reflects best practices, aligning with the principles of the Local Government Association’s National Procurement Strategy for Local Government.</p> <p>The contracts register is now regularly updated and publicly available, ensuring transparency in contract awards. The Council has embedded procurement responsibilities within departments, with the partnership providing expertise and guidance to clarify roles and responsibilities.</p> <p>Training for officers is enhanced, focusing on tender evaluation and procurement practices, with plans to extend this to Members to improve their understanding. Robust anti-fraud and anti-bribery measures have been embedded in procurement processes, supported by financial controls and regular internal audits to ensure oversight.</p> <p>These improvements address previous weaknesses, and the progress made since 2022-23 is sufficient to close this key recommendation.</p>	Implemented in full	No further action required

# 07 Appendices

# Appendix A: Responsibilities of the Council

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

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

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

The Council's Section 151 Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Section 151 Officer is required to comply with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Section 151 Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

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





# Appendix B: Value for Money Auditor responsibilities

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

## Phase 1 – Planning and initial risk assessment

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

## Phase 2 – Additional risk-based procedures and evaluation

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

## Phase 3 – Reporting our commentary and recommendations

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

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

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

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

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

## Information that informs our ongoing risk assessment

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

# Appendix C: Follow up of previous improvement recommendations (1)

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

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

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

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

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

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

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



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