Tunbridge Wells Borough Council

Auditor's Annual Report
Year ending 31 March 2026

15 September 2026



Contents

01	Introduction and context	03
02	Executive summary	06
03	Opinion on the financial statements and use of auditor's powers	12
04	Value for Money commentary on arrangements	16
	Financial sustainability	18
	Governance	27
	Improving economy, efficiency and effectiveness	34
05	Appendices	38
A	Responsibilities of the Council	39
B	Value for Money Auditor responsibilities	40
C	Follow-up of previous improvement recommendations	41

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

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01 Introduction and context

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Introduction

This report brings together a summary of all the work we have undertaken for Tunbridge Wells Borough Council 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 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 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.
- 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 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. 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.

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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 Council is a district council serving a population of approximately 120,000 residents and forms part of the two-tier local government structure in Kent, with Kent County Council providing upper-tier services. The Council operates under a Leader and Cabinet decision-making model, which oversees the formation of all major policies, strategies and plans and, as such, the Council's formal decision-making and governance structure comprises the Full Council and Cabinet. Full Council and Cabinet are supported by a range of committees and sub-committees, including the Audit and Governance Committee. The Council has 39 councillors, and Councillors are ordinarily elected by thirds, with elections held in three years out of every four. The most recent elections were held in May 2026 when the Liberal Democrats retained overall control of the Council, holding 25 of the 39 seats. The Council is currently subject to Local Government Reorganisation (LGR) in Kent. Following the year end, on 16 July 2026, the Government confirmed that Tunbridge Wells Borough Council will form part of a new West Kent unitary authority comprising Maidstone, Sevenoaks, Tonbridge & Malling and Tunbridge Wells, with implementation planned for 1 April 2028.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2025/26.

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02 Executive Summary

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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	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 Assessment of arrangements	
Financial sustainability	A	No significant weaknesses in arrangements. One improvement recommendation carried forward from 2023/24.	No significant weaknesses in the arrangements identified.	G	No significant weaknesses in the arrangements identified. In relation to the improvement recommendation first raised in 2023/24 regarding the development of a Council-wide savings and efficiency programme, the Council has developed and implemented such a programme and therefore we have downgraded the recommendation to an insight as further recurring savings and income generation proposals are still required to address the remaining medium-term funding gap.
Governance	A	No significant weaknesses in arrangements identified. We did raise one improvement recommendation.	No significant weaknesses in the arrangements identified.	G	No risks of significant weakness identified nor any improvement recommendations. The improvement recommendation raised in 2024/25 relating to the managing potential independence conflict between Internal Audit and Risk Management has been resolved.

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.

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Executive Summary – our assessment of value for money arrangements (continued)

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 Assessment of arrangements	
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified or improvement recommendation.	No risks of significant weakness identified.	G	No risks of significant weakness identified nor any improvement recommendations.

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.

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Executive Summary

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

Financial sustainability

The Council has established effective financial management arrangements and regularly reports financial performance to Cabinet. In 2025/26, the Council delivered a £1.62m revenue underspend, maintained a debt-free position and did not need to use reserves to support its revenue budget. The Medium-Term Financial Strategy identifies some financial pressures from 2027/28 onwards, with a recurring budget gap of £4.5m rising to a cumulative £39m by 2030/31 if unmanaged.

While the Council has developed a Savings and Efficiency Plan which significantly reduces the forecast funding gap, further recurring savings and income generation proposals may be required.

The Council reported a £10.7m capital underspend in 2025/26, reflecting the reprofiling and deferral of capital projects. During the year, the Council approved the preferred option for the regeneration of Royal Victoria Place and additional funding to progress detailed design and planning proposals. As the Council currently holds no external debt, it will need to ensure suitable arrangements remain in place to oversee delivery of the project and any future funding and borrowing decisions.

Governance

The Council's risk management and governance arrangements are supported by regular reporting to Members, a refreshed Risk Management Framework and a sound internal audit assurance opinion. The Council's committees and Cabinet Advisory Boards continue to provide effective scrutiny, challenge and oversight of decision-making.

The improvement recommendation raised in 2024/25 regarding the potential independence conflict between Internal Audit and Risk Management has been addressed through clearer separation of responsibilities and enhanced governance arrangements. The Council has also refreshed its Whistleblowing Policy and continued to development of its Anti-Fraud and Corruption arrangements. No significant weaknesses in governance arrangements were identified.

Improving economy, efficiency and effectiveness

The Council has established arrangements to monitor performance against its corporate priorities. These include quarterly performance reports presented to Cabinet and Cabinet Advisory Boards, benchmarking against comparable authorities, and external challenge through the Local Government Association Corporate Challenge process.

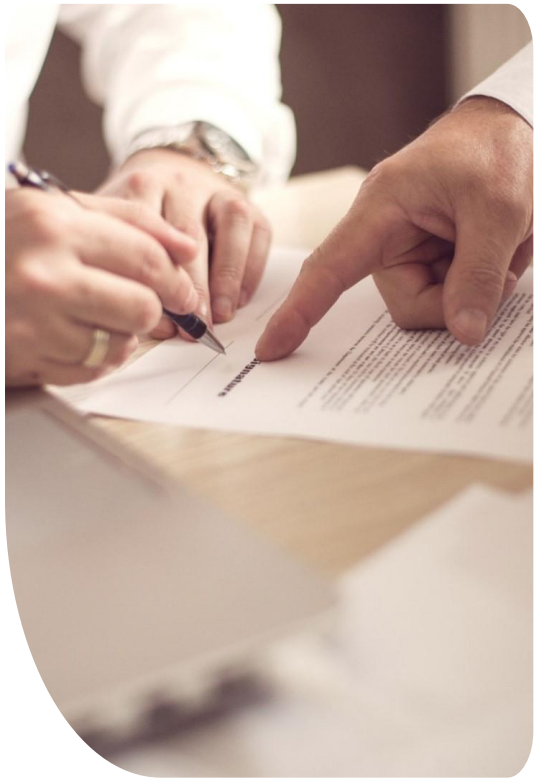
Progress against the Strategic Plan 2024-2032 is now incorporated into regular performance reporting. Procurement and commissioning activities are supported by appropriate governance structures and multidisciplinary input. While individual services remain responsible for contract management, the Tunbridge Wells, Maidstone and Tonbridge & Malling (TMT) Procurement Partnership continues to strengthen arrangements through the development of standardised frameworks, processes and additional specialist capacity. No significant weaknesses in arrangements were identified.

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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	2025/26 outcome
Opinion on the Financial Statements	We are nearing completion of our audit of the financial statements and expect to issue an unqualified audit opinion following the Audit and Governance Committee meeting on 15 September 2026, subject to satisfactory completion of the remaining audit procedures. Our findings are set out in the Audit Findings Report presented alongside this report.
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.



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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.

The timescale for devolution and LGR varies by geography. Those in the Devolution Priority Programme (DPP) will have elections for shadow unitary authorities in May 2027, with the vesting day of new unitary authorities 1 April 2028. The elections for the shadow strategic authorities are expected to be May 2027 for Cumbria and Cheshire and Warrington, and May 2028 for the other DPP geographies. The Government announced its minded to decision on reorganisation in these geographies on 25 March 2026, apart from Sussex and Brighton for which further consultation on structures is being undertaken.

For the other geographies impacted, the shadow unitary elections are due in May 2027, with the vesting day of the new unitaries is expected to be 1 April 2028, other than for Surrey, which the Government has fast tracked, with the shadow unitary elections taking place in May 2026 and the vesting day of the new unitaries being 1 April 2027

What we observed in 2025/26

For Kent and Medway, the shadow authority elections are due to take place in May 2027 with vesting day of the four new unitarity authorities to be 1 April 2028. During 2025/26 we observed:

- The Council worked with other Kent and Medway authorities to develop and assess options for LGR, supported locally by Member briefings and a cross-party advisory working group. In November 2025, the Council approved a three-unitary proposal for submission to Government. The supporting business case included financial modelling of implementation costs, potential savings and payback periods.
- Following the year end, the Government announced on 16 July 2026 that four unitary authorities would be established. From 1 April 2028, Tunbridge Wells will form part of the new West Kent unitary authority with Maidstone, Sevenoaks and Tonbridge and Malling.
- The Kent County Council (KCC) Chief Executive has been named as the SRO for LGR. A Program Director has been appointed by the KCC, who will work across the region to transition to the new operating models from 1 April 2028.

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. This includes managing significant projects and financial commitments that may transfer to the successor authority.
- Working with the other demising West Kent councils to ensure appropriate governance, accountability and programme management arrangements are in place for LGR transition and implementation.
- Managing the disaggregation and aggregation of Council services and finances, including agreeing how implementation will be funded and how staff, assets, liabilities, contracts, reserves and existing debt will transfer to the new unitary authority.
- Maintaining service delivery and ensuring sufficient capacity and expertise are available to support the transition and deliver the 2026/27 and 2027/28 accounts, while retaining staff and organisational knowledge during the period of change.

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

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Opinion on the financial statements

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

Audit opinion on the financial statements

We are nearing completion of our audit of your financial statements and plan to issue an unqualified audit opinion following the Audit and Governance Committee meeting on 15 September 2026.

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 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
- 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 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 published the draft accounts on 10 June 2026 which is ahead of the national deadline of 30 June 2026.

Draft financial statements were of a reasonable standard and supported by detailed working papers. We have no issues or concerns to report.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report, which is being presented to the Council's Audit and Governance Committee alongside the report.

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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.



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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.

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04 Value for Money commentary on arrangements

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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.

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Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Council maintains strong financial management, with quarterly capital and revenue reports to Cabinet, and variances are well understood and documented. Any overspends or underspends resulting from programme deferrals or adjustments are formally approved by Cabinet. The Council reported a £1.62m revenue underspend in 2025/26, driven by favourable income variances, including £0.76m in investment income from higher cash balances, £1.46m in additional business rates income and £0.77m in staff savings partially offset by income pressures, including shortfalls in Royal Victoria Place (RVP) income (£0.3m) and crematorium income (£0.4m). The Council also reported a £10.7m capital underspend, with actual expenditure of £14.2m compared to a revised programme of £24.9m, primarily due to deferrals and reprofiling of projects rather than cost savings. The continued scale of deferrals indicates some uncertainty in delivery timelines, and the Council is encouraged to review recurring causes to improve forecasting accuracy. The Council maintains a prudent financial position with no external debt and £23.4m in usable reserves at 31 March 2026, a significant proportion of which (£17.2m) has already been committed to support future capital and revenue projects. These commitments are expected to reduce reserves over the medium term, with balances projected to fall to approximately £6.2m by 2029/30, reducing financial flexibility as these plans are delivered. The Treasury Management Policy and Strategy presented to Full Council in February 2026 identifies a potential capital investment of up to £68m, to be funded through external borrowing if the development designs for Royal Victoria Place are approved and construction costs are incurred. Given that the Council currently has no external debt, it will be essential to maintain strong financial controls to ensure that debt servicing is managed appropriately, cash flow is monitored effectively, and reserves are protected. The Council continues to update and report on its medium-term financial position throughout the year. *(continued)....*	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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
	Additionally, the MTFS identifies future financial pressures from 2027/28, with a recurring budget gap of £4.5m, rising to a cumulative £39m by 2030/31 if unmanaged. These pressures are driven by a range of factors, including inflationary cost increases, rising demand, changes in government funding, and the re-procurement of three major contracts: waste, leisure, and grounds maintenance. While the Council has developed savings and income-generation plans, these do not fully close the projected gap, and successful delivery of these plans, alongside the identification of further savings, remains critical to maintaining financial sustainability. For example, the Household Recycling, Waste Collection and Street Cleansing Contract is expected to more than double from its current £4.6m cost from 1 April 2027, reflecting significantly different economic conditions compared to when the contracts were originally procured. The MTFS therefore includes an increase of cost amounting £5.3m per annum from 2027/28. Despite these pressures, including reliance on delivery of savings, increasing costs from contract re-procurement, committed reserves and potential borrowing requirements, the Council demonstrates a clear understanding of its financial position and associated risks. Arrangements for financial planning, monitoring and control are adequate, and no significant weaknesses have been identified.	

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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The Council's Draft Savings Plan 2022-24 identified recurrent savings of £0.59m, but also highlighted remaining savings requirements of £0.69m in 2025/26 and £1.81m in 2026/27. Despite these forecast gaps, the Council achieved a balanced budget for 2025/26 without using reserves and subsequently reported a £1.62m revenue underspend. The favourable outturn was largely driven by non-recurring or potentially volatile factors, including additional business rates income (£1.46m), investment income (£0.76m) and staff savings (£0.77m), rather than recurring savings initiatives. The Council also approved a balanced budget for 2026/27, demonstrating its continued ability to identify measures to address short-term funding pressures. During 2025/26, the Council approved a Savings and Efficiency Plan 2026-28, which reduces the forecast funding gap from £4.46m to £1.01m in 2027/28 and from £4.89m to £0.44m in 2028/29. This represents good progress in addressing the medium-term financial challenge. However, forecast savings requirements remain and increase to £7.00m by 2031/32, indicating that further savings and income generation proposals need to be identified to fully address the Council's future funding gap. The Council has therefore made good progress in responding to the prior-year recommendation to develop a Council-wide savings and efficiency programme; therefore, we have downgraded the improvement recommendation to an insight. However, it is important that recurring savings and income generation proposals are identified to address the remaining medium-term funding gap.	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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Council continues to demonstrate alignment between its strategic priorities, corporate objectives and financial planning framework. The Strategic Plan 2024-32, approved in February 2025, establishes four priorities: Climate Action, Sustainable Development, Vibrant Economy and Community Wellbeing. These priorities are reflected within the Budget 2026/27, MTFS, Capital Programme and Savings and Efficiency Plan 2026-28 through investment in climate initiatives, housing and regeneration projects, town centre regeneration including Royal Victoria Place, and leisure and community facilities. The Council's wider strategic framework reinforces this alignment, with the Asset Management Plan, Capital Strategy and Treasury Management Strategy explicitly linked to the Strategic Plan and MTFS. A public budget consultation received 2,034 responses, with respondents identifying Rubbish and Recycling, Street Cleaning and Housing and Homelessness as the most valued statutory services. Respondents were most likely to reduce expenditure on The Amelia Scott, Sustainability and Maintenance of Parks and Open Spaces, whilst indicating a preference for increased investment in Climate Change Initiatives, Recreation, and Community Safety/CCTV. The Council separately identified statutory and discretionary expenditure within its budget, with planned net expenditure of £13.4m on statutory services and £3.8m on discretionary services, providing transparency over resource allocation and spending decisions. The consultation results and associated budget scrutiny demonstrate that strategic priorities, resource allocation and medium-term financial planning continue to be aligned. No significant weakness identified.	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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Council's financial planning assumptions within the Budget 2026/27 and MTFS continue to be consistent with key supporting strategies, including the People Strategy, Asset Management Plan, Capital Strategy and Treasury Management Strategy. During the year, the Council continued to address recruitment and retention challenges through its pay and benefits review, with the MTFS continuing to incorporate a £500k vacancy factor and annual staffing cost growth assumptions. Financial plans also reflect asset management requirements, future capital investment needs, digital transformation initiatives and climate-related investment commitments. **Royal Victoria Place (RVP) Redevelopment:** A significant future commitment is the proposed redevelopment of Royal Victoria Place (RVP). During the year, the Council approved progression of the preferred redevelopment option and increased the development budget to £3.3m to support further design, planning and development work. The Council's consideration of the project included feasibility studies, an independent economic assessment, funding options, affordability and borrowing implications. In the context of ongoing Local Government Reorganisation (LGR), the Council's Asset Management Plan highlights the importance of effective financial stewardship and ensuring that significant decisions leave a positive legacy for successor authorities. The continued phased development of the Royal Victoria Place (RVP) project reflects this approach. Members also received regular reports relating to Royal Victoria Place (RVP), including quarterly property transaction updates and reports on the proposed redevelopment of the site. These included the Feasibility Study, stakeholder engagement findings, independent Economic Benefit Assessment and redevelopment options, enabling Members to make informed decisions on a significant strategic investment project. *(continued)….*	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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
	The Council also undertook targeted sensitivity analysis where significant investment decisions were being considered. For example, the Royal Victoria Place (RVP) redevelopment programme assessed a do-nothing option alongside alternative redevelopment scenarios before selecting a preferred leisure-led mixed-use redevelopment option with an estimated cost of £42m–£68m. Sensitivity analysis identified that each additional £1m of borrowing would increase annual financing costs by approximately £64k, whilst a 1% reduction in interest rates would reduce annual financing costs by approximately £350k. Given the scale of the RVP redevelopment and its proximity to LGR, consideration should be given to whether the successor authority will have sufficient governance capacity, specialist expertise, programme management capability and organisational bandwidth to oversee and deliver the project alongside the wider demands of reorganisation and service transformation. Uncertainty over future governance structures, decision-making arrangements and accountability could also weaken the Council's position in commercial negotiations or enable external parties to seek more favourable terms. Robust project governance, independent challenge, clear approval routes and effective contract management will therefore be important throughout the transition to protect value for money, preserve the successor authority's strategic flexibility and ensure that project risks are appropriately managed and monitored. Overall, the Council has continued to consider workforce requirements, future investment needs and longer-term financial commitments as part of its approach to maintaining financial sustainability and service delivery. No significant weakness identified.	

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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Council demonstrated a clear understanding of the key risks to its financial resilience during 2025/26, particularly in relation to Local Government Reorganisation (LGR), future government funding arrangements, inflationary pressures, affordability of major contracts and wider economic uncertainty. These risks were reflected within the Budget Projection and Strategy 2026/27, Budget 2026/27 and MTFS Update through budget assumptions, reserve projections, future funding gaps and savings requirements. In developing its medium-term financial plans, the Council also considered national and local economic forecasts, future Core Spending Power assumptions, government funding reform, contract affordability, investment returns and future capital financing requirements. The Council took a number of actions to manage these risks. This included procuring a new Household Recycling, Waste Collection and Street Cleansing Contract from April 2027 and transferring £2.549m of Extended Producer Responsibility funding to reserves to help meet future contract costs. The Council also approved a three-year direct award of the Grounds Maintenance Contract to preserve flexibility ahead of LGR. **Fusion Lifestyle Administration:** The administration of Fusion Lifestyle resulted in a £1.021m debt write-off, which was approved through the Council's established governance arrangements. The Council kept the recoverability of this balance under review throughout previous years and recognised provisions for potential non-recovery as appropriate. The matter was regularly reported to the relevant committees. In determining its approach, the Council balanced the risk of non-recovery against the need to maintain continuity of leisure services, consistent with the wider sector response to the challenges faced by leisure operators following the COVID-19 pandemic. The contractor continued to operate the leisure centres until it entered administration, resulting in the write-off. Following Fusion Lifestyle's administration, the Council entered into seven-year leases with Serco Leisure Operating Limited for the operation of its three leisure centres. The arrangements required initial investment of approximately £2.6m during the first two years. *(continued)….*	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.

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Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
	In June 2026, Cabinet approved a £3.241m capital programme after considering the scope, costs, funding, benefits, alternatives and risks of not proceeding. This formed part of a wider planned investment of approximately £8m, jointly funded by the Council and Serco. The Council does not currently undertake formal corporate-wide scenario planning; however, key assumptions underpinning the MTFS were informed by economic forecasts, funding assumptions, contract affordability and future capital financing requirements. The Council also undertook targeted sensitivity analysis where significant investment decisions were being considered. For example, the Royal Victoria Place (RVP) redevelopment programme as explained previously. Whilst the Council does not currently undertake formal scenario planning across its wider financial planning assumptions, the majority of costs remain relatively fixed and the Council has not experienced significant demand-led volatility. Accordingly, the absence of formal corporate-wide scenario planning is not considered a weakness in the Council's arrangements. However, our experience suggests it would be good practice to undertake more formal scenario modelling of key financial assumptions given the scale of future funding gaps, major contract affordability pressures and uncertainty arising from LGR and future government funding reforms. No significant weakness identified.	

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.

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The Council has the arrangements we would expect to see in respect of assessing financial risks and testing significant investment decisions, but could challenge itself to go further, based on the best arrangements we see across the sector.

What the Council is already doing

- The Council's financial plans consider economic forecasts, funding assumptions, contract affordability and future capital financing requirements.
- Targeted sensitivity analysis is undertaken for significant investment decisions, including the proposed Royal Victoria Place redevelopment supported by feasibility work, option appraisal, economic assessment and consideration of affordability and borrowing implications.
- The Council approved a Savings and Efficiency Plan 2026-28, significantly reducing the medium-term funding gap.

What others do well

- More developed financial planning processes model a range of plausible scenarios to assess the effect of changes in funding, inflation, demand and delivery assumptions.
- Scenario modelling is integrated with reserve planning, savings requirements and capital financing to support timely decisions and mitigating actions.
- Rolling savings and income generation programmes identify recurring proposals over the full medium-term planning period.
- For major projects affected by Local Government Reorganisation (LGR), councils plan for continuity of oversight and protect their position in commercial negotiations.

The Council could consider

- Introducing formal scenario modelling for key financial assumptions, including downside scenarios, to assess the potential impact on funding gaps, reserves, savings requirements and borrowing affordability.
- Identifying further recurring savings and income generation proposals to address the remaining medium-term funding gap.
- Assessing whether the successor authority will have sufficient capacity and expertise to oversee and deliver the RVP redevelopment, and how uncertainty arising from LGR could affect commercial negotiations and the terms agreed.

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Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Council has maintained effective governance, risk management and internal control arrangements during 2025/26. The Risk Management Framework was refreshed during the year through the introduction of a new Risk Management Policy Statement, Strategy and Framework, providing greater clarity over risk ownership, risk scoring, monitoring and reporting arrangements. Strategic risks continue to be reported regularly to the Audit and Governance Committee and are supported by the JCAD risk management system. Internal Audit planning remains risk-based and linked to the Strategic Risk Register, with a more flexible audit planning approach introduced to enable assurance work to respond to changing organisational risks and priorities. The Head of Audit Partnership issued a Sound Assurance opinion for 2025/26 and no weak assurance opinions were reported. Internal Audit completed all essential and high-priority assurance work identified for the year and no overdue audit actions were reported. Members continued to receive assurance through Internal Audit reporting, Strategic Risk Register updates, the Annual Governance Statement, performance reporting and financial monitoring. During 2024/25 we recommended that the Audit and Governance Committee continue to monitor the relationship between Internal Audit and Risk Management to ensure safeguards protecting Internal Audit independence remained effective. During 2025/26, the Council strengthened the documented separation between risk ownership and assurance responsibilities. Internal Audit formally confirmed that responsibility for governance, risk management and internal control remains with management and that Internal Audit's role is limited to providing independent assurance. We consider this recommendation to have been addressed. *(continued)….*	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.

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Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
	In our prior year report, we also highlighted the importance of fraud awareness and whistleblowing training to support the effectiveness of the Council's counter-fraud framework. During 2025/26, the Council refreshed its Whistleblowing Policy and continued the development of its Anti-Fraud and Corruption Policy. Whilst these developments strengthen the Council's counter-fraud framework, evidence of a completed organisation-wide fraud awareness and whistleblowing training programme was not identified. The Council therefore has an opportunity to further embed awareness of fraud prevention and reporting responsibilities across the organisation. Overall, we identified no significant weaknesses in the Council's arrangements for governance, informed decision-making and management of strategic risks during 2025/26.	
approaches and carries out its annual budget setting process	The Council's budget-setting process is structured and governed by a clear framework. The 2026/27 Budget Projection and Strategy, presented to Cabinet in July 2025, initiated the annual budget cycle and identified a projected budget gap of £2.037m before savings. Through the budget-setting process, the Council developed a Savings and Efficiency Plan 2026-28 and approved a balanced 2026/27 budget, including a transfer of £2.1m to earmarked reserves. The defined timetable demonstrates engagement across leadership, scrutiny and public consultation. The Constitution outlines roles and responsibilities, embedding transparency and challenge throughout the process. Cross-party involvement provides additional challenge and oversight.	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.

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Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
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 Council regularly shares budget monitoring and outturn reports with Members. Financial and non-financial information is consistently reported to Cabinet, Audit and Governance Committee, and Cabinet Advisory Boards. Cabinet receives quarterly reports on revenue, capital management and treasury management. Reports present the Council's performance against forecasts and budgets, with visual representations that highlight significant variances, which are clearly explained. The Finance, Innovation and Transformation Cabinet Advisory Board reviews papers ahead of Cabinet meetings, providing effective pre-scrutiny. Cabinet also receives quarterly reports on treasury management and prudential indicators. These include updates on investments, cash balances, interest rates, and performance against prudential indicators and targets. No prudential indicator breaches were reported during 2025/26. No significant weaknesses have been identified, and no improvement recommendations have been made.	G
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Council has arrangements in place to ensure decisions are informed, evidence-based and subject to challenge. Cabinet decisions are supported by professional officer advice and are considered through Cabinet Advisory Boards, Cabinet and, where appropriate, Full Council. The Overview and Scrutiny Committee provides challenge and accountability through scrutiny reviews, task and finish groups and call-in arrangements. During 2025/26, Members challenged Cabinet Members, officers and external organisations on a range of strategic matters. Although call-in was waived on three occasions and one urgency procedure was used, these decisions were supported by documented rationale and established governance processes. There is evidence of an appropriate tone from the top. Cabinet Members and senior officers engaged positively with scrutiny arrangements and continued to consider the implications of Local Government Reorganisation (LGR) within decision-making and stewardship arrangements. *(continued)….*	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.

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Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
	Following a Community Governance Review, Full Council approved the establishment of Royal Tunbridge Wells Town Council on 15 July 2026. The approved arrangements currently provide for the transfer of allotment sites and associated functions only. Although the potential transfer of wider assets was discussed, no wider asset transfers were approved. It is important that the Council continues to adopt a cautious approach to asset stewardship in advance of Local Government Reorganisation (LGR). The Council should ensure compliance with its statutory duties, particularly the Best Value duty under the Local Government Act 1999. It should also comply with the requirements for obtaining best consideration or undertaking a lawful disposal at an undervalue under section 123 of the Local Government Act 1972 and the General Disposal Consent. Decision-making should remain lawful, well governed and evidence based, particularly in the context of LGR. Government and MHCLG guidance issued in July 2025 makes clear that councils must continue to operate lawfully and follow their adopted policies in advance of reorganisation. Decisions taken during this period should not fetter the discretion of a successor authority. Significant, non-routine or precedent-setting asset disposals should therefore be subject to heightened scrutiny. Members should remain mindful that decisions taken on behalf of the Council must reflect the interests of Tunbridge Wells Borough Council, irrespective of any positions held within other public bodies, while also having appropriate regard to the implications for a successor authority. Any relevant interests should be appropriately considered and managed to support objective, transparent and well-governed decision-making. The Audit and Governance Committee remains an effective non-executive assurance body. The Committee is independent from Cabinet and Overview and Scrutiny membership, attendance improved compared to the prior year and Members demonstrated challenge of both Internal Audit and External Audit, including oversight of arrangements to maintain Internal Audit independence. *(continued)….*	

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.

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Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
	The Council also participates in a number of shared service and collaborative arrangements, including Mid Kent Services, joint waste arrangements and procurement partnerships. These arrangements operate through established governance and reporting structures and we identified evidence that key information is reported to the appropriate decision-making forums in a timely manner. No significant weaknesses have been identified and no improvement recommendations have been made.	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Council has clearly defined the roles of its key officers, Cabinet and Committees through its Constitution, which also sets out the standards of conduct expected of Members and officers, including arrangements for declarations of interests, gifts and hospitality, and whistleblowing. The Monitoring Officer has responsibility for promoting and maintaining high standards of conduct and reports standards matters to the Audit and Governance Committee. Internal Audit issued an overall Sound Assurance opinion for 2025/26 and no significant legal, regulatory or governance breaches were reported in the Annual Governance Statement. The Council's Procurement Strategy 2023–26 sets out the Council's approach and vision for procurement and is delivered through the TMT Procurement Partnership with Maidstone and Tonbridge & Malling Borough Councils. Procurement activity is governed through the Council's Standing Orders on Procurement and Contracts, which set out requirements for compliance with procurement legislation, consultation with Procurement and Legal Services, maintenance of procurement records and approval arrangements. Waiver procedures are defined in the Constitution and require written justification and approval under the Council's delegated arrangements. Seven waivers were recorded in 2025/26, with reasons including time constraints. There is an opportunity for the Council to consider reporting waivers to the Audit and Governance Committee to support risk management and oversight of the procurement process. No significant weaknesses or improvement recommendations were identified.	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.

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The Council has the arrangements we would expect to see in respect of governance, oversight and the prevention and detection of fraud, but could challenge itself to go further, based on the best arrangements we see across the sector.



What the Council is already doing

- Governance, risk management and assurance arrangements are supported by regular reporting through established committee structures, helping Members oversee key risks and performance.
- Procurement and counter-fraud arrangements are supported by documented policies, procedures and oversight, which are periodically reviewed and updated.

What others do well

- The most mature organisations use governance reporting not only to monitor compliance, but also to identify trends, recurring issues and opportunities to strengthen organisational learning and accountability.
- Organisations with well-developed control environments continually reinforce key policies and expected behaviours through regular communication, awareness activities and visible leadership support.

The Council could consider

- Periodically reporting procurement waivers to the Audit and Governance Committee to support oversight of compliance, emerging trends and associated risks.
- In prior years, we highlighted the importance of fraud awareness and whistleblowing training for staff. We understand that delivery has been delayed pending finalisation of the revised Anti-Fraud and Corruption Policy. Once approved, the Audit and Governance Committee should seek assurance that training is planned and completed so that staff understand their roles, responsibilities and reporting routes.

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Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	The Council has arrangements to assess information to support performance improvement. The Performance Summary Report is presented quarterly to Cabinet and the Finance, Innovation and Transformation Cabinet Advisory Board. During 2025/26, the reports included updates on service performance, Strategic Plan projects, trend analysis, RAG ratings and recovery plans for underperforming indicators. Areas of underperformance were identified and monitored through formal recovery plans and, by Quarter 4, all performance indicators with agreed targets were reported as meeting target. The Council has arrangements in place to review and challenge the quality of information used to support decision-making. Financial performance is reported quarterly through Revenue Management, Capital Management and Treasury Management reports, while performance information is reviewed through the quarterly performance reporting process. Management review, Member scrutiny and recovery plans provide assurance over the quality of information reported. The Council also continues to learn from other local authorities and sector bodies. Through the Mid-Kent Improvement Partnership, the Council works with Maidstone and Swale Borough Councils to deliver shared services and share good practice. During the development of the 2026/27 budget, the Council considered comparative funding and taxation information, including Core Spending Power and Council Tax benchmarking across Kent authorities. The LGA Corporate Peer Challenge Progress Review undertaken in June 2025 reported progress against all ten recommendations, with actions reported as either completed or in progress and on track. The review identified progress across member-officer working arrangements, governance, organisational development, risk management and partnership arrangements. No specific concerns were identified in our review.	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.

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

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	The Council is not subject to Ofsted inspections, as it is not an education authority, but it responds to regulatory requirements and recommendations where applicable. While formal inspections of district councils are limited, TWBC continues to use external review activity, audit findings and sector-led improvement to support organisational development. The Council also continued to implement actions arising from the review during 2025/26, including changes to risk management arrangements and review of governance arrangements for shared services. The Council monitors complaints and feedback through its corporate complaint's framework, with outcomes reported to Members and used to support service improvement. During 2025/26, the Council identified recurring issues relating to processes not being followed, staff conduct, communication, delays and human error. In response, the Council introduced mandatory staff training, strengthened contractor training and reinforced accountability for service-delivery standards. Nine cases were submitted to the Local Government and Social Care Ombudsman during the year, of which five were closed after initial enquiries, three were referred back to the Council for local resolution and one was investigated and not upheld. No significant weakness has been identified.	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.

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

We considered how the Council:	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 Council continued to use stakeholder engagement and performance reporting to support delivery of its strategic priorities. The Strategic Plan 2024–2032 is delivered through an Annual Operating Plan and monitored through quarterly Performance Summary Reports to Cabinet, with all performance indicators with agreed targets reported as performing at Quarter 4. During 2025/26, the Council continued to engage residents, stakeholders and partners on strategic initiatives, including the Royal Victoria Place Feasibility Study and Local Government Reorganisation (LGR) proposals. Following the year end, on 16 July 2026, the Government confirmed that Tunbridge Wells Borough Council will form part of a new West Kent unitary authority comprising Maidstone, Sevenoaks, Tonbridge & Malling and Tunbridge Wells, with implementation planned for 1 April 2028. The Council also continued to deliver services through partnership arrangements. A key example is the joint waste collection, recycling and street cleansing partnership with Tonbridge and Malling Borough Council, where Cabinet oversaw the procurement process and approved the award of a new contract covering the period 2027 to 2039. The LGA Corporate Peer Challenge Progress Review also reported ongoing work to review Mid Kent Services governance arrangements and standardise collaboration agreements across shared services. As noted in previous years, a formal Partnership Strategy could further support a consistent approach to the management, monitoring and reporting of partnerships that contribute to delivery of the Council's strategic priorities.	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.

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

We considered how the Council:	Commentary on arrangements	Rating
commissions or procures services, assessing whether it is realising the expected benefits	The Council continues to pursue procurement efficiencies through collaborative procurement and shared service arrangements. During 2025/26, this included the joint procurement of the Household Recycling, Waste Collection and Street Cleansing Contract with Tonbridge & Malling Borough Council, together with continued participation in the TMT Procurement Partnership and Mid-Kent shared service arrangements. The Council demonstrated consideration of costs, benefits, risks and expected outcomes when making significant service delivery, procurement and regeneration decisions. This was evidenced through the recommissioning of the Household Recycling, Waste Collection and Street Cleansing, Leisure Centre Management and Grounds Maintenance contracts, as well as the Royal Victoria Place Feasibility Study and Assembly Hall Theatre Business Plan. These decisions were supported by options appraisal, financial modelling, market engagement, stakeholder consultation and Member oversight. Cabinet continued to receive regular performance, capital management and project monitoring reports throughout the year. Royal Victoria Place remains the Council's most significant regeneration and potential capital project and continues to be subject to ongoing governance and risk monitoring. Capital programme monitoring identified significant reprofiling of expenditure during the year; however, variances were reported, explained and reflected in revised forecasts and programme plans. Overall, we identified evidence that the Council uses information on costs, performance, risks and outcomes to support procurement decisions, commissioning activity and capital investment planning. No significant weaknesses were identified in the areas reviewed.	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.

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Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of managing and monitoring individual partnerships, but could challenge itself to go further, based on the best arrangements we see across the sector.

What the Council is already doing

- The Council delivers services through shared services and partnerships, supported by individual governance and reporting arrangements.
- Information on significant partnerships is reported to relevant management and Member forums.

What others do well

- Well-governed partnerships operate within a consistent corporate framework that clarifies accountability, performance monitoring, risk management and escalation.
- Effective partnership reporting considers whether intended outcomes and benefits are being achieved, alongside financial and operational performance.

The Council could consider

- Developing a formal Partnership Strategy to support a consistent Council-wide approach to identifying significant partnerships, defining accountability, monitoring performance and risk, and reporting outcomes to Members.

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05 Appendices

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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 Chief Financial 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 Chief Financial 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 Chief Financial 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.



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

Phase 3 – Reporting our commentary and recommendations

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

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

Statutory recommendations – 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

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Appendix C: Follow up of prior years improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council should develop a Council-wide savings and efficiency programme in order to address the significant budget gaps identified from 2027/28. The Council should start work now on identifying a range of savings proposals including transformational savings, income generation, and changes to service levels.	2023/24	During 2025/26, the Council approved a Savings and Efficiency Plan 2026-28, which reduces the forecast funding gap from £4.46m to £1.01m in 2027/28 and from £4.89m to £0.44m in 2028/29. This represents good progress in addressing the medium-term financial challenge; therefore, the recommendation has been downgraded to an insight.	Downgraded to an insight	Forecast savings requirements remain and increase to £7.00m by 2031/32, indicating that the Council should identify further savings and income generation proposals to fully address the Council's future funding gap.
IR2	The Audit and Governance Committee should closely monitor and manage the relationship between Internal Audit and Risk Management to make sure that the safeguards to prevent conflict of interest are effective.	2024/25	During 2025/26, the Council strengthened the documented separation between risk ownership and Internal Audit's assurance responsibilities. We consider the recommendation to have been addressed.	Resolved	None. The arrangements should continue to be monitored through routine Audit and Governance Committee oversight.

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