



Maidstone Borough Council

Auditor's Annual Report
Year ending 31 March 2025

30 September 2025



Contents

01	Introduction and context	03
02	Executive summary	07
03	Opinion on the financial statements and use of auditor's powers	11
04	Value for money commentary on arrangements	14
	Financial sustainability	16
	Governance	19
	Improving economy, efficiency and effectiveness	22
05	Summary of value for money recommendations raised in 2024-25	23
06	Appendices	25
A	Responsibilities of the Council	26
B	Value for Money Auditor responsibilities	27
C	Improvement recommendations from 2023-24	28

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

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

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Maidstone 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

Maidstone Borough Council serves a population of approximately 187,800 residents and operates within a two-tier system alongside Kent County Council. Maidstone is characterised by its mix of urban and rural areas, with a significant proportion of its population being older adults. Around 19% of residents are aged 65 and older, the age profile of the borough is slightly younger than the county of Kent as a whole.

The Council follows an Executive decision-making model, which is responsible for the development of all major policies, strategies, and plans. The formal decision-making and governance structure includes the Full Council and an Executive (the Cabinet). The Full Council and Cabinet are supported by several overview and scrutiny committees to ensure comprehensive governance. Maidstone Borough Council comprises 49 councillors (reduced from 55 in May 2024 following a local government boundary review), with elections held every four years. The most recent elections took place in May 2024, resulting in no overall control.

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 and risks in all decisions, including contract renewal and capital investment decisions.
- Safeguarding responsible financial decisions in the medium-term including use of reserves
- Consideration of our detailed Technical Briefing (DTSK-10344 Appendix D).
- Enhancing learning and development programme to include LGR transition, including digital and transformation skills

What others do well

- 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.

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 one improvement recommendation made	No risks of significant weaknesses identified.	A No significant weaknesses in arrangements identified. One improvement recommendation made in relation to establishment of a long-term savings programme.
Governance	A No significant weaknesses in arrangements identified, but one improvement recommendation made.	No risks of significant weaknesses identified.	G No significant weaknesses in arrangements and no new improvement recommendations made. One prior year improvement recommendation remains.
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified, but two improvement recommendations made.	No risks of significant weaknesses identified.	G No significant weaknesses in arrangements and no new improvement recommendations made. One prior year improvement recommendation remains.

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

Executive summary

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



Financial sustainability

The Council's financial planning is generally sound with a robust process in place. The £0.107m deficit on the 2024-25 outturn was manageable, albeit it was achieved by use of reserves. Delivering a balanced budget in 2025-26 is reliant on £0.628m of in-year savings while the associated Medium-Term Financial Strategy (MTFS) is balanced by the application of £11.7m savings over the 4-year period from 2025-26. These savings are as yet unidentified with work due to start on a long-term programme to identify them in summer 2025.

Our audit report in 2023-24 recommended a long-term savings programme and we note that this is not yet in place, so we re-iterate the recommendation this year. We do note the Council's well-managed and strong reserves position which gives it some scope to manage the longer-term financial position in a controlled way.



Governance

The Council recently updated its risk management strategy and now reports quarterly to the Audit, Governance & Standards Committee with an updated corporate risk register better reflecting links to the Council's Corporate Plan. The exercise to refresh the risk register in May 2025 included the use of external consultants to support the review and it also involved a horizon scanning exercise to try and identify longer-term risks. This is good practice.

Internal Audit reported 'Sound Assurance' on the Council's internal controls and governance in its 2024-25 annual report.

We consider the Council's governance arrangements are good and there is good engagement from all key stakeholders in governance processes which are managed in an appropriate way.



Improving economy, efficiency and effectiveness

The Council reviewed its Corporate Strategy following the change in political leadership in the 2024 elections.

Alongside this new strategy the Council updated its performance management framework and introduced a suite of new key performance indicators (KPIs) which were used during 2024-25 and were presented for the first time in November 2024. Of the 30 KPIs, 63% achieved their target.

The Council has strong partnerships with other Kent councils via the Mid Kent Services shared service, operating 10 services on behalf of Maidstone, and there are strong contract management arrangements in place for the shared waste contract. This demonstrates a good commitment to value for money and we are content overall that the Council has in place appropriate arrangements to deliver value for money for the Council.

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.

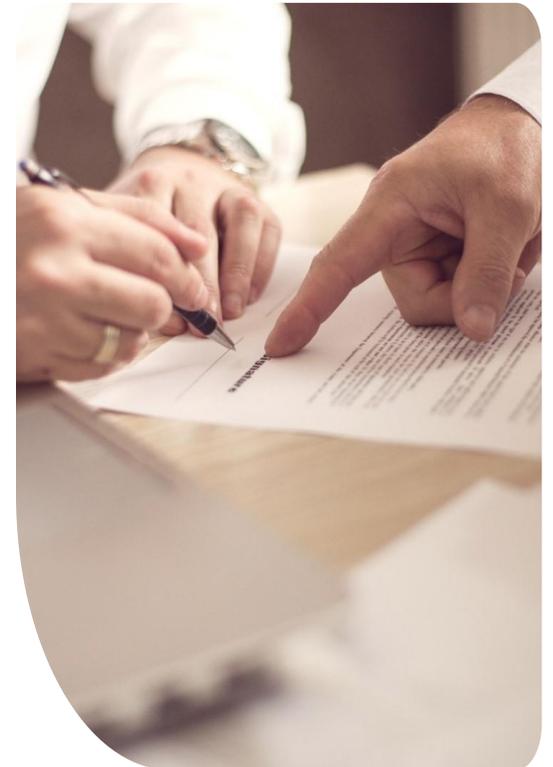
Auditor’s responsibility	2024-25 outcome
--------------------------	-----------------

Opinion on the financial statements

Our audit of your financial statements is complete, and we issued an unqualified audit opinion on 30 September 2025. Our findings are set out in further detail on pages 12-13.

Use of auditor’s powers

- We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.
- 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.
- We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.
- 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.



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 issued an unqualified opinion on the Council's financial statements on 30 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; 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 (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 two weeks in advance of 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 reported the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Council's Audit, Governance and Standards Committee on 29 September 2025. Requests for this Audit Findings Report should be directed to the Council.

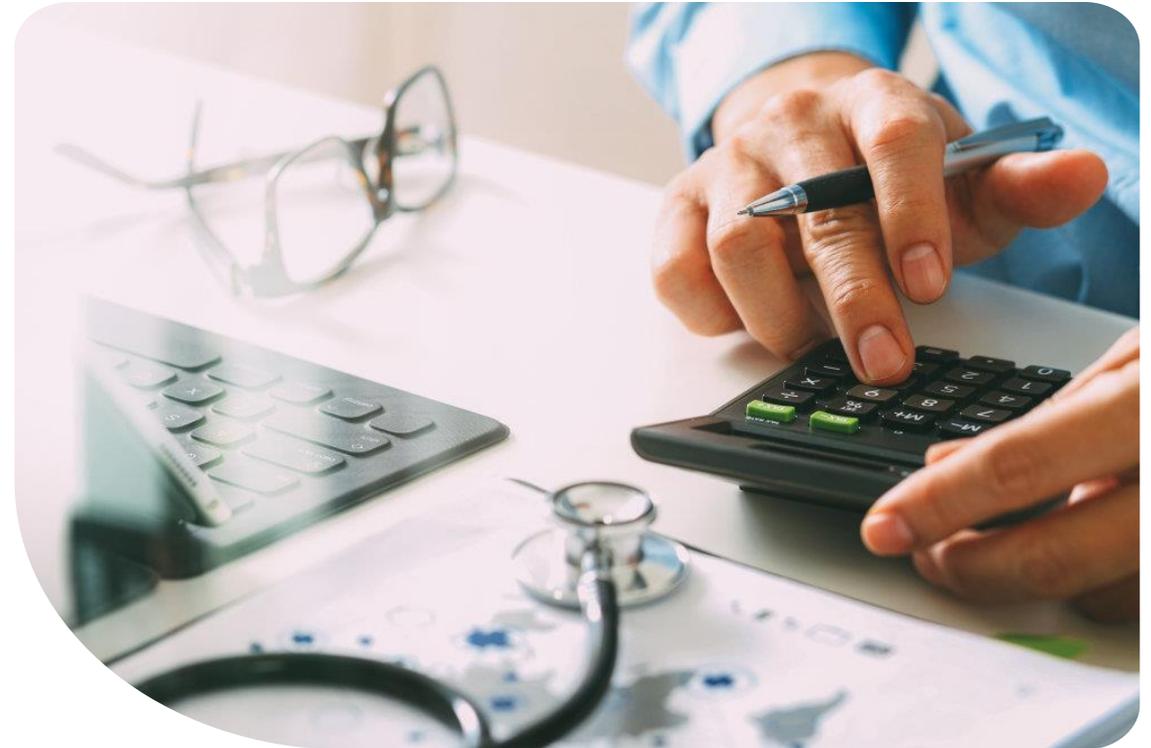
Other reporting requirements

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

<p>identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>The Council had a £0.107m deficit on its 2024-25 financial outturn. There were a number of under and over-spends within this outturn, for example temporary accommodation (TA) costs increased significantly (we note this is typical across other Kent councils) and property investment income reduced. To offset these costs, interest on cash balances increased and the waste contract costs were lower than expected. TA costs will continue to be a challenge and are budgeted for in 2025-26. In summary we consider that the Council has managed its financial position well.</p> <p>The Council developed its Medium-Term Financial Strategy (MTFS) and presented this to Cabinet in February 2025 (and then updated that version in July 2025). The MTFS is balanced over the 4-year period but only via the inclusion of £11.7m of yet to be identified savings. This is a significant challenge for the Council given it represents circa 5% of the its annual net expenditure. The Council does not, as yet, have an appropriate governance structure around its savings programme. While we note that the Council has historically managed to make savings, the challenge ahead is significant and requires a structured and long-term approach to address these budget shortfalls. The approach should include a Savings Board plus a clear structure for regular monitoring and feedback on progress against savings targets at levels from Heads of Service upwards. We include an improvement recommendation on page 18.</p> <p>The Council has managed its reserves position very carefully and has a good level of reserve balances to deal with any unforeseen budget shortfalls. It retains a minimum £4m General Fund reserve balance (representing c.15% of net revenue expenditure) but has nearly £17m available as unallocated reserves for such contingencies. This helps provide the Council with financial resilience in its MTFS position, but as the Council states in its MTFS it does need to retain a reasonable level of reserves so cannot necessarily rely on them to address the levels of shortfall currently forecast, and the Council needs to guard against complacency and reliance on reserves. In 2021-22 the Council set its minimum level of unallocated reserves at £4m with the current level of £17m providing reasonable, but not excessive level of additional financial resilience.</p>	<p>A</p>
<p>plans to bridge its funding gaps and identify achievable savings</p>	<p>The budget for 2025-26 was balanced by the assumption the Council will make up the planned £0.628m deficit by identifying in-year savings. The challenge over the period of the MTFS is significant at £11.7m cumulatively. As yet, we have no assurance that a long-term savings programme is in place to address the savings challenge the Council faces. Accordingly, we re-iterate our improvement recommendation relating to savings in last year’s report (see page 18). This is an issue which has the potential to develop into a significant weakness if not properly addressed early in the MTFS cycle and the Council needs to quickly put in place a credible savings programme to address future deficit forecasts.</p>	<p>A</p>

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

Financial sustainability – commentary on arrangements (2)

We considered how the Council:

Commentary on arrangements

Rating

<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Council acknowledges its challenge in relation to financial sustainability, and this underpins its strategic objectives. The Council recently revised its Corporate Strategy for the 10-year period 2025-2035 and this sets out objectives and priorities. The MTFS notes that all the Council's strategies are integrated and the Leader and Cabinet, Chief Executive, Directors and Heads of Service all provide their input to the MTFS. We note that the July 2025 Cabinet included an updated MTFS looking at the period 2026-27 to 2030-31 and we welcome this long-term strategic approach.</p>	<p>G</p>
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Council operates with a system that aligns the key elements of financial planning. Services input to the budget from an early stage and contribute to agreed savings plans which are aligned with their workforce plans and resource requirements. Directors of services had input to the budget setting process from as early as the summer 2024 ahead of the 2025-26 budget and MTFS.</p> <p>Housing and capital plans are a key feature of the MTFS. The 2024-25 capital budget was £63.8m and outturn was £42.1m (a third of the underspend (£7.5m) related to delays in Housing programmes which are taking longer to develop than planned). The underspend has been rolled forward into the Council's capital programme for 2025-26 which stands at £46.3m and is fully funded. It includes £19.2m for quality homes for life, £12m for temporary accommodation and £10.8m for climate change related projects. The Council's Housing capital programme for 2025-26 comprises £33.2m of the capital programme total. Overall, we are satisfied that the financial planning process considers other plans such as capital, housing and staffing.</p>	<p>G</p>
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>The Council includes its financial risks in the corporate risk register which is regularly reviewed at Cabinet level. The MTFS document also clearly sets out the risks and assumptions in its financial forecasts. Two significant areas of risk have emerged in the past financial year in the Fair Funding Review and Local Government Reorganisation (LGR) proposals both of which now loom large as risks to the Council. The Council has taken these into account and presents four different scenarios on which financial planning is based, these are all variants on the speed of progress required on making financial savings. This includes the potential impact of the fair funding review where the Council is planning for a loss of income of up to £5m. We are content that the Council is managing the risks to its financial resilience and has appropriate arrangements in place. From our work we also identified that the Council is taking steps to understand and prepare for any changes to its funding through the Fair Funding Review.</p>	<p>G</p>

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

Financial sustainability – improvement recommendation

Area for improvement: Savings programme

Key finding: The Council's MTFS projects savings are required to cover deficits totalling £11.7m over the 4-year period from 2025-26 to 2028-29. Our report last year included an improvement recommendation that the Council should put in place a savings programme to address the forecast deficits at that point. We note that the 2025-26 budget has a small deficit which the Council is planning to meet through in-year savings but we are concerned that there is not yet a formal savings programme in place. Savings of this scale typically require transformational change with a supporting governance structure in place and the gestation period for such savings can be long as they often require significant IT and system changes.

Evidence: The MTFS includes the detail of forecast deficits totalling £11.7m over the next 4 years. In our discussions with senior management we are pleased to hear the structured approach to short-term savings, but we have not seen plans for a longer-term savings programme being discussed nor discussion of the appropriate governance arrangements required to support such a programme e.g. Savings Board with a clear structure and regular monitoring and reporting from Head of Service level upwards.

Impact: Failure to establish a long-term savings programme and the associated governance arrangements will lead to the Council having challenges in terms of its financial sustainability.

Improvement recommendation 1

IR1: The Council should act promptly to develop a long-term savings programme and associated governance arrangements that address the forecast deficits included in its MTFS. As part of this there should be strong governance arrangements to ensure savings are tracked and reported on regularly, and to ensure there is transparency with Members and senior management on progress against targets.

Grant Thornton insight

In councils where finances are well-managed, we find the arrangements around long-term savings programmes are well-established. These typically involve:

- Close alignment with the MTFS
- A dedicated Savings/Transformation Board to govern the process
- A clear structure in place for regular monitoring and feedback on progress against targets at levels from Heads of Service upwards so that senior managers and Members are clear on progress
- Clear identification of the areas of risk and the mitigation plans in place.

Governance – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
<p>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>	<p>The Council has a risk register which is regularly reviewed (quarterly by Cabinet but monthly at operational level). A review of the Council’s corporate risks was carried out with external expert support in May 2025. As part of this process the Council carried out a horizon scanning exercise. This exercise was aimed at inspiring conversations about emerging risks to enable the Council to continue building resilience. As a result of the review the Council had 12 corporate risks and 152 operational risks as of May 2025.</p> <p>The Internal Audit Annual report for 2024-25 concluded that sound assurance can be placed upon the systems in place that ensure adequate and effective management, control and governance processes exist to manage the achievement the Council’s objectives.</p> <p>We are content that the Council addresses risk appropriately and has sound internal controls in place.</p>	<p>G</p>
<p>approaches and carries out its annual budget setting process</p>	<p>The Council’s budget setting process is well-established and well-structured, allowing sufficient time for iteration and review given it started in the summer of 2024 for the 2025-26 financial year. The budget is closely aligned and integrated with the MTFS which takes the longer 4-year view of the finances. The two are presented as a single document ultimately to Cabinet and Council in February and March 2025. The process is comprehensive and clearly articulated and we are satisfied that the annual budget setting process is appropriate and effective.</p>	<p>G</p>
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>The standard of financial reporting to Cabinet at the Council is good. Cabinet receives quarterly updates on the emerging financial position of the Council, and the reports are clearly set out and written in a way which makes them understandable by readers who may not have a detailed knowledge of finance. The MTFS document is similarly well-structured and gives Cabinet a clear picture of future financial forecasts and the associated risks that the Council is facing as well as providing them with a range of scenarios and their impact. This allows Cabinet to make informed financial decisions.</p>	<p>G</p>

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

Governance – commentary on arrangements (2)

We considered how the Council: Commentary on arrangements

Rating

<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>The Council has a well-established Committee structure which is provided with regular reports which are well- structured and presented. This helps support Cabinet in making informed decisions and also promotes transparency. Risk reporting and regular financial reporting are the foundations of the governance arrangements at the Council and contribute to appropriate financial oversight. The Council complies with all legal and regulatory frameworks and in summary we are content that there are appropriate arrangements in place to support informed decision-making by senior management and Members of the Council.</p>	<p>G</p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour</p>	<p>The Council has in place the Code of Conduct for officers and Members and a suite of supporting policies such as Whistleblowing, Anti-Fraud and Corruption and Equality to support the Monitoring Officer in their objective of maintaining compliance with legislative and regulatory standards. We note that the Council has not yet addressed our improvement recommendation 3 from our 2023-24 report (see page 29). This relates to updating the Whistleblowing policy. An updated policy is essential to ensure compliance, protect whistleblowers, and maintain organisational integrity and we recommend the Council addresses the recommendation.</p> <p>Complaints are monitored by the Audit, Governance & Standards Committee and the Council’s Procurement Strategy outlines compliance procedures, risk management, and staff training. For one of the Council’s major contracts on waste management, which it shares with Ashford and Swale councils, it has in place a dedicated contract manager to ensure the contract is managed closely and to ensure that value for money for the contract is obtained for all three councils. This is good practice.</p> <p>Overall, we are content the Council has appropriate arrangements in place to ensure adherence to legislative and regulatory standards.</p>	<p>A</p>

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

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

We considered how the Council:

Commentary on arrangements

Rating

<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>During the 2024-25 financial year the Council changed its performance reporting regime and developed a new suite of key performance indicators (KPIs). There is a new dashboard of KPIs which is refreshed monthly (where monthly data exists) and was reported to Cabinet for the first time in November 2024 when the half year KPIs were presented. The KPIs align with the Council’s new Corporate Strategy which was revised in 2024-25. Of the 30 KPIs, 63% achieved their target. 51% of KPIs improved compared to the 2023-24 half yearly performance. The new performance management system went live in July 2025 to address the prior year recommendation.</p> <p>We made an improvement recommendation relating to a review of the Council’s data quality process in our 2023-24 audit report. We note that this has not been carried out in 2024-25 and accordingly we re-iterate the recommendation this year, refer to page 30 for 2023-24 IR5.</p>	<p>A</p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>Although there were no official external inspections the Council had two external reviews carried out in 2024-25:</p> <p><u>Cabinet Office</u> - The ICT department is regularly assessed by the Cabinet Office to ensure that ICT systems and infrastructure are sufficiently secure and that the connection to the Public Services Network would not present an unacceptable risk to the security of the network. The Council was successful and received a certificate of compliance.</p> <p><u>Lexcel</u> – The Law Society - Legal services assessment – all areas of non-compliance were addressed, and Mid-Kent Legal Services (MKLS) was successful and re-accredited with the Lexcel standard.</p>	<p>G</p>

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

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

We considered how the Council:	Commentary on arrangements	Rating
<p>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>	<p>The Council has a well-established shared service operated as part of the Kent Investment Partnership (KIP). KIP represents an agreement to improve service delivery and reduce service costs for residents across Mid-Kent. The services delivered through the partnership are called Mid-Kent Services (MKS). The partnership is designed to be flexible enough to meet the needs of each authority and delivers a range of services which include HR, ICT, legal, environmental health, revenues & benefits, and planning support. This partnership is managed via the MKS Board, Cabinet/Committee meetings, Shared Service Board meetings and Full Council meetings.</p>	<p>G</p>
<p>commissions or procures services, assessing whether it is realising the expected benefits</p>	<p>The Council manages its major contracts closely to ensure it is getting value for money. We noted the contract manager role established to manage the waste contract, which is shared across three councils (Swale and Ashford being the other partners). The contract manager is a dedicated role to ensure the Council is getting best value from the contract. Key performance indicators are closely managed and monitored by the contract manager who has quality information, which they can see on a real time basis, and with which they manage the contract. They also manage the strategic relationship with the contractor and involve the Director of Regeneration & Place along with the portfolio holder in quarterly meetings with the contractor.</p> <p>The Council has a procurement strategy with Tunbridge Wells Borough Council which it established in 2023. This is a 3-year strategy to be reviewed in 2026. Other significant contracts the council is managing are the Leisure centre management project, parking enforcement, corporate insurance and consultancy for the housebuilding programme.</p> <p>The Council monitors and controls its capital projects and related expenditure closely ensuring that it obtains value for money. This includes a corporate project management framework with designated project managers and sponsors, quarterly progress reports to a Corporate Projects Board, and oversight by the Strategic Investment Board. In summary, the Council has in place appropriate arrangements for securing value for money through its procurement approach.</p>	<p>G</p>

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

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

Improvement recommendation raised in 2024-25

	Recommendation	Relates to	Management actions
IR1	<p>The Council should act promptly to develop a long-term savings programme and associated governance arrangements that address the forecast deficits included in its MTFS. As part of this there should be strong governance arrangements to ensure savings are tracked and reported on regularly, and to ensure there is transparency with Members and senior management on progress against targets.</p>	<p>Financial sustainability (page 18)</p>	<p>Actions: The Council is currently reviewing the projections of Fair Funding Review 2.0 and the potential implications for funding levels. The current modelling shows a significant variance making it unclear on the potential scale of savings were funding to reduce or if it is a consistent position with current assumptions. The outcome of this will determine management's response to this recommendation and will be clearer once the 2026-27 Funding Settlement is released in December 2025. Were the Council be required to deliver significant savings as a result of reduced funding then governance arrangements would be put in place for a comprehensive savings programme. The proposed governance arrangements are likely to replicate those already in place for the Property and Capital Programme and will be in place for 2026-27 as required.</p> <p>Responsible Officer: Mark Green (Director of Finance and Resources)</p> <p>Due date: 31 March 2026</p>

06 Appendices

Appendix A: Responsibilities of the Council

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

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

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

The Council's S151 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 S151 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 S151 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 2023-24 improvement recommendations (1)

	Prior recommendation	Raised	Progress	Current position	Further action
IR1	<p>The Council should develop savings and income generation plans that will address the significant funding gap expected from 2026-27. As part of this process the Council should introduce:</p> <ul style="list-style-type: none"> - monitoring arrangements so that the progress of individual savings plans can be monitored by Members throughout the year; and - Consultation with residents and businesses on suggested savings plans. 	<p>Financial sustainability 2023-24</p>	<p>Savings are itemised in the Council's budget and progress with delivery is monitored as part of quarterly financial performance monitoring, in which the Director of Finance, Resources and Business Improvement meets with each Head of Service and follows up on any slippage on plans. Consultation with residents and businesses takes place as part of the annual budget process.</p>	<p>The Council does not have a formal governance around savings programme in place.</p>	<p>We have included 2024-25 improvement recommendation to address (see page 24).</p>

Appendix C: Follow up of 2023-24 improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
IR2	The Council should make clear in the published MTFS the extent to which forecast capital programme spending is reflected in the revenue budgets.	Financial sustainability 2023-24	In putting forward budget proposals for 2025-26, management will ensure that the Capital Strategy, the Medium-Term Financial Strategy and revenue budgets are all in alignment. The revenue impact of the capital programme will be captured as part of the Strategic Revenue Projections, which are published alongside budget proposals every year.	2025-26 Budget and MTFS reflects revenue impact of capital programme.	No
IR3	The current Whistleblowing Policy was last revised in 2016. Since then, there have been significant changes in regulatory requirements, organisational structure, and industry best practices. An updated policy is essential to ensure compliance, protect whistleblowers, and maintain organisational integrity.	Governance 2023-24	Updated Whistleblowing policy still to be developed.	Whistleblowing policy still dated 2016. IR rolled forward from 2023-24.	The revised Whistleblowing policy was presented to the Audit, Governance and Standards Committee on 29 September 2025. We will review this as part of our work in 2025-26.

Appendix C: Follow up of 2023-24 improvement recommendations (3)

	Prior recommendation	Raised	Progress	Current position	Further action
IR4	Reviews and update the Guide to Performance Management. While it serves as a good practice example, it was developed in 2012 and requires a refresh to ensure it remains fit for purpose. Updating the guide will help maintain its relevance and effectiveness in providing comprehensive benchmarking processes and identifying benchmarking partners.	3Es 2023-24	The performance management framework was reviewed and a new set of key performance indicators (KPIs) introduced in 2024-25. We have not seen evidence of an updated guide.	Guide to performance management still to be developed.	Management confirmed that the Performance Framework was updated in 2024 and the guide to using the performance management system was uploaded to the intranet in July 2025 when the new system and processes went live. No further action required.
IR5	Reviews and update the data quality policy, which has not been revised since 2013. This review should ensure that the policy remains relevant and effective in maintaining high standards of data accuracy, validity, reliability, timeliness, relevance, and completeness.	3Es 2023-24	No evidence that this has been updated.	IR rolled forward to 2024-25	Management confirmed that the new data quality policy is to be included in the mid-year performance report to Cabinet in either October 2025 or November 2025. We will review this as part of our work in 2025-26.



© 2025 Grant Thornton UK LLP. All rights reserved.

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