

Maidstone Borough Council

Auditor's Annual Report

Year ending 31 March 2026

September 2026

Consultation Draft



Contents

01	Introduction and context	03
02	Executive summary	06
03	Opinion on the financial statements and use of auditor's powers	11
04	Value for money commentary on arrangements	15
	Financial sustainability	17
	Governance	20
	Improving economy, efficiency and effectiveness	22
05	Summary of value for money recommendations raised in 2025-26	24
06	Appendices	
A	Responsibilities of the Council	27
B	Value for money auditor responsibilities	28
C	Follow-up of previous improvement recommendations	29

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 Maidstone Borough Council (the ‘Authority’) during 2025-26 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 Authority 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 Authority as at 31 March 2026 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 2025-26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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

Auditor’s powers

Under Section 31 of the Local Audit and Accountability Act, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. 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 Authority 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. During 2024-25, the NAO consulted on and updated the Code to align it with 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. The deadline requirement for 2025-26 AARs is 30 November 2026.

Local government – context

Local government has remained under significant pressure in 2025-26

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

Despite the Fair Funding Review 2.0, many councils continue to face significant financial challenges, including social care, SEND and temporary accommodation 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



Digital change

AI and digital change are automating routine processes and enabling more personalised services for residents. This is shifting workforce skills as councils seek productivity gains. Risks around digital exclusion, data quality, ethics, and governance mean strong leadership and controls are increasingly important.



Reorganisation and devolution

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

Local

The Authority serves a population of approximately 184,500 residents and operates within a two-tier system alongside Kent County Council. The Authority 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. The Authority comprises 49 councillors, 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 Authority's value for money arrangements in 2025-26.

02 Executive summary

Executive summary – our assessment of value for money arrangements

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

Criteria	2024-25 Assessment of arrangements	2025-26 Risk assessment	2025-26 Assessment of arrangements
Financial sustainability	A No significant weaknesses in arrangements identified. One improvement recommendation made in relation to establishment of a long-term savings programme.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified. One improvement recommendation made in relation to strengthening financial management arrangements for Temporary Accommodation and Homelessness services.
Governance	A No significant weaknesses in arrangements and no new improvement recommendations made. One prior year improvement recommendation remains.	No risks of significant weakness identified.	G No significant weaknesses in arrangements and no new improvement recommendations made.
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements and no new improvement recommendations made. Two prior year improvement recommendations remain.	No risks of significant weakness identified.	G No significant weaknesses in arrangements and no new improvement recommendations made.

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendation(s) made.

R

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

Executive summary

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



Financial sustainability

The Authority's financial planning arrangements remain sound, supported by a robust Medium-Term Financial Strategy (MTFS), regular budget monitoring and a strong reserves position. The Authority reported a revenue underspend of £0.709m in 2025-26 and continues to maintain healthy reserve balances.

The MTFS identifies a funding gap of approximately £0.6m in 2027-28, returning to a surplus position in 2028-29 before deficits re-emerge in later years if further savings are not identified, although the impact of these longer-term projections remains uncertain given local government reorganisation (LGR). Temporary Accommodation and Homelessness services continue to experience significant demand and cost pressures, contributing to a £0.586m overspend against a service budget of £4.295m in 2025-26.



Governance

The Authority refreshed its Risk Management Framework and corporate risk register during 2025-26 to strengthen its oversight of strategic risks. Internal Audit reported a 'Sound Assurance' opinion on the adequacy and effectiveness of the Authority's governance, risk management and internal control arrangements in its 2025-26 annual report.

We consider the Authority's governance arrangements to be good, with effective engagement from Members, officers and other key stakeholders in governance processes, supported by established arrangements for decision-making, risk management and financial oversight.



Improving economy, efficiency and effectiveness

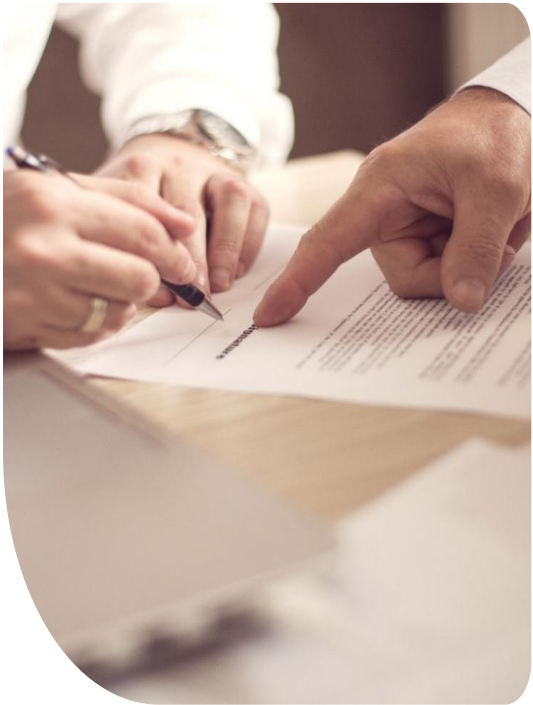
The Authority continued to enhance its performance management arrangements during 2025-26 through its updated framework, providing improved monitoring and reporting against its strategic priorities.

The Authority also maintains strong partnerships with other Kent councils through the Mid Kent Services shared service arrangements. There are strong contract management arrangements in place for the shared waste contract, demonstrating a commitment to delivering value for money and service performance.

Executive summary – auditor’s other responsibilities

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

Auditor’s responsibility	2025-26 outcome
Opinion on the financial statements	We plan to issue an unqualified audit opinion following the Audit, Governance & Standards Committee meeting on 28 September 2026. Our findings are set out in further detail on pages 12 to 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.



Local government reorganisation – organisational change and risk

Additional context around our review of the local government reorganisation (LGR) arrangements in 2025-26



National context

The English Devolution and Community Empowerment Act received Royal Assent on 29 April 2026.

On 7 September 2026 the government announced a pause to LGR decisions. The decisions relating to Essex, Suffolk, Norfolk and Hampshire (originally announced on 26 March 2026) have been withdrawn.

For other LGR geographies, the government's decisions announced on 16 July 2026 are paused and are to be reviewed.

The only LGR geography not to be impacted is Surrey, with the vesting day for the two new unitaries remaining 1 April 2027.

For other geographies the Shadow Authority elections were due to take place in May 2027, with vesting day of new unitaries on 1 April 2028. The government confirmed that the May 2027 elections will now be based on existing council boundaries. The revised timescale for Shadow Authority elections has not yet been confirmed by the government.



What we observed in 2025-26

The Council worked collaboratively with regional partners to identify and assess several models as part of the LGR process. The Council put in place appropriate governance arrangements to support the development of its preferred LGR proposal ahead of the submission of the Council's Strategic Business Case in November 2025. The Council submission was one of five different submissions.

The government announced its preferred option for LGR in Kent in July 2026. It selected a four unitary proposal, with no boundary changes. A Kent and Medway LGR Implementation Programme has been established, with the support of the Kent Leaders Group. The Kent County Council Chief Executive has been named as the SRO for LGR. A Program Director was appointed by the County Council, to work across the region to transition to the new operating models, vesting date to be confirmed.

At present, the government decision for Kent LGR is paused and will be reviewed.



Residual risks

Heightened risks will remain as LGR transition and implementation progresses during 2026-27.

- Ensuring appropriate ongoing financial stewardship, governance and decision making is maintained, the Council's best value duty is adhered to, and decisions are made in the spirit of the Structural Changes Order (SCO), which is expected in early 2027.
- Working with other demising councils to ensure appropriate governance and programme management arrangements are in place for LGR transition and implementation.
- Managing the disaggregation and aggregation of council services and finances when creating the new unitary council.
- Having appropriate resource in place to deliver the 2026-27 and 2027-28 accounts.

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 Authority's financial statements, and whether we have used any of the other powers available to us as the Authority's auditors.

Audit opinion on the financial statements

We plan to issue an unqualified opinion on the Authority's financial statements following the Audit, Governance & Standards Committee meeting on 28 September 2026.

The full opinion is included in the Authority's Annual Report for 2025-26, which can be obtained from the Authority's website.

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

- give a true and fair view of the financial position of the Authority as at 31 March 2026 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 2025-26; 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 NAO Code of Audit Practice (2024), and applicable law. We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Authority provided draft accounts ahead of the national deadline of 30 June 2026.

Draft financial statements were of a good standard and supported by detailed working papers. Management responded promptly to audit queries, which facilitated the progress of the audit. No significant issues were identified that adversely affected the progress of the audit. A full summary of our audit findings and recommendations is included in the Audit Findings Report.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Authority's Audit, Governance and Standards Committee on 28 September 2026. Requests for this Audit Findings Report should be directed to the Authority.

Other reporting requirements

Annual Governance Statement

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

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

We have nothing to report in this regard.



Use of auditor's powers

We bring the following matters to your attention:

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

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. Councils 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority: Commentary on arrangements

Rating

identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Authority established appropriate arrangements to support financial sustainability through its budget-setting process, Medium-Term Financial Strategy (MTFS) and regular budget monitoring. A revenue underspend of £0.709m was reported in 2025-26 with reserves remaining strong, providing resilience against short-term financial pressures. We have understood management's rationale for establishing the HRA ahead of both the statutory threshold and LGR, which was to ensure robust governance and operational readiness, providing a value for money justification for early implementation. Temporary Accommodation and Homelessness services continue to experience significant demand and cost pressures, resulting in a £0.586m overspend against a service budget of £4.295m in 2025-26. Whilst these pressures are monitored through established governance arrangements and mitigated through a range of existing initiatives, demand remains volatile and continues to create a risk of expenditure exceeding approved budget levels. Accordingly, we raise Improvement Recommendation 1 (page 19).	A
plans to bridge its funding gaps and identify achievable savings	Savings opportunities are identified through the annual budget-setting process and MTFS, supported by established governance arrangements involving Directors, Heads of Service and Members. The Authority reported a revenue underspend of £0.709m in 2025-26 and has a positive recent track record of budget management and savings delivery. Whilst the MTFS identifies a funding gap of approximately £0.6m in 2027-28, management expects this to be addressed through the normal budget-setting process and currently forecasts a balanced position for 2028-29 Whilst a prior year recommendation relating to a long-term savings programme remains incomplete, the pausing of LGR means this previous improvement recommendation is still valid and should be revisited to ensure the Authority is resilient to future financial challenges. The MTFS identifies a projected cumulative deficit of £11.8m to 2031-32, highlighting the importance of developing a formal long-term savings programme to address these future funding gaps.	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.

Financial sustainability – commentary on arrangements (2)

We considered how the Authority: Commentary on arrangements

Rating

plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Corporate Strategy and MTFS are supported by an integrated planning framework which aligns strategic priorities with financial planning and resource allocation. Management has developed delivery action plans that translate corporate priorities into specific activities, identify responsible officers and Members, and set out the resources required to support delivery. These arrangements are supported by established governance and performance monitoring processes.	G
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Authority's financial planning is closely aligned with its strategic objectives, with the MTFS underpinning delivery of the Corporate Strategy. The Authority's capital strategy supports priorities such as affordable housing, climate action, and digital transformation, including a five-year allocation of £139.5m to the Quality Homes for Life programme and £80m of long-term borrowing for capital investment. Workforce planning, asset management, and digital initiatives are integrated into budget-setting, and robust governance is maintained through committees and regular reviews. The establishment of Maidstone Town Council from April 2027, following a Community Governance Review, has so far involved the transfer of allotments, with no significant financial risk or major asset transfers identified at this stage.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Authority has established arrangements to identify, assess, monitor and manage financial risks through its Risk Management Framework, corporate risk register and MTFS. Risks are subject to regular review and reporting through established governance arrangements, with clear ownership and oversight by Members and senior management. Risk management arrangements were refreshed during 2025-26, and management continues to monitor key financial risks, including LGR, affordable housing and homelessness pressures. The MTFS also includes scenario planning to assess the impact of different financial outcomes on future sustainability. Whilst Temporary Accommodation and Homelessness pressures are regularly monitored and reported, and a range of mitigating actions are in place, the service continues to experience significant demand and cost volatility. Demand remains difficult to predict and creates an ongoing risk of in-year budget variances and expenditure exceeding approved budget levels. Accordingly, we raise Improvement Recommendation 1 (page 19).	A

Financial sustainability – improvement area

Area for improvement identified: Identifying and delivering recurrent savings

Key finding: Temporary Accommodation and Homelessness services continue to experience significant demand and cost pressures, which contributed to a £0.586m overspend against a budget of £4.295m during 2025-26. The Authority implemented a range of strategic and operational initiatives to address these pressures, including expanding its portfolio of Authority-owned temporary accommodation, delivering its homelessness strategy and progressing its affordable housing programme. However, demand for temporary accommodation remains volatile and difficult to predict, creating ongoing financial pressures and increasing the risk of in-year budget variances.

Evidence: Management identifies temporary accommodation and Homelessness pressures as a key financial risk through the corporate risk register, financial monitoring reports and MTFS. Financial performance and demand levels are regularly monitored and reported through established governance arrangements. The MTFS and risk register identify temporary accommodation as one of the Authority's most significant financial risks and recognises that demand levels remain unpredictable despite actions already taken to mitigate costs.

Whilst a range of mitigating actions are in place to address underlying homelessness and temporary accommodation pressures, the service continues to experience significant in-year demand and cost fluctuations. As a result, in 2025-26 expenditure exceeded budget assumptions despite the actions taken to reduce underlying pressures.

Impact: The Authority was able to achieve a balanced overall financial position in 2025-26 because the Temporary Accommodation and Homelessness services overspend was offset by favourable variances elsewhere, particularly higher treasury and investment income. However, if demand and cost pressures continue to fluctuate beyond planned assumptions, or anticipated benefits from existing mitigating actions are not realised as expected, there is a risk that the Authority's ability to maintain a balanced budget and deliver its medium-term financial plans could be adversely affected.

Improvement Recommendation 1

IR1: Management should continue to keep temporary accommodation and homelessness pressures under review and respond to emerging demand and cost fluctuations as they arise. This should include consideration of whether additional mitigating actions are required where expenditure is projected to exceed approved budget levels.

Governance – commentary on arrangements (1)

We considered how the Authority: Commentary on arrangements

Rating

monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Authority refreshed its Risk Management Framework and corporate risk register during 2025-26, supported by external specialist input and horizon scanning to identify emerging risks and strengthen organisational resilience. Strategic risks are reviewed regularly through established governance arrangements and reported to Members. Internal Audit reported a ‘Sound Assurance’ opinion on the adequacy and effectiveness of the Authority’s governance, risk management and internal control arrangements in 2025-26.	G
approaches and carries out its annual budget setting process	The budget-setting process is well-established and well-structured, allowing sufficient time for iteration, review and challenge. The annual budget is closely aligned and integrated with the MTFS, ensuring that budget decisions are taken within the context of the Authority’s longer-term financial position. The budget-setting process incorporates officer and Member engagement, financial risk assessment and scrutiny prior to approval and is clearly articulated through the Authority’s governance arrangements.	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	The standard of financial reporting to Members is good. Members receive regular budget monitoring reports covering revenue and capital performance, forecast outturns and key financial risks. These reports are clearly presented and provide appropriate information on current and forecast financial performance, enabling effective oversight and challenge. The Authority’s MTFS is also well structured and provides Members with a clear understanding of future funding pressures, financial risks and scenario planning assumptions. Together, these arrangements support informed decision-making and timely corrective action where required, and we are satisfied that the Authority has appropriate governance arrangements in place for budgetary control and financial management.	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.

Governance – commentary on arrangements (2)

We considered how the Authority: Commentary on arrangements

Rating

ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Authority has a well-established governance framework supported by Cabinet, Overview and Scrutiny Committee, Audit, Governance and Standards Committee and Policy Advisory Committees. Decision-making is supported by comprehensive reports and effective scrutiny arrangements, which help ensure Members are appropriately informed and able to challenge proposals where required. Stakeholder interviews and Internal Audit work indicated a positive governance culture, effective oversight by senior management and a commitment to addressing issues where identified. The Authority also has appropriate governance arrangements in place to oversee shared service and collaborative working arrangements. During 2025-26, the Authority maintained effective governance arrangements to support informed, transparent and evidence-based decision-making. Management demonstrated sound governance in progressing the Community Governance Review and approving the creation of Maidstone Town Council. Members considered the proposal through a formal decision-making process supported by consultation, detailed reporting and compliance with statutory requirements.	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	A Code of Conduct for Members and officers and a suite of supporting policies, including Whistleblowing, Anti-Fraud and Corruption, and Equality policies, are in place to support compliance with legislative and regulatory requirements. Complaints continue to be monitored through the Audit, Governance and Standards Committee, with Member training and governance oversight arrangements promoting appropriate standards of behaviour. The prior-year improvement recommendation relating to the Whistleblowing Policy is addressed. The policy was reviewed, updated in line with current best practice and approved by the Audit, Governance and Standards Committee during 2025-26.	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 Authority: Commentary on arrangements

Rating

uses financial and performance information to assess performance to identify areas for improvement	During 2025-26, management continued to develop performance management arrangements through key performance indicator (KPI) reporting aligned to the Corporate Strategy, supported by public dashboards, half-yearly reporting and an Annual Performance Report. Performance reporting covers a broad range of operational, strategic and financial activities and identifies both areas of strong performance and areas requiring improvement, together with actions being taken in response. Benchmarking against CIPFA nearest neighbours is also incorporated into performance reporting. Two improvement recommendations were raised in 2023-24 relating to the Authority's Data Quality Policy and Guide to Performance Management. Both improvement recommendations were fully addressed in 2025-26: the Data Quality Policy was updated with enhanced governance, ownership and validation arrangements, and a new Performance Management Framework was introduced, strengthening performance reporting, benchmarking and service improvement.	G
evaluates the services it provides to assess performance and identify areas for improvement	There was one external review during 2025-26, the Authority was subject to a Homes England Compliance Audit relating to the Corbens Place Phase 3 scheme. The audit concluded with a Green ('Meets Requirements') grading and identified no breaches or areas requiring improvement. Overall, we are satisfied that the Authority has appropriate arrangements in place to consider the results of external reviews and identify opportunities for improvement where required.	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 Authority: Commentary on arrangements

Rating

ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Authority continues to participate in a well-established shared service partnership through Mid Kent Services (MKS), working alongside Swale Borough Council and Tunbridge Wells Borough Council. The partnership delivers a range of shared services including Environmental Health, ICT, Legal, Audit, Enforcement, Fraud and Compliance, Planning Support, and Revenues and Benefits. Governance arrangements include the MKS Board, Executive Board and Shared Service Boards, with decision-making remaining with the individual partner authorities through their constitutional arrangements.	G
commissions or procures services, assessing whether it is realising the expected benefits	The Authority has arrangements in place to monitor whether expected benefits from commissioned and procured services are being realised. Significant contracts are subject to contract management, performance monitoring and governance oversight, with the waste and recycling contract providing a clear example of KPI monitoring, regular review meetings and active contract management. Procurement activity continues to be supported through the Maidstone and Tunbridge Wells Procurement Partnership, whilst significant procurement matters are reviewed through the Authority's governance framework. The Authority also monitors significant projects and investment activity through established governance, financial reporting and risk management arrangements. Shared service arrangements delivered through Mid Kent Services are subject to formal governance and oversight arrangements to support service performance and value for money.	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.

05 Summary of value for money recommendations raised in 2025-26

Improvement recommendations raised in 2025-26

Recommendation	Relates to	Management actions
IR1 Management should continue to keep temporary accommodation and homelessness pressures under review and respond to emerging demand and cost fluctuations as they arise. This should include consideration of whether additional mitigating actions are required where expenditure is projected to exceed approved budget levels.	Financial sustainability (page 17)	Actions: Temporary accommodation and homelessness pressures are already kept under close review, employing a range of tools including comprehensive data on homelessness numbers and costs, regularly updated performance measures and quarterly budget monitoring meetings with the Head of Service. Where budgets are exceeded or are at risk of being exceeded, mitigations are considered by the Corporate Leadership Team and appropriate action is taken. At the time of writing in mid-26/27, having taken all these steps, we project an out-turn within budget for the financial year. We remain mindful of the continued risk of overspend in this demand-led service and the need to take prompt action as necessary. Responsible Officer: Director of Finance and Resources Due date: 1 October 2026

06 Appendices

Appendix A: Responsibilities of the Authority

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 Authority's Director of Finance and Resources 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 Director of Finance and Resources is required to comply with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Director of Finance and Resources is responsible for assessing the Authority'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 Authority will no longer be provided.

The Authority 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 Authority’s value for money arrangements

Phase 1 – Planning and initial risk assessment

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

Phase 2 – Additional risk-based procedures and evaluation

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

Phase 3 – Reporting our commentary and recommendations

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

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

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

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

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Authority’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 2024-25 improvement recommendations (1)

	Prior recommendation	Raised	Progress	Current position	Further action
IR1	The Authority 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.	2024-25	Management's view is that a standalone long-term savings programme is not required, given savings are delivered through the annual budget-setting process and MTFS. This approach was influenced by LGR. Given that LGR for Kent is paused, this recommendation should be revisited. The MTFS projects a cumulative deficit of £11.8m by 2031-32, which demonstrates the need for a formal long-term savings plan and robust governance arrangements to ensure savings are tracked and reported transparently.	With LGR paused, a long-term savings plan is now essential. The MTFS projects a cumulative deficit of £11.8m by 2031-32, highlighting the urgent need for robust savings and governance to track progress and ensure transparency.	Improvement recommendation remains ongoing.
IR2	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.	2023-24	The revised Whistleblowing policy went to the Audit, Governance and Standards Committee on 29 September 2025.	Governance arrangements are strengthened through the review and update of the Whistleblowing Policy. The revised policy reflects current best practice and supports the Authority's arrangements for promoting ethical behaviour, transparency and the reporting of concerns.	Improvement recommendation completed – no further work required.

Appendix C: Follow up of 2024-25 improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
IR3	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.	2023-24	The new data quality policy has been updated and available on the Authority's intranet.	Arrangements for ensuring the quality, accuracy and reliability of performance information were strengthened through the implementation of an updated Data Quality Policy during 2025-26. The revised policy enhances data governance, accountability and validation processes, providing greater assurance over the integrity of performance information used in decision-making.	Improvement recommendation completed – no further work required.
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.	2023-24	The Performance Framework was updated in 2024 and the guide to using the performance management system was uploaded to the intranet in July 2025, at the time of going live with the new system and processes. Performance is now reported half-yearly to PAC with live dashboards on the website.	Performance management arrangements were strengthened through the implementation of a new Performance Management Framework and updated performance reporting processes during 2025-26. The revised framework enhances governance, accountability, benchmarking, data quality and performance improvement arrangements, providing greater assurance over the use of performance information in decision-making and service improvement.	Improvement recommendation completed – no further work required.



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