

A G E N D A

AUDIT AND GOVERNANCE COMMITTEE

Tuesday 25 July 2023 at 6.30 pm
Council Chamber, Town Hall, Royal Tunbridge Wells, TN1 1RS

Borough Council Representatives: Councillors Munday (Chair), McMillan (Vice-Chair), Allen, Barrass, Francis, Lidstone, Sankey and White

Independent Members: Turner and Elliott

Parish/Town Council Representatives: Councillors Mackonochie and Edwards

Quorum: 3 Members, to include at least one independent member

- 1 Chair's Introduction** (Page 4)
- 2 Apologies for Absence** (Page 5)
Apologies for absence as reported at the meeting.
- 3 Declarations of Interest** (Page 6)
To receive any declarations of interest by Members in items on the agenda.

For any advice on declarations of interest, please contact the Monitoring Officer.
- 4 Notification of Visiting Members wishing to speak (in accordance with Council Procedure Rule 18):** (Page 7)
Members should indicate which item(s) they wish to speak on and the nature of their concern/question/request for clarification.
- 5 Minutes of the meeting of the Audit and Governance Committee dated 14 March 2023**
(Pages 8 - 12)
- 6 Future Work Programme as at 14 March 2023** (Pages 13 - 14)
- 7 External Audit Plan 2022 2023** (Pages 15 - 42)
- 8 Strategic Risk Register** (Pages 43 - 67)
- 9 Value for Money Progress Report** (Pages 68 - 96)
- 10 Internal Audit Report and Opinion 2022 2023** (Pages 97 - 120)

11 **Urgent Business** (Page 121)

12 **Date of Next Meeting Tuesday 19 September 2023** (Page 122)

Democratic Services Team

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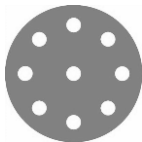
Tunbridge Wells Borough Council
Town Hall
ROYAL TUNBRIDGE WELLS
Kent TN1 1RS

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Speaking at Meetings

Members of the public are encouraged to participate and may speak to the Council directly on any item on the agenda for up to 3 minutes. Members of the public (and any members of the Council who are not members of the committee) will need to register with Democratic Services in advance. Please see the agenda item titled **Notification of Persons Registered to Speak** for more details.

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Chairman's Introduction

For Audit and Governance Committee on Tuesday 25 July 2023.

Procedural Item

To receive any announcements on procedural matters.

Apologies for Absence

For Audit and Governance Committee on Tuesday 25 July 2023.

Procedural Item

To receive any apologies for absence.

Declarations of Interest

For Audit and Governance Committee on Tuesday 25 July 2023.

Procedural Item

To receive any declarations of interest by members in items on the agenda in accordance with the Members' Code of Conduct. For any advice on declarations of interest, please contact the Monitoring Officer before the meeting.

Notification of Persons Registered to Speak

For Audit and Governance Committee on Tuesday 25 July 2023.

Procedural Item

To note any Visiting Members or members of the public wishing to speak, of which due notice has been given in accordance with Council Procedure Rule 18 or 19, and which item(s) they wish to speak on.

Information for members of the public wishing to speak.

Members of the public are encouraged to participate and those wishing to comment on an agenda item will need to register with Democratic Services in advance. Registration opens when the agenda is published and closes at 4pm on the last working day before the meeting.

There may be up to 4 speakers per agenda item and speakers have up to 3 minutes each.

Once registered, speakers will need to attend the meeting in person. Comments should be in the form of a statement giving your opinion on the matter. Members of the committee may not answer questions or get into a debate with you.

TUNBRIDGE WELLS BOROUGH COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

MINUTES of the meeting held at the Council Chamber, Town Hall, Royal Tunbridge Wells, TN1 1RS, at 6.30 pm on Tuesday, 14 March 2023

Present: Councillor Nicholas Pope (Chair), Alain Lewis (Vice-Chair), Allen, Barrass, Dawlings, Lidstone, McMillian and Morton.

Parish Representatives: Councillor Edwards.

Independent Members: Messrs Elliott and Turner.

Officers in Attendance: Lee Colyer (Director of Finance, Policy and Development (Section 151 Officer)) and Emer Moran (Democratic Services Officer)

Other Members in Attendance: None.

CHAIR'S INTRODUCTION

AG93/22 The Chairman opened the meeting, introduced Committee members and officers in attendance, and outlined procedural matters of the meeting.

APOLOGIES FOR ABSENCE

AG94/22 Apologies for absence were received from Councillor Mackonochie.

DECLARATIONS OF INTEREST

AG95/22 No declarations of interest were received.

NOTIFICATION OF VISITING MEMBERS WISHING TO SPEAK (IN ACCORDANCE WITH COUNCIL PROCEDURE RULE 18):

AG96/22 No notifications of any members of the public or visiting Members wishing to speak had been received.

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE DATED 22 NOVEMBER 2022

AG97/22 **RESOLVED** – That the minutes of the Audit and Governance Committee dated 22 November 2022 be approved as a correct record.

FUTURE WORK PROGRAMME AS AT TUESDAY 14 MARCH 2023

AG98/22 **RESOLVED** – That the Future Work Programme as at Tuesday 14 March 2023, be noted.

STRATEGIC RISK REVIEW MARCH 2023

AG99/22 Lee Colyer Director for Finance, Policy and Development gave an overview and introduced Tony Bullock, Chief Technical Officer Mid Kent IT Services who presented the report as per the agenda.

CSR09: ICT security and loss of systems access

Questions and discussion from Members and Officer clarification

included:

- i. Although it was not possible to commit to it currently, the intention was that the immutable backups would be carried out daily.
- ii. It was confirmed that there were no physical servers currently in the server room in Tunbridge Wells Borough Council (TWBC), everything for TWBC, Swale Borough Council and Maidstone Borough Council are all up on the sixth floor of Maidstone House.
- iii. It was advised that there was enough equipment in the disaster recovery sites in Medway to run the critical functions of the organisation.
- iv. Multi-factor authentication was being rolled out, and this was explained to Members.
- v. Officers considered that publishing the names of the security tools used by TWBC did not increase exposure to cyberattacking.

RESOLVED:

1. That the Committee considers and notes the strategic risk register and the arrangements for managing strategic risk.

UPDATE ON MEMBER COMPLAINTS

AG100/22 Claudette Valmond, Head of Legal Partnership presented the report as per the agenda.

Questions and discussion from Members and Officer clarification

included:

- i. It was confirmed that the last line in paragraph 1.1 on page 14 of the report should read 1 September 2022 to 28 February 2023.
- ii. It was confirmed that an apology required from a subject matter to a complainant was a public apology.

RESOLVED:

1. That the update on complaints received under the Members' Code of Conduct, be noted.

PROCUREMENT PROCESS AND POLICY UPDATES

AG101/22 Dan Hutchins, Procurement Manager presented the report as per the agenda.

Questions and discussion from Members and Officer clarification

included:

- i. It was advised that there were set processes in place which dealt with investigation of a potential abnormally low tender.
- ii. It was clarified that a local supplier would be sought at borough level in the first instance and if that was not possible it was county level. Outside of that the supplier was not considered to be local.
- iii. The process of how evaluating contracts was explained.
- iv. The wording of 'best value' and 'value for money' was explained and it was advised that the Council were not just looking for the cheapest price, there were a lot of different factors into consideration.
- v. The relevance of the code of conduct for Members was reinforced, what was outlined in that about what Members can and cannot do

where there was a conflict of interest where there was a an interest to be declared because there was a pecuniary interest that would be taken into account and ensured that there was no breach and that the Council was seen to be acting independently.

RESOLVED:

1. That the proposed changes to the Constitution in relation to the Contract Standing Orders, be approved.
2. That the Head of Legal Partnership and Monitoring Officer be authorised to make the necessary amendment to the Constitution to give effect to the recommendation at paragraph 1 above, be approved.
3. That the proposed changes to the constitution be approved by Full Council at the meeting scheduled for 5th April 2023, be approved.

INTERNAL AUDIT ASSURANCE PLAN

AG102/22 Katherine Woodward Head of Mid Kent Audit presented the report as per the agenda.

Questions and discussion from Members and Officer clarification included:

- i. It was acknowledged that Safeguarding had not been looked at since 2016/2017 however, members were advised that although it received a weak assurance, actions recommended at that point had been implemented which meant the service had not remained weak throughout all of that time. The safeguarding in question related to potentially any vulnerable adults and children that had contact with the borough.
- ii. Officers noted Members suggestion that both sides of contract management and consultants were looked at from an audit perspective and it was advised that they would endeavour to include that within the resources available.

RESOLVED:

1. That the Internal Audit & Assurance Plan for 2023/24, this includes delegating to the Head of Audit Partnership authority to keep the plan current as set out in the appendix, be approved.
2. That the Head of Audit Partnership's view that the Partnership currently has sufficient resource to deliver the Plan and a robust Head of Audit Opinion, be noted.
3. That the Head of Audit Partnership's assurance that the Plan is compiled independently and without inappropriate influence from management, be noted.

EXTERNAL AUDIT AND VALUE FOR MONEY REPORT MARCH 2022

AG103/22 Lee Colyer Director for Finance, Policy and Development gave an overview and introduced Mr Jerry Barton, Local Government Value For Money Manager who presented the report as per the agenda.

Questions and discussion from Members and Officer clarification included:

- i. The turnover of staff at Tunbridge Wells Borough Council (TWBC) was discussed and the strain that it put on services and staff. It was advised that it was a national problem however, the Council agreed that an up-to-date human resources strategy was required.
- ii. It was advised that TWBC had always been a flexible employer however the recruitment of a Human Resources Change Manager to review and update policies was ongoing.
- iii. Members and Officers spoke at length with regard to the vacant posts at the Council which was seen as a serious issue to be addressed.
- iv. It was acknowledged that TWBC had received 13 clean audit reports which was considered a remarkable achievement. It was considered that the audit plan agreed at full council needed to have priorities, cost and timetables implemented so that it satisfied auditors and resulted in continued clean reports.
- v. The culture at the Council was discussed and it was considered important to have a formal ongoing plan to ensure it was overseen.
- vi. A suggestion that the performance framework be reviewed was welcomed and that Members heard from the Human Resources Manager or the Head of Paid Service who had overall responsibility for those policies and performance.

RESOLVED:

1. That the auditor's annual report and value for money conclusions, be agreed.

EXTERNAL AUDIT CONTRACT

AG104/22 Lee Colyer Director for Finance, Policy and Development gave an overview and introduced the report as per the agenda.

Questions and discussion from Members and Officer clarification included:

- i. The report was taken as read.

RESOLVED:

That the appointment of Grant Thornton UK LLP as external auditor for five years from 2023/24 to 2027/28, be noted.

URGENT BUSINESS

AG105/22 There was no urgent business for consideration.

DATE OF NEXT MEETING TUESDAY 25 JULY 2023

AG106/22 The next meeting of the Audit and Governance Committee was scheduled for Tuesday 25 July 2023.

NOTE: The meeting concluded at 7.54 pm.

Work Programme

For Audit and Governance Committee – Tuesday 25 July 2023

Re-occurring items

Report Title	25/07/23	19/09/23	28/11/2023	12/03/2024
Appointment of members to the Constitution Review Working Party				
Draft Financial Report and Audit Findings		X		
Audit and Governance Committee Annual Report				X
Annual Internal Audit Report and Opinion		X		
Internal Audit and Assurance Plan				
Internal Audit Interim Report				X
Internal Audit Charter				
External Audit Annual Report				X
External Audit Plan (including Audit Fee)			X	
External Audit Progress Report		X		
Strategic Risk Register	X	X	X	X
Attendance of Strategic Risk Owners				
Value For Money, Improvement Progress Update	X	X	X	X
Update on Member Complaints		X		X
Annual Complaints Report and Local Government Ombudsman Annual Review				

Member Training

Training Session	Date
Statutory Statement of Accounts	July 2023
Role of Internal Audit	November 2023
Role of External Audit	March 2024

External Audit Plan 2022/23

For Audit and Governance Committee on 25 July 2023

Summary

Lead Member: All

Lead Director: Lee Colyer, Director of Finance, Policy and Development

Head of Service: Katherine Woodward, Head of Audit Partnership

Report Author: Lee Colyer, Director of Finance, Policy and Development

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Audit and Governance Committee	25 July 2023

Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. That the committee consider and agree the Annual Audit Plan for 2022/23.

1. Purpose of Report and Executive Summary

- 1.1 This report provides the Indicative External Audit Plan for 2022/23.

2. Introduction and Background

- 2.1 The attached reports provide an update from the Appointed Auditor, Grant Thornton UK LLP on their approach for discharging their responsibilities in accordance with the Code of Practice and the scope set out in the International Standards on Auditing (UK) and include;
- Indicative Audit Plan 2022/23
- 2.2 This report provides the public with assurance from the external auditors statutory work that public funds are being correctly accounted for.

3. Options Considered

- 3.1 The Audit and Governance Committee could choose not to agree to the reports from the Appointed Auditor.

4. Preferred Option and Reason

- 4.1 The Audit and Governance Committee agree to the reports prepared by the independent external auditors in accordance with the principles of good governance.

5. Consultation on Options

- 5.1 Reports from the Appointed Auditor are produced in accordance with the Professional Code and when published stand as a matter of public record to which significant weight is attached.

6. Appendices and Background Documents

Appendices:

- Appendix A: External Audit Plan 2022/23

Background Papers:

- None

7. Cross Cutting Issues

A. Legal (including the Human Rights Act)

The Accounts and Audit Regulations require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

There are no immediate legal implications arising from this report.

Lee Colyer, Director of Finance, Policy and Development

B. Finance and Other Resources

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

C. Staffing

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

D. Risk Management

Risk management is part of the governance framework surrounding the statutory audit, but it does not of itself raise new risk issues for consideration.

Lee Colyer, Director of Finance, Policy and Development

E. Environment and Sustainability

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

F. Community Safety

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

G. Equalities

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

H. Data Protection

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

I. Health and Safety

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

J. Health and Wellbeing

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

Tunbridge Wells Borough Council Indicative Audit Plan

Year ending 31 March 2023

For the Audit and Governance
Committee 25 July 2023

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Appendix A

Contents



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Indicative other risks identified

Other matters

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IT Audit Strategy

Value for Money Arrangements

Audit logistics and team

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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.

Appendix A

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Key matters



National context

For the general population, rising inflation rates, in particular for critical commodities such as energy, food and fuel, is pushing many households into poverty and financial hardship, including those in employment. At a national government level, recent political changes have seen an emphasis on controls on spending, which in turn is placing pressure on public services to manage within limited budgets.

Local Government funding continues to be stretched with increasing cost pressures due to the cost of living crisis, including higher energy costs, increasing pay demands, higher agency costs and increases in supplies and services. Local authority front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience. At a local level, councils are also essential in driving strong and inclusive local economies, through their economic development functions and measures like increasing the supply of affordable housing, integrating skills and employment provision, and prioritising vulnerable households to benefit from energy saving initiatives. Access to these services remains a key priority across the country, but there are also pressures on the quality of services. These could include further unplanned reductions to services and the cancellation or delays to major construction projects such as new roads, amenities and infrastructure upgrades to schools, as well as pothole filling.

Our recent value for money work has highlighted a number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we will take account of this context in designing a local audit programme which is tailored to your risks and circumstances.

Audit Reporting Delays

In a report published in January 2023 the NAO have highlighted that since 2017-18 there has been a significant decline in the number of local government body accounts including an audit opinion published by the deadlines set by government. The NAO outline a number of reasons for this and proposed actions. In our view, it is critical to early sign off that draft local authority accounts are prepared to a high standard and supported by strong working papers.

Key matters



Council developments

The Council's financial position in 2022-23 continued to be challenging. The Council had £32.493 million of usable reserves as at 1 April 2022, including £22.677 million of earmarked reserves. These reserves are available to fund the specific purpose of the reserve, which includes the funding of capital projects.

The Council has a Grant Volatility Reserve which is an earmarked reserve used to manage fluctuations in Government grants from one year to the next. Its balance as at 1 April 2022 includes £6.9 million that at year end will be used to fund the Council's share of the deficit currently held on the Collection Fund. It is committed and not available to spend despite being held in a usable reserve. The 2022/23 budget was set with a deficit of £944,000 to be funded by reserves. This transfer from reserves was forecast to be £706,000 as at Quarter 2 due to an improvement in the forecast against budget. Currently it is estimated that £943,000 will be needed to balance the 2023/24 budget. It is assumed that the revenue budget from 2024/25 is balanced without further utilisation of reserves.

The details of the Provisional Local Government Finance Settlement for the Council are as follows:

- The Settlement Funding Assessment (SFA), minimum share of business rates is as expected £2,463,549.
- Council Tax can increase by 3.0 per cent and the Government assumes this will happen in their assessment of the Council's spending power.
- The delay in replacing the New Homes Bonus (NHB) scheme has resulted in an extra year being paid and the Council will receive £768,199.
- Revenue Support Grant (RSG) - £177,007 will be awarded bringing to an end of five years of zero RSG. It is important to note that this is not new funding but a result of moving specific grants received for Council Tax Annexes and Council Tax Support Administration into RSG. This could also be an attempt by the Government to try to reintroduce negative RSG which would cost the council over £200,000.
- The Lower Tier Services grant has been deleted to reflect the reversal of higher employer national insurance rates and a Services Grant of £92,249 has been awarded.
- The Council will be entitled to a new one-off Funding Guarantee Grant of £622,348 to ensure that all councils receive at least a 3 per cent increase to their spending power. The forty per cent share of business rates growth will continue for another year and the Council will continue to be part of the Kent Business Rates Pool which has been approved for a further year.

Key matters



Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, are set out further in our indicative Audit Plan.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money (VFM) work.
- Our VFM work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will follow up the improvement recommendations raised in the 2021-22 Auditor's Annual Report later in the year and report progress against agreed actions in our 2022-23 Auditor's Annual Report.
- We will continue to provide you and your Audit and Governance Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit and Governance Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.

Introduction and headlines

Purpose

This document provides an indicative overview of the planned scope and timing of the statutory audit of Tunbridge Wells Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk-based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been indicatively identified as:

- The risk that the valuation of land and buildings in the accounts is materially misstated.
- The risk that the valuation of the net pension fund liability in the accounts is materially misstated.
- The risk of management override of controls.
- Risk of fraud in revenue recognition (rebutted).

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

Materiality

We have determined planning materiality to be £1.46m (PY £1.3m) for the Council, which equates to 2% of your current year Cost of Service expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £73k (PY £65k).

An item may be considered material by nature where it may affect instances when greater precision is required. We design our procedures to detect errors in those specific accounts and disclosures which are material due to its nature which includes senior officers' remuneration and termination benefits.

Value for Money (VFM) arrangements

At the time of writing, our risk assessment regarding your arrangements to secure VFM is ongoing. We have not identified any risks of significant weaknesses in your arrangements at this stage. We will report any changes to our risk assessment to the Committee.

Audit logistics

Our planning visit took place in March 2023 and our final visit will take place in July – September 2023. Our key deliverables are this indicative Audit Plan, our Audit Findings Report and the Auditor's Annual Report.

Our proposed fee for the audit will be £65,298 [PY: £68,072] for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Indicative significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions [rebutted]	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. The presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the Council revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none">• There is little incentive to manipulate revenue recognition;• Opportunities to manipulate revenue recognition are very limited; and• The culture and ethical frameworks of local authorities, including that of Tunbridge Wells Borough Council, mean that all forms of fraud are seen as unacceptable. <p>We do not consider this to be a significant risk for the Tunbridge Wells Borough Council.</p>	
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Work planned:</p> <ul style="list-style-type: none">• Evaluate the design effectiveness of management controls over journals.• Analyse the journals listing and determine the criteria for selecting high risk unusual journals.• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Indicative significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>The Council's operational land and buildings are revalued on a rolling five-yearly basis. The valuation of these assets represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions and market conditions.</p> <p>For assets not revalued in the year management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date.</p> <p>We therefore identified valuation of land and buildings as a significant risk, particularly focused on the valuers' key assumptions and inputs to the valuations.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert. • Write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code. • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • Assess how management has challenged the valuations produced by the professional valuer to assure themselves that these represent the materially correct current value. • Test, on a sample basis, revaluations made during the year to see if they are input correctly into the Council's asset register. • Evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Indicative significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement. We have pinpointed this significant risk to the assumptions applied by the professional actuary in their calculation of the net liability, noting that the impact of the Local Government Pension Scheme 2022 triennial valuation will impact the Council's 2022-23 pension fund net liability.</p> <p>We have concluded that there is not a significant risk of material misstatement due to the source data used by the actuary in their calculation we will reconsider this if it becomes apparent at the year-end that there are significant special events relating to the source data (such as bulk transfers, redundancies or other significant movements of staff) which would need to be given special consideration during the audit. Despite not being considered a significant risk we still carry out testing and consideration of the source data to obtain sufficient and appropriate audit evidence that there is no material misstatement.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls. • Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work. • Assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation. • Assess the reasonableness of the actuary's assumptions and calculations in-line with the relevant standards, including their consideration of the ongoing impact of the McCloud, Goodwin and Guaranteed Minimum Pension cases. • Assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability. • Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. • Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. • Obtain assurances from the auditor of Kent County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Indicative other risk identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Fraud in expenditure recognition	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>As most public bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Council may manipulate expenditure to budgets and set targets and we had regard to this when planning and performing our audit procedures.</p> <p>Management could defer recognition of expenditure by under-accruing for expenses that have been incurred during the period, but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.</p> <p>Having considered the risk factors related to this risk and the nature of the expenditure streams at the Council, we have determined that the risk of fraud arising from expenditure recognition can be rebutted for the Council's expenditure, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are limited; and • the culture and ethical frameworks of local authorities, including Tunbridge Wells Borough Council, mean that all forms of fraud are seen as unacceptable. <p>However, we have identified that due to the level of estimation involved in the manual accruals of expenditure and the potential volume of accruals at year end there is an increased risk of error in expenditure recognition.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period. • inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year. We will also compare listings of accruals to the previous year to ensure completeness of accrued items. • investigate manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2022-23 financial statements, consider and decide upon any objections received in relation to the 2022-23 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; or
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our indicative approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	Determination We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. Materiality at this indicative stage of our audit is £1.46m which equates to 2% of the current year gross expenditure for the period.	We determine planning materiality in order to: <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes; and – assist in evaluating the effect of known and likely misstatements in the financial statements.
	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	An item may be considered material by nature where it may affect instances when greater precision is required. We design our procedures to detect errors in those specific accounts and disclosures which are material due to its nature which includes senior officers' remuneration and termination benefits.

Our indicative approach to materiality

Matter	Description	Planned audit procedures
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p>Other communications relating to materiality we will report to the Audit and Governance Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £73k (PY £65k). If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

Our indicative approach to materiality

	Amount (£)	Qualitative factors considered
Materiality for the Council's financial statements	1,460,000	We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. Materiality at the planning stage of our audit is £1.46m which equates to 2% of your current year gross expenditure for the period.
Performance Materiality	1,095,000	Performance Materiality is based on percentage of the overall materiality.
Trivial Matters	73,000	This balance is set at 5% of overall materiality.



Appendix A

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
eFinancials	General Ledger Within the general ledger the following modules will be captured in our ITGC work: <ul style="list-style-type: none"> Account Payable Account Receivable (Understanding of the relevant controls only) 	<ul style="list-style-type: none"> Obtain an understanding of the information technology general controls over the general ledger and review design and implementation of those controls. Review any local controls which are managed within the council (design and implementation of control).
Civica	Cash and Bank	We do not plan to test design and implementation of the ITGCs.
iTrent	Payroll	We do not plan to test design and implementation of the ITGCs.
Academy	Council Tax, Business Rates, Benefits, Grants, Housing Rents	We do not plan to test design and implementation of the ITGCs.
Altair	Pensions	We do not plan to test design and implementation of the ITGCs.
BACS Bottomline	Cash and Bank	We do not plan to test design and implementation of the ITGCs.

We have not identified significant changes during the period affecting the IT controls of the Council and therefore no additional audit procedures will be completed.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

We have yet to conclude on our detailed Value for Money planning procedures. We will update the Audit and Governance Committee on the outcome of these planning procedures, our resulting risk assessment and our planned responses to any identified risks of significant weaknesses in arrangements at a future Audit and Governance Committee meeting.

Audit logistics and team



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Joanne Brown, Key Audit Partner

Joanne is responsible for the overall client relationship, quality control, provision of the audit opinion, meeting regularly with key internal stakeholders and final authorisation of reports. Joanne will share her wealth of knowledge and experience across the sector, providing challenge and sharing good practice. Joanne will ensure our audit is tailored specifically to you, and is responsible for the overall quality of our audit work.

Ghufran Ahmed, Audit Manager

Ghufran will be responsible for overall audit management, working with the senior members of the finance team, ensuring the delivery of the final accounts audit. He will undertake reviews of the team's work, ensuring quality output and draft reports; ensuring they remain clear, concise and understandable.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations, we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations, we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement.
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you.
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing.
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit.
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards including ISA 315 Revised

In 2018, PSAA awarded a contract of audit for Tunbridge Wells Borough Council to begin with effect from 2018-19. The fee agreed in the contract was £39,447. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISAs which are relevant for the 2022-23 audit. For details of the changes which impacted on years up to 2021-22 please see our prior year Audit Plans.

The major change impacting on our audit for 2022-23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Council's IT Infrastructure, IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Council's business model, which may result in us needing to perform additional inquiries to understand the Council's end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an authority of your size, we estimate an initial increase of £3,000. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022-23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022-23, as set out below, is detailed overleaf and has been agreed with the Director of Finance.

Audit fees

	Actual Fee 2020-21	Actual Fee 2021-22	Proposed fee 2022-23
Tunbridge Wells Borough Council Audit	£62,447	£68,072	£71,298

Assumptions

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- When setting the above fees, we have assumed that the Council will:
- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit;
 - provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements; and
 - provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Description	Proposed 2022-23 fee
New Scale Fee	£46,948
Additional work on Value for Money under new NAO Code	£9,000
Increased audit requirements of revised ISA 540	£2,100
Increased audit requirements of revised ISA 315	£3,000
Enhanced audit procedures on journals testing	3,000
Enhanced audit procedures for Payroll – Change of circumstances	£500
Enhanced audit procedures for Collection Fund- reliefs testing	£750
Enhanced procedures in year of tri-annual pension valuation including IAS 19	£6,000
Total proposed audit fee 2022-23 (excluding VAT)	71,298

In sharing this fee breakdown, we have got agreement for the proposed fee from the Section 151 Officer and in presenting the plan to the Audit and Governance Committee, their approval.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings Report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Housing Benefit (Subsidy) Assurance Process	18,400	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £18,400 in comparison to the total fee for the audit of £71,298 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings	
Respective responsibilities of auditor and management/those charged with governance	•		ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•	This document, the indicative Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.
Significant matters in relation to going concern	•	•	
Significant findings from the audit		•	
Significant matters and issue arising during the audit and written representations that have been sought		•	We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.
Significant difficulties encountered during the audit		•	
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	Respective responsibilities As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.
Identification or suspicion of fraud[deliberate manipulation] involving management and/or which results in material misstatement of the financial statements [not typically council tax fraud]		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
Expected modifications to the auditor's report, or emphasis of matter		•	



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Strategic Risk Register

For Finance and Governance Committee on 25 July 2023

Summary

Lead Member: All

Lead Director: Lee Colyer, Director of Finance, Policy and Development

Head of Service: Katherine Woodward, Head of Audit Partnership

Report Author: Lee Colyer, Director of Finance, Policy and Development

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Management Board	26 June 2023
Finance and Governance Committee	11 July 2023
Audit and Governance Committee	25 July 2023
Cabinet	27 July 2023

Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. That the Committee considers and notes the strategic risk register and the arrangements for managing strategic risk.

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the strategic risks identified by the Council and to be managed and tracked by senior management. The report provides a current update on the evaluated threat level and controls in place for each risk issue.

2. Introduction and Background

- 2.1 The risks included in the report were developed in risk management workshops and a survey facilitated by Zurich Reliance Solutions during September and October 2022. The participants included, Cabinet Members, the Chairman of Audit & Governance Committee, and the Council's Management Board. Strategic risks are those events that within the next 12 -18 months pose a risk to the Borough Partnership delivering their objectives of;
1. Safeguarding finances.
 2. *Vibrant and safer towns and villages*
 3. *Carbon reduction*
 4. *Genuinely affordable and social rental housing*
 5. *Digital access, transparency and local democracy*
- 2.2 The Council's Management Board periodically reviews the risks identified along with the risk owners.
- 2.3 Risk owners (managers) for certain risks are invited to attend the Audit and Governance Committee meetings to outline the Council's approach to managing their particular risk(s).

3. Options Considered

- 3.1 There is no legal requirement on the authority formally to monitor its risks, still less is there a defined framework to do so. Although failing to monitor and record risks will leave the Council vulnerable to external criticism – for example by its external auditors who are required to assess the effectiveness of risk management when considering their annual Value For Money conclusion.
- 3.2 There is merit in maintaining a strategic risk register which accords with the principles of good risk management and this has proved to be an effective tool for responding to and recovering from the pandemic.

- 3.3 The council's insurance contract with Zurich provides access to specialist risk management and resilience expertise.

4. Preferred Option and Reason

- 4.1 The report sets out the risks using the methodology and format agreed by the Council, which is essentially the method advocated by Zurich from the 2022 risk workshop

5. Consultation on Options

- 5.1 The Strategic Risk Register has undergone periodic review and examination by the Council's Management Board, the Cabinet and the Audit & Governance Committee. This stands in addition to ongoing monitoring by the identified risk owners.

6. Appendices and Background Documents

Appendices:

- Appendix A: Strategic Risk Register Update June 2023

Background Papers:

- None

7. Cross Cutting Issues

A. Legal (including the Human Rights Act)

The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

There are no immediate legal implications arising from this report.

Lee Colyer, Director of Finance, Policy and Development

B. Finance and Other Resources

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

C. Staffing

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

D. Risk Management

Risk management is the subject of the report, but it does not of itself raise new risk issues for consideration.

Lee Colyer, Director of Finance, Policy and Development

E. Environment and Sustainability

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

F. Community Safety

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

G. Equalities

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

H. Data Protection

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

I. Health and Safety

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

J. Health and Wellbeing

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

Strategic Risks

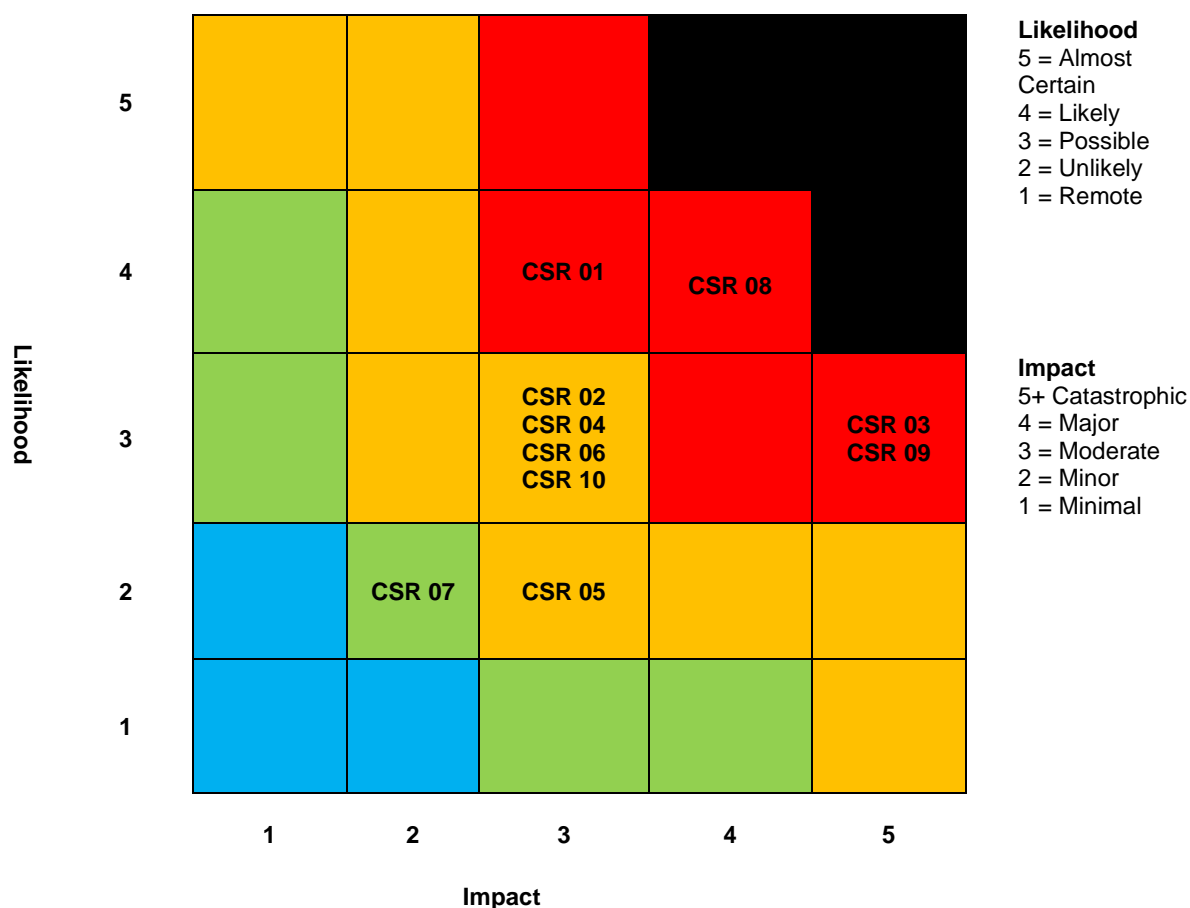
The Strategic Risk Profile chart below shows each risk scored onto the risk matrix graph. The further towards the top right-hand corner the greater the risk to the Council. The chart below provides only a snapshot on a particular date.

The risk scenarios are:

- CSR01: Shortfall of government funding
- CSR02: Shortfall to medium-term budget
- CSR03: Management of contracts and contractors
- CSR04: Towns and villages
- CSR05: Carbon reduction plan
- CSR06: Delivery of right mix of housing and tenures
- CSR07: Council accessibility
- CSR08: Workforce
- CSR09: ICT security and loss of systems access
- CSR10: Demographic and service requirement changes

Tunbridge Wells Borough Council Strategic Risk Profile

June 2023



Analysis and Profiling Risks - What would the impact be if this risk occurred?

Headings	Reputation	Strategic	Wellbeing	Service Delivery	Finance	Compliance
5 Catastrophic	Council receives nationally adverse publicity perceived as failing in a significant area of responsibility	Failure to deliver council priorities / major corporate project	Significant staff dissatisfaction / long term absence / increased staff turnover including key personnel	Inability to delivery service / failing service performance	Significant financial loss or overspends in excess of £500k	Breach of law, regulations leading to significant sanctions Litigation almost certain with minimal defence
4 Major	Public confidence in the council undermined	Significant to deliver council priorities or major project	Adverse staff dissatisfaction / very likely increased absence and turnover of staff	Unsatisfactory service performance / service disruption for 5 days +	Financial loss or overspend greater than £250k 25% - 50% project overspend	Breach of law leading to some sanction Litigation almost certain with some defence
3 Moderate	Significant adverse local publicity	Possible impact on the delivery of council priorities	Declining staff dissatisfaction / loss of staff due to absence or turnover	Reduction in service performance / service disruption for 1 – 2 days	Financial loss or overspend between £100k - £250k	Brach of regulation or responsibility or internal standard Litigation possible
2 Minor	Minor impact on staff morale/public attitudes	Minor / adverse impact on Council priorities	Possible short-term staff dissatisfaction / likely impact on absence and turnover	Poor service / service disruption up to one day	Financial loss or overspend between £10k - £100k	Breach of internal procedure or policy Complaints likely
1 Minimal	Unlikely to cause adverse publicity	No significant impact on the delivery of Council priorities	Loss of staff morale but unlikely to result in absence or turnover of staff	No significant difficulty providing a service or delivery of a project	Financial loss or overspend under £10k	Minor breach of policy or internal procedure Complaints Unlikely

Analysis and Profiling Risks - What is the likelihood of this risk occurring?

Score	Probability	Description
Almost Certain (5)	More than 90%	Expected to occur, frequent similar occurrences elsewhere
Likely (4)	More than 65%	Will probably occur, known to occur elsewhere
Possible (3)	More than 40%	Might occur, similar occurrences elsewhere
Unlikely (2)	Less than 40%	Could occur, not expected but no unheard of elsewhere
Remote (1)	Less than 10%	Very unlikely to occur, no recent instance elsewhere

Risk Rating	
20-25	<p>Risks at this level sit above the tolerance of the Council and are of such magnitude that they form the Council's biggest risks.</p> <p>The Council is not willing to take risks at this level and action should be taken immediately to manage the risk.</p>
12-16	<p>These risks are within the upper limit of risk appetite and above the tolerance level. While it may not always be possible, controls should be identified to bring the risk down to a more manageable level.</p>
5-10	<p>These risks sit on the borders of the Council's risk appetite and tolerance and so while they don't pose an immediate threat, they are still risks that should remain under review. If the impact or likelihood increases then risk owners should seek to manage the increase.</p>
3-4	<p>These are low level risks that could impede or hinder achievement of objectives. Due to the relative low level it is unlikely that additional controls will be needed to respond to the risk.</p>
1-2	<p>Minor level risks with little consequence but not to be overlooked completely. They are enough of a risk to have been assessed through the process, but unlikely to prevent the achievement of objectives.</p>

The table below tracks movement in the identified strategic risk areas.

Risk Ref	Title	November 2022	March 2023	June 2023	September 2023	November 2023	Trend
CSR 01	Shortfall of government funding	16 (4 x Lk, 4 x lm)	16 (4 x Lk, 4 x lm)	12 (4 x Lk, 3 x lm)			↓
CSR 02	Shortfall to medium-term budget	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)			↔
CSR 03	Management of contracts and contractors	15 (3 x Lk, 5 x lm)	15 (3 x Lk, 5 x lm)	15 (3 x Lk, 5 x lm)			↔
CSR 04	Towns and Villages	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)			↔
CSR 05	Carbon reduction plan	6 (2 x Lk, 3 x lm)	6 (2 x Lk, 3 x lm)	6 (2 x Lk, 3 x lm)			↔
CSR 06	Delivery of right mix of housing and tenures	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)			↔
CSR 07	Council accessibility	4 (2 x Lk, 2 x lm)	4 (2 x Lk, 2 x lm)	4 (2 x Lk, 2 x lm)			↔
CSR 08	Workforce	16 (4 x Lk, 4 x lm)	16 (4 x Lk, 4 x lm)	16 (4 x Lk, 4 x lm)			↔
CSR 09	ICT security and loss of systems access	15 (3 x Lk, 5 x lm)	15 (3 x Lk, 5 x lm)	15 (3 x Lk, 5 x lm)			↔
CSR 10	Demographic and service requirement changes	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)	9 (3 x Lk, 3 x lm)			↔

Risk Scenario 1: Shortfall of government funding

Risk Description:		Current Likelihood/Impact	Likely (4) /Major (3) (Pre-mitigation)
Uncertainty of funding and centralised constraints with possible shortfall of funding for council activities.		Target Likelihood/ Impact	Possible (3) / Moderate (3)
Member Risk Owner and Corporate Priority	Cllr Hall Safeguarding Finances	Officer Risk Owner	Lee Colyer
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> National fiscal policies change or reduce available funding. Official inflation is around 10 per cent (contract inflation at 16 per cent and utilities over 100 per cent) whilst the council tax 'cap' is at just 3 per cent with the £5 de-minimis limit unchanged since 2013. Central Government Grants have been reduced further and the Council now qualifies for a safety net grant to ensure spending power is not below 3 per cent, but this is a one-off grant. The Government favours ad-hoc grants and competition-based pots of funding at short notice which cost time and money to submit schemes with little possibility of Tunbridge Wells being successful. Another single year settlement is expected for 2024/25. The technical consultation on the Fair Funding Review closed in 2019, but still no response. New Homes Bonus consultation closed in 2021 but still no clarity on a replacement scheme. 		<ul style="list-style-type: none"> Inability to plan over the medium-term. A requirement to resource and implement national initiatives imposed with little notice and against a backdrop of resource scarcity. Increased and unplanned requirement for resources and finances Increased costs/reduced income Lack of certainty on policy direction and finance Unable to set a balanced budget The financial viability of Local Government especially in two-tier areas. Deteriorating local services. Market failure and pushing up the cost and risk of contracted out services beyond the resources of the council. 	<ul style="list-style-type: none"> The Council Plan 2022-24 has 'Safeguard the council's finances' as a priority. The Council will continue to lobby government for financial flexibility and freedoms for councils to fund local services and make more decisions locally. The Levelling Up and Regeneration Bill could provide solutions for Local Government within Kent. Partnership working presents opportunities to collaborate on service delivery and address constraints on capacity Engagement with the LGA, SOLACE, central government, and parish councils Work with Kent County Council and other Kent councils on these issues Proactive work with representative bodies The Council is managing with lower levels of government core funding.

Risk Scenario 2: Shortfall to current budget

Risk Description:		Current Likelihood/Impact	Possible (3) /Moderate (3) (Pre mitigation)
Uncertainty over locally raised fees and local taxation result in a budget shortfall and an inability to fund statutory services.		Target Likelihood/ Impact	Possible (3) / Moderate (3)
Member Risk Owner and Corporate Priority	Cllr Hall Safeguarding Finances	Officer Risk Owner	Lee Colyer
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Insufficient council income from sales, fees, and charges. Reduction in council income from council tax and share of business rate growth. Expenditure pressures continue to be felt from labour shortages, disruptions to the supply chains, soaring inflation and higher interest rates. Consistent with other council's a structural budget gap remains. Property costs consume a disproportionate amount of the available budget. No major capital receipts have been received during since 2020 to help fund the capital programme. Inability to prioritise between council services. There will be all out local elections in May 2024 following the changes to warding arrangements and reduction on the number of councillors. 		<ul style="list-style-type: none"> Significant projected deficits over the medium-term. Depletion of reserves Unable to set a balanced budget The financial viability of Local Government especially in two-tier areas. Deteriorating local services. The council will need to focus on core services and will be unable to take on any new projects. Adverse External Auditor reports. 	<ul style="list-style-type: none"> The council delivered all its revenue services and capital funding for 2022/23 within budget with no recourse to reserves. This is due to significant staffing difficulties and additional investment interest. A long track record of clean financial statements, although VFM improvements have been recommended. The Council published its unaudited Financial Report 2022/23 by the Statutory Deadline and all previous years have been signed off. Not all councils are getting their accounts signed off which can be an indication of difficulties, officers are monitoring the situation with partner authorities. The 2023/24 budget requires £943,000 from reserves which indicates that the Council has a post pandemic structural deficit of around £1 million. The Section 25 Statement made clear that the drain on reserves from property assets is unsustainable and the Council must determine which assets are required and fit for purpose and those which should be sold or redeveloped. There will need to be a focus on core services and the budget reports are now required to show those services that are statutory and those which are discretionary.

		<ul style="list-style-type: none">• A Property Asset Oversight Panel has been established to extract value from land and property assets.
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Risk Scenario 3: Management of contracts and contractors

Risk Description:		Current Likelihood/Impact	Possible (3) / Catastrophic (5) (Pre-mitigation)
Persistent failure of (outsourced) service delivery to a satisfactory standard and loss of income/increase in costs.		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner and Corporate Priority	Cllrs Fitzsimmons Safeguarding Finances	Officer Risk Owner	Gary Stevenson
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<p>Page 55</p> <ul style="list-style-type: none"> The Council has several long-term service contracts with advantageous financial provisions which are due to be recommissioned in the near future and likely to give rise to financial pressures, specifically Grounds Maintenance (2024), Sports Centres (2027) and Waste (2027). Contractual exposure to inflationary cost pressures Cost of living pressures leading to a decline in householder disposal income available for discretionary spend on health and fitness activities, There are long-term financial parameters within which these contracts need to be let and delivered to. Financial stability of existing contractors Potential reduction in level of competition in respective markets Ability of contractors to recruit and retain qualified/experienced staff. 		<ul style="list-style-type: none"> Services disrupted or below agreed standards Complaints Adverse publicity and media Potential for Contractor withdrawal or failure Potential service failure Disruption to services with business continuity arrangements required Required to re-tender at short notice Additional capacity and resources required at short notice Reduction in competition and negative change in financial terms in forthcoming procurements 	<ul style="list-style-type: none"> Extensions to Grounds Maintenance and Sports Centre Management agreed to provide time for markets to stabilise and service specifications to be reviewed in the light of future needs and finances MTFS updated to reflect projected inflationary increases in cost of services Contract supervision by council officers Contract terms requiring contractor to evidence supervision and performance Variation to service where necessary to protect delivery of front-line service. Monitoring of company financial performance and relevant marketplace. Re-rounding and re-fleeting to aid more effective collection of waste and recycling.

Risk Scenario 4: Towns and Villages

Risk Description:		Current Likelihood/Impact	Possible (3) / Moderate (3) (Pre-mitigation)
Failure to adapt to changing usage patterns and create opportunities for the community in towns and villages.		Target Likelihood/ Impact	Unlikely (2) / Moderate (3)
Member Risk Owner and Corporate Priority	Cllr Rutland Vibrant and safer towns and villages	Officer Risk Owner	David Candlin
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Competition for economic opportunities from other areas Longer term High Street and retail decline over last 36 months Significant change in nature of high street due to Covid-19 – including accelerated shift to online and ‘experience’ Significant change in office working practices and reduced daily market Significant cost of living increases impacting household disposable income Stalled redevelopment of RVP to provide an improved or focused retail offer Ongoing infrastructure issues, particularly traffic congestion affecting opportunities. Delivery of Council objectives relating to housing delivery and associated infrastructure. Connectivity (including Broadband) for Rural settlements 		<ul style="list-style-type: none"> Lose out to other areas Impact on economic vitality of area Large scale property vacancy Major redefinition of public realm space Unable to secure sufficient opportunities to maintain vibrancy Local areas and people lose out Insufficient inward investment Potential for knock on effects Curtails attractiveness Significant and ongoing impact on revenue streams and income (inc. business rates and car parking) Infrastructure not improved or delivered More vulnerable to appeals around Local Plan. Impact on staff recruitment and retention Damage to reputation as a place for investment Lack of sustainable transport resulting in further car dependency 	<ul style="list-style-type: none"> Work with Royal Tunbridge Wells Together Business Improvement District including promoting Royal Tunbridge Wells Continue development of the Royal Tunbridge Wells Town Centre plan with working group, and major stakeholders, RVP and other main landowners Proactively engage with landowners and occupants on the Call for Sites and gauging landowner appetite for development to support the production of the RTW Town Centre Plan Retain High Street public realm scheme Bring forward modern employment space in the Town Hall Maintain and develop working relationships with key partners, landowners & developers across borough Deliver UK Shared Prosperity Fund and Rural England Prosperity Fund Investment Plans Lobby with partners and stakeholders to improve trading opportunities with Europe Work with West Kent partners to update and promote key economic development priorities Work with KMEP and WKP and other partners to lobby SELEP and Govt for delivery of key infrastructure improvements Deliver new Economic Development Strategy post pandemic

	and associated environmental impacts	<ul style="list-style-type: none">• Support Local Plan and Transport Strategy at Examination as the LP moves forward• Delivery of amendments to road network to encourage walking and cycling through LCWIP projects• Revision to business focused portal on webpages• Engagement with Kent Police, and KCC Highways on planning applications where appropriate, to ensure development remains sustainable and designed in a safe manner.
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Risk Scenario 5: Carbon Reduction Plan

Risk Description:		Current Likelihood/Impact	Unlikely (2) / Moderate (3) (Pre-mitigation)
Climate Change is a global emergency and solving it is beyond our capability. In declaring a Climate Emergency, we are taking a proactive approach and working towards being carbon neutral by 2030. We are addressing this risk through taking a strategic approach whilst mitigating the impact and adapting to the change.		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner and Corporate Priority	Cllr Jayne Sharratt Carbon reduction	Officer Risk Owner	Paul Taylor
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> • Lack of funding and competing priorities. • Reliance on external agencies to deliver (UPKN, Southern Water and KCC) • Severe weather is already affecting public services across the UK, with operational, reputational, financial, and legal consequences. • Climate change is expected to continue and worsen in the future, with changes to mean temperatures, the increasing frequency and severity of storms and higher rainfall levels in winter potentially causing rising water levels and resulting in more flooding and coastal erosion. Additionally, hotter drier summers, with heat waves and reduced rainfall. • There is also an ongoing impact of severe winter weather including snowfall and 		<ul style="list-style-type: none"> • Political and reputational damage. • Health and well-being of the community. • Increased likelihood of flooding impacting on properties • Kent at risk of water shortages/drought. • Extreme weather (heat and cold) impacting vulnerable residents • Extreme weather having a greater impact on the day-to-day delivery of services • Detrimental impact on the local environment • An increased frequency of severe weather conditions may lead to more instances of damage to Council infrastructure and property. • Adverse impact on the local economy if businesses are unable to operate. • Dissatisfaction amongst residents for not meeting expectations 	<ul style="list-style-type: none"> • Climate Emergency declared • CO₂ emissions audit from council operations undertaken and will be reviewed in 2022. • Carbon descent plan agreed and annual action plan in place with annual review and update. • Successful £1.4m bid to the Government's Public Sector Decarbonisation Scheme to fund heat decarbonisation and energy efficiency measures in Council properties • Cross party Climate Emergency Advisory Panel (CEAP) set up • Draft Local Plan Policies • Business Continuity and Emergency Plans in place for severe weather • Adopted Kent Environment Strategy October 2016 (CAB98/16) • Air Quality Action Plan 2018 – 2023 • Warm Homes programme – improved energy efficiency (s106 approved)

<p>freezing temperatures which impact service delivery, and the integrity of our roads open space and buildings infrastructure.</p> <ul style="list-style-type: none"> • National sustainability commitments may be deferred or abandoned as an emphasis on economic growth is prioritised post Covid-19. A traditional recovery will be dirtier, less efficient, harm economic growth and hinder progress on environmental improvements. • Increase in private car use for commuting in favour of public transport. 		<ul style="list-style-type: none"> • Tackling fuel poverty – Fuel Poverty Strategy • Collective Solar – partnership with KCC • Energy Deal (not direct energy reduction but aids cutting fuel costs) ongoing • Low carbon heating (e.g., Off – gas grid homes/District heat network rollout) • Identify and maximise the opportunities for change that will come from the experience of Covid-19 restrictions such as green infrastructure, including cycle lanes and recognising the social infrastructure around health and well-being, new ways of working, which include less commuting, working from and near home, accelerating digital transformation to ensure adaptive capacity and equity of access
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Risk Scenario 6: Delivery of the right mix of housing and tenures

Risk Description:		Current Likelihood/Impact	Possible (3) / Moderate (3) (Pre-mitigation)
Insufficient housing for young people, families and those who need genuinely affordable homes resulting in these people no longer being able to afford to live in an expensive borough. A failure to deliver the right mix of housing and tenures.		Target Likelihood/ Impact	Possible (3) / Moderate (3)
Member Risk Owner and Corporate Priority	Cllr Pound Genuinely affordable and social rental housing	Officer Risk Owner	Carlos Hone
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Action
<p>Page 60</p> <ul style="list-style-type: none"> The cross-party support for the housing growth in the Submission Local Plan (SLP) starts to weaken or the Local Plan is deprioritised as pressure groups target members up for election, putting at risk years of work and £millions spent so far with the loss of affordable housing, jobs and investment in the borough. Having to meet significantly increased housing needs in a constrained environment (green belt / AONB / flooding / transport infrastructure) Public opposition to specific housing allocation sites Potential changes in political support for Local Plan: movement from, cross party support in February 2020 Full Council decision, owing to change in TW political control. Requests to accommodate “unmet” development (housing) needs from neighbouring or other authorities with similar/greater areas of constraint. There 		<ul style="list-style-type: none"> Loss of vitality and diversity, lack of social cohesion, lack of family support for individuals and local people. Significant new costs to support production of revised Local Plan if there is a rejection of the plan by an Inspector at Examination or there is lack of support from Council. Long term delays to Local Plan production could see Secretary of State intervention. Until Local Plan is adopted, potential likely increase in level of speculative un-planned housing on unallocated greenfield sites, including by housing developers whose operating model is one which provides lower quality design. Risk of “vicious cycle” of planning by appeal potentially leading to loss of local decision making ultimately Council loses control of situation by being put into Special Measures Member and community dissatisfaction with the uncertainty and the direction of planning as a result 	<ul style="list-style-type: none"> The Local Plan has progressed through the Stage 1 & 2 hearings in line with the revised Local Development Scheme (LDS) and was approved with cross-party support for submission. It was submitted to the Planning Inspectorate in November 2021 and the Examination has commenced. The Examination Hearings were in two stages. Stage One finished in March 2022. The Inspector took a short pause commencing Stage Two in May 2022, which has resulted in a two-month delay against the approved timetable. The Stage Two hearings were concluded in July 2022. A series of post hearing action points have been concluded. The inspectors Initial Findings Letter was received in November 2022 which raised some fundamental issues of concern regarding the strategic housing site allocations in the SLP. Officers have been working on resolving these matters since then in order to present to members a way forward for the current Local Plan. The timetable slippage will need to be updated in a new LDS upon receipt of the Inspectors letter. A new

<p>remains uncertainty, in particular around wider surrounding authorities future approach to meeting housing need through development of their new Local Plans, although recent work by TWBC has reduced this. At present, it is the Council's view that there is no unmet need from neighbouring authorities.</p> <ul style="list-style-type: none"> • Targeted actions from, bodies/stakeholders to oppose levels of growth set out in Submission Local Plan (SLP), including in responses to planning applications • The views of the Planning Inspector on neighbouring authorities whose draft local plans do not meet the housing target levels are relevant to this Council, or their scope to accommodate housing that otherwise will require Green Belt release or major development in the AONB • Appeal decisions and Judicial Review of decisions <p>Results of the housing delivery test, which has punitive measures for under-delivery such as the engagement of the 'Presumption in favour of sustainable development'.</p> <ul style="list-style-type: none"> • There is a risk of speculative planning applications/appeals, particularly on those sites not proposed for allocation in the SLP. Risk increases when Council cannot demonstrate a five-year supply of housing/failure to meet the housing delivery test. • The potential changes, increased uncertainty and consequential impact on service operation and delivery, associated with the Government's consultations on national changes to the planning system (LURB & NPPF amendments) comprise significant (medium-long term) additional vulnerability factors. Any changes to the planning system are still being considered by DLUHC. 	<ul style="list-style-type: none"> • Potential significant financial implications associated with appeals following refusal of major residential development – each such appeal costs £50 - 100k plus and exposes the Council to risks of further costs awards to the appellant of £100k plus, and should decision making be seen as flawed, the potential Government intervention. • Reputational consequences – if borough is seen as not having certainty over planning decisions, then decreased appetite for business/capital investment • Legal consequences • Lack of affordable housing to meet the need for young people, families and those who need genuinely affordable homes • Affordability gap gets worse • Financial benefit of planned growth – opportunity impact • Increased traffic congestion • Impact on delivery of infrastructure • Service delivery affected, Impact on staff recruitment and retention <ul style="list-style-type: none"> • Attractiveness of the town to investment goes down 	<p>LDS is likely to be approved at the time any main changes are put to members for agreement.</p> <ul style="list-style-type: none"> • Whilst the Local Plan is well advanced, the position of the SLP is under review having regard to the Inspectors comments, regard is being had in determination of planning applications to seek to provide a robust supply and delivery of housing and employment floorspace. Establishing and maintaining a robust five-year (plus) supply of housing is and will be a key control moving forward. • A recent decision made by the SoS has meant that the Turnden site has been refused which would have contributed to the 5 YHLS position. However, at point of writing this is under legal challenge by the applicants. • Approval at Planning Committee of first of the strategic employment sites at Paddock Wood which supports the SLP direction of travel and spatial strategy. • Given progress of Local Plan and recent appeal decisions likelihood factor adjusted to possible. • Measures in place to ensure high levels of co-ordination between Planning Policy, Strategic Sites and Development Management functions. • Regular reporting to Planning Policy Working Group/Cabinet member/ Planning Committee on risk and legislative changes, and to reinforce the importance of the LP, its policies and the strategic housing allocations. • Ensuring regular and constructive Duty to Co-operate meetings with neighbouring authorities as required, with approach adapted to reflect Inspectors' findings from examination of other authorities' Local Plans • Using the Planning Advisory Service, Planning Inspectorate advisory visits, discussions with the Department for Levelling Up Housing and Communities (DLUHC) and heeding the views of the Inspectorate from neighbour's draft plans.
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<ul style="list-style-type: none">Central Government change in direction with regards to development within the Green Belt, or other policy direction which may affect the SLP.		<ul style="list-style-type: none">Proactive engagement at pre-application and application stage with colleagues in Housing to discuss Affordable Housing delivery and tenure mix.
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Risk Scenario 7: Council accessibility

Risk Description:		Current Likelihood/Impact	Unlikely (2) / Minor (2) (Pre-mitigation)
Council viewed as opaque, inefficient, and untrustworthy.		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner and Corporate Priority	Cllr Hall Digital access, transparency, and local democracy	Officer Risk Owner	William Benson
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Increased expectations of councils and the provision of information. A desire from residents to understand information underpinning and associated with unpopular or contentious decisions (e.g. reductions to services, planning applications) 		<ul style="list-style-type: none"> Council being seen as unapproachable. Disillusionment and disengagement of residents. 	<ul style="list-style-type: none"> Cabinet meetings have been held across the Borough with question-and-answer sessions. Increased and meaningful consultation and engagement (including Borough-wide survey scheduled for mid-2023). Greater use of communication and engagement channels including the website, social media and other channels. Regular dialogue with parish and town councils and resident and amenity groups (through the Town Forum) and other groups and organisations. The use of the Forward Plan to raise awareness of future decisions and Cabinet Advisory Boards to pre-scrutinise forthcoming Cabinet decisions and allow councillors to input into them. Review of the Council's political structures and governance arrangements in light of the changes brought about by the review of the Local Government Boundary Commission for England

Risk Scenario 8: Workforce

Risk Description:		Current Likelihood/Impact	Likely (4) / Major (4) (pre-mitigation)
Lack of ability to attract and retain staff		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner and Corporate Priority	Cllr Chapelard Not one of the Focus on Five Priorities.	Officer Risk Owner	Nicky Carter
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> The Council is currently carrying a significant number of vacancies. Nationally vacancies exceed workers by around 1.6 million. The Council operates in a competitive and challenging environment (close to London) and in a part of the country where private sector salaries are higher than the public sector. Flexible working across the sector has eroded one of the Council's unique selling points (namely the ability to work locally). The Council delivers a wide range of services and has to fulfil a number of statutory responsibilities which requires many different staff with a variety of qualifications, expertise and experience. 		<ul style="list-style-type: none"> Impact on morale Reliance on key and fewer people Unavailability / loss of key staff Impact on key projects and / or day to day delivery Services/staff are stretched Impact on service quality Satisfaction diminished for customers and for staff Major programme / projects not delivered as expected Adverse publicity Political impact Damage to reputation Loss of confidence from the private sector and partner organisations. 	<ul style="list-style-type: none"> The development of clear organisational objectives to ensure we are clear about priorities The development of an HR Strategy to ensure our employment practices support our overarching objectives and make us an employer of choice. Strategic review of Pay and non-pay benefits Regular consideration by Management Board of resources with additional resources put in place to support priorities Support for managers to manage the impacts for themselves and their teams, including the use of the Employee Assistance Programme (EAP) More innovative means of recruiting so that candidates don't find barriers to wanting to work with the Council. Appropriate use of external capacity and expertise Performance monitoring to identify pressure points Improving resilience through partnerships Adopting an 'enabling' approach to encourage community to deliver local services Work with political groups to understand, prioritise and deliver political priorities and to ensure that the financial and staff capacity is in place to support them. The intention to work on the development of a talent academy to bring in apprentice and graduate level talent to find the right roles for them to grow in.

		<p>With an initial entrance level of 3 – 6 months depending on the individual, working with a variety of departments across the Council to find best fit, and then to develop their talents with apprenticeship/qualifications across the next 2 years.</p> <ul style="list-style-type: none">• The talent academy is also intending to use staff at the latter end of their careers to pass on skills and knowledge to assist both individual development and knowledge retention in the Council.• There will also be the development of a 'gig' bank of staff who may wish post retirement to return for specific short-term projects to assist the organisation, help retired staff continue to have work opportunities if they wish, and give the organisation links to resources who know the organisation and may offer a better service than using an agency worker who does not know the Council.
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Risk Scenario 9: ICT security and loss of systems access

Risk Description:		Current Likelihood/ Impact	Possible (3) /Catastrophic (5) (Pre-mitigation)
A successful cyber-attack or cyber incident which causes significant disruption to ability to deliver services		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner and Priority	Cllr Hall Safeguarding Finances	Officer Risk Owner	Chris Woodward
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/Actions
<div> <div>Page 66</div> <ul style="list-style-type: none"> Increased threat from cyber security attacks with the National Cyber Security Centre calling on organisations to be on heightened alert following the Russian invasion of Ukraine. Ever increasing reliance on digital systems for virtually all Council activities and services Data increasingly held in electronic format, not on hard copy paper records Robustness of IT Disaster recovery arrangements. Data migration Data Protection Impact Assessments </div>		<ul style="list-style-type: none"> Systems offline for a period of time Loss of data Impacting on the ability of Tunbridge to deliver services Service disruption/failure Dissatisfied customers – not meeting customer expectations Data compromised / lost Safeguarding and data protection issues Financial impact –potential fine and cost of rectifying 	<ul style="list-style-type: none"> Designation of a Senior Information Risk Officer Public Service Network accreditation renewal Q3 Support from the National Centre for Cyber Security (part of GCHQ) Continuation of cyber awareness campaign - Upgrade to current backup technology Q3 Cortex XDR security agents are installed on all corporate devices. Renewed Darktrace AI based cyber immune system Nessus scanning software reporting daily on system vulnerabilities Implementation of Next Gen firewall Q3 ICT policies & staff training, including disaster recovery planning. Planned appointment of a Security Officer Recently receive a Cyber Security Health check from Zurich.

Risk Scenario 10: Demographic and service requirement changes

Risk Description:		Current Likelihood/Impact	Possible (3) / Moderate (3) (Pre-mitigation)
The Council is unable to reassign or increase resources to manage demographic changes or changes in demand for services.		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner and Corporate Priority	Cllr Warne Vibrant and safer Towns and Villages	Officer Risk Owner	William Benson
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Cost of living crisis causes increase/ change of need for residents, businesses, services and pressures on workforce. Local of agility in and capacity of workforce. Stagnating population, reduction in younger people and those of working age. 		<ul style="list-style-type: none"> Reputational damage. Inability to respond to the health and well-being needs of the community. Adverse impact on the local economy if businesses are unable to operate. Loss of income from the Council Tax and Business Rate base Dissatisfaction amongst residents for not meeting expectations. Failure to deliver statutory services. 	<ul style="list-style-type: none"> Cost-of-living summit held with representatives from parish and town councils, the VCS and resident and amenity organisations. Allocation and distribution of the Household Support Fund. An 'enabling' approach encouraging residents and businesses to support one another (which proved successful during Covid).

Progress Report on Value For Money Conclusions 2021/22

For Audit and Governance Committee on 25 July 2023

Summary

Lead Member: All

Lead Director: Lee Colyer, Director of Finance, Policy and Development

Head of Service: Katherine Woodward, Head of Audit Partnership

Report Author: Lee Colyer, Director of Finance, Policy and Development

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Audit and Governance Committee	25 July 2023

Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. That the committee consider and note the progress in addressing the improvement recommendations from the auditor's value for money conclusions.

1. Purpose of Report and Executive Summary

- 1.1 This report provides the Audit and Governance Committee with a progress update on how the Council is working to address the improvement recommendations of the external auditor's value for money conclusions in respect of 2021/22.

2. Introduction and Background

- 2.1 The Appointed Auditor, Grant Thornton UK LLP issued their Annual Report which was agreed by the Audit & Governance Committee on 14 March 2023. The report discharges the responsibilities of the external auditor in accordance with the Local Audit and Accountability Act 2014 (the Act) and the National Audit Office Code of Practice, this included reporting on:
- Financial sustainability
 - Governance; and
 - Improving economy, efficiency, and effectiveness.
- 2.2 Responsibility for the stewardship of taxpayers' resources and taking properly informed decisions rests with the Administration of the Council.
- 2.3 The Act also requires the external auditor to each year issue an opinion on the Council's Financial Statements as to whether they give a fair view of the financial position of the Council and have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code. Responsibility for preparing the statement of accounts and the systems of internal control rests with the s151 Officer.
- 2.4 These two main external reviews form the Annual Audit Report/Letter.

Statement of Accounts

It is quite common for councils to receive a list of multiple corrections and recommendations due to the over complicated nature of local authority accounts. The high quality of the accounts produced by the Council has ensured that the audit opinion for 2021/22 was issued by the deadline, this is unusual with only 9 per cent of local authorities achieving this.

Value for Money Conclusion

The Council has previously received clean VFM conclusions. The report detailed that the external auditor had made three improvement recommendations based on their findings, which are shown below along with the allocation of responsibility for actioning.

Agenda Item 9

1. A new corporate plan be brought forward, this will provide the focus required to help meet the challenges ahead.
Responsibility, Leader of the Council, and the Chief Executive.

Progress Update: TWBC Corporate Plan approved by Full Council on 1 March 2023, Appendix A.

2. In line with the new corporate plan, the Council should develop a long-term savings plan, failure to do so could lead to an unsustainable financial position developing. Responsibility, Cabinet Member for Finance and Performance and the s151 Officer.

Progress Update: Draft Savings Plan considered by the Finance & Governance Cabinet Advisory Board 11 July 2023 with recommendation to Cabinet on 27 July 2023, Appendix B.

3. A Human Resources Strategy should be prepared, formally approved, and circulated to appropriate officers.
Responsibility, Chief Executive and Head of HR, Customer Services and Culture.

Progress Update: Member Briefing held 14 July 2023 with a Draft Report Expected in September 2023.

- 2.5 The findings are accepted, and the Council should now focus on ensuring that there are no repeat recommendations that would potentially lead to the external auditor exercising their statutory powers over the Council.
- 2.6 This report provides the public with assurance from the external auditor's work that public funds are being correctly accounted for and safeguarded.

3. Options Considered

- 3.1 The Audit and Governance Committee is required to consider reports from the external auditor.

4. Preferred Option and Reason

- 4.1 The Audit and Governance considers the progress report on implementing the VFM improvement recommendations.

5. Consultation on Options

- 5.1 Reports from the Appointed Auditor are produced in accordance with the Professional Code and when published stand as a matter of public record to which significant weight is attached.

6. Appendices and Background Documents

Appendices:

- Appendix A: TWBC Corporate Plan 2022-24
- Appendix B: Draft Savings Plan 2022-24

7. Cross Cutting Issues

A. Legal (including the Human Rights Act)

The Accounts and Audit Regulations require the Council to have a sound system of control and effective arrangements for securing value for money. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

There are no immediate legal implications arising from this report.

Lee Colyer, Director of Finance, Policy and Development

B. Finance and Other Resources

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

C. Staffing

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

D. Risk Management

The findings of the external auditor form part of the Council's Risk Management consideration.

Lee Colyer, Director of Finance, Policy and Development

E. Environment and Sustainability

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

F. Community Safety

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

G. Equalities

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

H. Data Protection

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

I. Health and Safety

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

J. Health and Wellbeing

None identified at this stage.

Lee Colyer, Director of Finance, Policy and Development

Building a Better Borough

Tunbridge Wells Borough Council Plan 2022/24



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Appendix A

TOWN 1 HALL

Introduction

Tunbridge Wells Borough Council (TWBC) has one single and only objective:

**Doing the best for our residents,
our businesses and our borough.**

The Building a Better Borough: Tunbridge Wells Borough Council Plan 2022-24 sets out the priorities for Tunbridge Wells Borough Council (TWBC) for 2022-24.

The Council's previous Five-Year Plan covered the period 2017 to 2022. Halfway through that plan, in 2019, TWBC started reviewing the plan. The Covid pandemic, however, forced TWBC to prioritise managing the pandemic rather than draw up a new plan.

The Council has also experienced a change in political control in the past two years. This new Plan covers the period 2022-4 and sets out our key ambitions for this time. At the same time, work is underway to research, produce and consult on a longer-term Corporate Plan which is expected to be adopted before the end of 2024.

This new plan will consider the changes to the way we live and work following Covid.

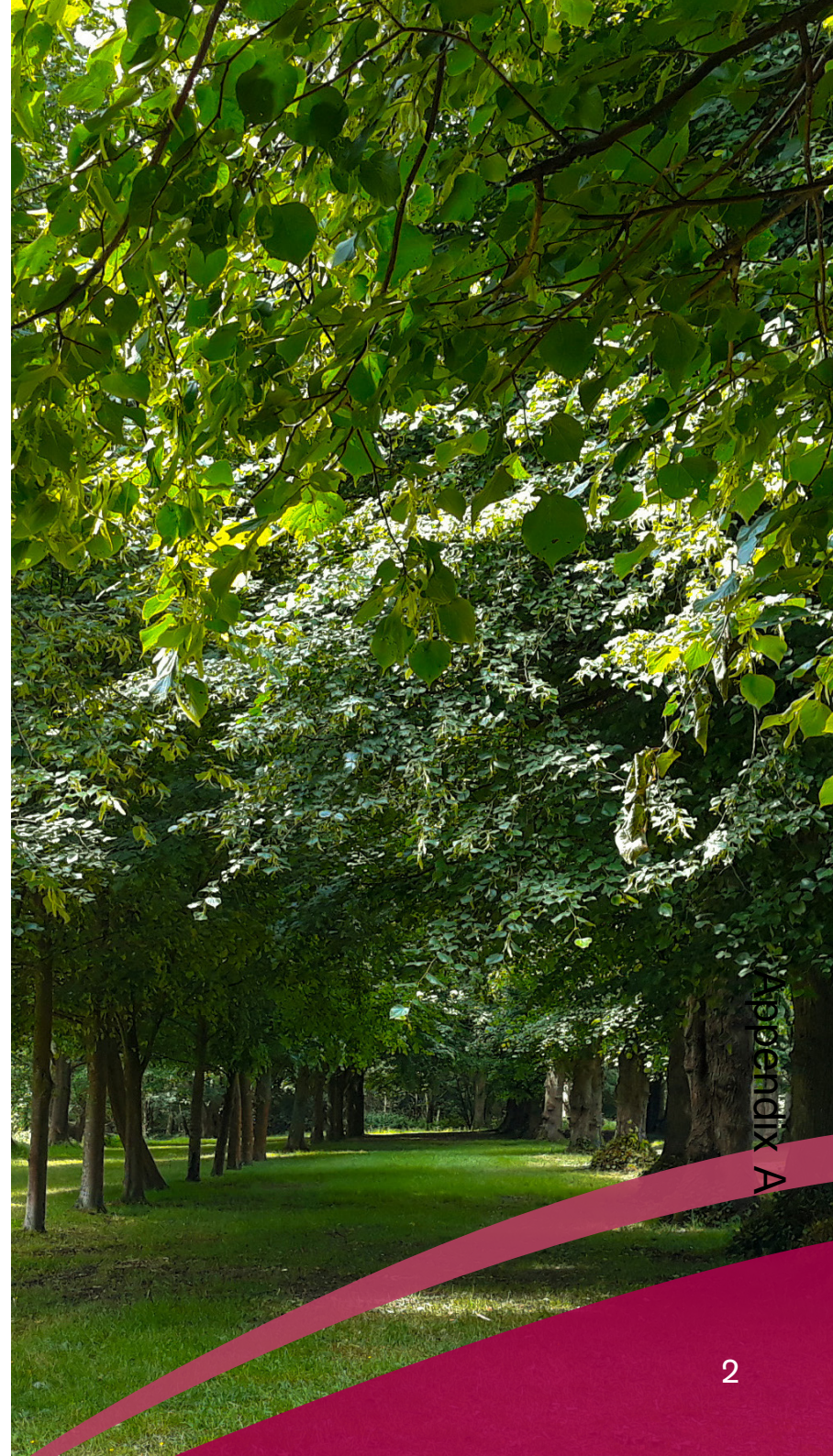
This Council, like most of local government, is operating in challenging conditions.

We are nonetheless committed to working for the benefit of all our residents and businesses.

This document sets out our plans for 2022 – 2024:

- Our Focus on Five priorities
- The context in which we operate
- Our operating principles
- Our key projects and our future work programme

Cllr Ben Chapelard
Leader of the Council



What we do



Housing
Working with partners we prevented around
171 households
from becoming homeless over the last year and helped 69 homeless households to secure suitable accommodation



Bereavement Services
The Kent and Sussex Crematorium supported over
2,000
families with bereavement services in the past year



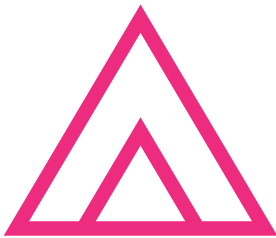
Planning and Building Control
Over
2,946
planning applications dealt with in 2022
We received:
495
Pre-applications,
509
applications for works to Protected Trees,
199
applications for works to a Listed Building
1 million views
of planning application documents online



Communication
4.8million
page views on our website

220,000
deliveries of Local Magazine

Sent
630,000
weekly emails to subscribers



Assembly Hall Theatre
We sold
89,716
tickets
for shows in 2022

The Amelia Scott
We have welcomed
215,321 visitors
since opening on
28 April 2022
about
1,000 a day



Community Safety and Support
The Council maintains and monitors
43 CCTV cameras
across the borough. The CCTV control room covers our Kent Police area and works very closely with Shoptsafe and Pubwatch Business Crime Reduction Partnership

Priorities: Focus on Five

The Council has set itself five priorities called the Focus on Five. These are:

- **Safeguarding finances**
- **Vibrant and safer towns and villages**
- **Carbon reduction**
- **Genuinely affordable housing and social rental housing**
- **Digital access, transparency and local democracy**

The Focus on Five are the five areas where TWBC can add the most value to improving the quality of life for our residents and business.



Safeguarding finances

Local government has seen amongst the highest reductions in funding of any government department over the past decade and Covid has had an impact on both our reserves and our income. Inflation is running well above Council Tax increases so, if the Council is to remain a force for good in our borough, safeguarding the Council's finances will be vital. We will always act with the best interest of the borough and residents. We aim to protect the services which residents tell us they value.





Vibrant and safer towns and villages

Traditional high streets can compete with the internet, but we must also adapt to the reality of the digital age. We want town centres we can all be proud of, where we transform the way we live and where walking and cycling are part of a more sustainable lifestyle.



Carbon reduction

Climate change is real. It poses an existential threat to us, and the clock is ticking. We have our role to play with national government. We must all act locally if we are to win the fight globally.



Genuinely affordable housing and social rental housing

Many of our residents enjoy living in some of the most desirable postcodes in the country. However, quality housing remains unaffordable for too many, denying them the lifestyle they deserve. This Council can play a transformative role in the lives of many of our residents.



Digital access, transparency and local democracy

Residents must feel heard and empowered about the biggest decisions in our borough. We must never lose sight that this Council works for residents and businesses.

We strive for the best for the borough.

Responsibility for the strategic delivering the Focus on Five priorities lies with eight Cabinet members who each have individual areas of responsibility. The operational responsibility for delivering this plan rests with Council staff.

The Cabinet are supported by four champions who also have specific projects to deliver.

This document contains details of our key priorities, projects and initiatives in relation to our Focus on Five priorities.



Context

The Council has historically set out its priorities in a series of overlapping five-year plans. The most recent plan ended in 2022. Work on refreshing that plan started in 2019 but this stopped whilst the Council responded to the Covid Pandemic.

Covid and the subsequent war in Ukraine and associated 'cost of living crisis' (linked to high inflation and utility costs) means that this plan for 2022-24 is being put together in the most challenging of circumstances.

For TWBC, these events and the Government's response to them have resulted in greater demands on our council services. At the same time this Council has had less money with which to deliver its services.



Focus on Five priority actions

Over the period 2022-24 the Council aims to take the following priority actions and deliver the following projects.

The projects on the following pages are a brief point summary. Further information about projects is available on the Council's website.

This document is intended to be a live document and it will be updated as priorities and projects are completed.



Safeguarding Finances

ACTIONS COMPLETED

Carried out the 2022 In Year Budget Review

Reduced the projected 2022-23 deficit

FUTURE ACTIONS

Re-purpose the Town Hall for co-working

Deliver disposals of surplus assets

Review fees and charges for Council services

Develop a car parking strategy

Develop a digital transformation plan

Produce a savings plan

Produce a People strategy

Vibrant and safer towns and villages



ACTIONS COMPLETED

Hosted a Cost-of-living summit and created a cost-of-living digital hub

Launched Community Support Fund

Approved UK Shared Prosperity Fund investment plans

Approved Rural England Prosperity Fund investment plans

Submitted 3 priority active travel schemes to Kent Highways under Active Travel Fund Tranche 4
Created a business portal on the TWBC website

Held launch event for the Kent and Medway Business Fund

Held tourism networking events in partnership with Visit Kent

FUTURE ACTIONS

Bring an independent farmers' market to Royal Tunbridge Wells

Hold a Parish chair convention

Install CCTV in Great Hall, Crescent Road and Torrington car parks

Publish a new Economic Development Strategy

Install additional EV chargers in TWBC car parks

Develop tourism across the borough

Begin distributing funding for projects via the UK Shared Prosperity Fund

Begin distributing funding for projects via the Rural England Prosperity Fund

Develop a business pack to support the new business portal

Carbon reduction



ACTIONS COMPLETED

Hosted events for The Great Big Green Week

Refurbished the Town Hall windows and roof

Enhanced information and features available on the TWBC Climate Change website

Expanded the Tunbridge Wells Car Club

FUTURE ACTIONS

Develop a Pesticide & Herbicide policy

Renew our Biodiversity action plan

Review resources to deliver 2030 net zero commitments

Collaborate and consult on a borough emissions strategy

Expand TWBC's Climate Action website

Deliver SALIX carbon reduction schemes at Weald Sports Centre & North Farm Depot



Genuinely affordable housing and social rental housing

ACTIONS COMPLETED

Submitted Local Plan

Developed New Housing Allocations Policy

Developed New Neighbourhood Development Plans

Met with social housing providers

Set up the Beam Project to address homelessness

FUTURE ACTIONS

Use existing Council land and assets
to deliver affordable housing

Make modifications to and adopt the Local Plan

Develop an empty property strategy and policy

Progress the RTW Town Centre Development Plan

Digital access, transparency and local democracy



ACTIONS COMPLETED

- Held 'Cabinet on Tour' public meetings
- Increased the number of public consultations
 - Undertook a significant number of public consultations
- Gone 'back to the shop floor' to understand how residents interact with our services
 - Set up TWBC Instagram account
- Met all key partner organisation's and stakeholders

FUTURE ACTIONS

- Carry out a residents' borough-wide survey
 - Provide user friendlier access to the Council's data and information
 - Develop a digital transformation plan
- Review and develop a TWBC communications plan

Draft Savings Plan 2022–24

Tunbridge Wells Borough Council



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Savings Summary	3
Budget Survey Results 2023/24	4
Consultation 2024/25	5
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Foreword

In setting the budget for the most recent years it was necessary to assume a need to temporarily use reserves to balance the budget. However, the combination of greater investment income and significant staff vacancies resulted in the use of reserves not being required and a surplus being transferred to the General Fund. These events were exceptional and cannot be relied on to continue into future years.

It has been two years since the impact of the Pandemic and with income streams now stabilised and with inflation persistently high the Council must set out a savings plan to close the gap between income and expenditure. The Council's External Auditors have made an improvement recommendation that the Council return to the pre-pandemic routine of setting a balanced budget without the use of reserves.



Savings Summary

The table below shows the draft savings plan at this stage in the budget setting process.

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000s	£000s	£000s	£000s	£000s	£000s
Net Budget before savings	14,050	14,936	15,977	19,272	20,513	22,607
Business Rates and Grants	(3,232)	(3,232)	(2,632)	(2,632)	(2,632)	(2,632)
Council Tax	(9,929)	(10,426)	(10,948)	(11,497)	(12,073)	(12,677)
Reserves	0	0	0	0	0	0
Total Funding	(13,160)	(13,658)	(13,580)	(14,128)	(14,704)	(15,309)
Savings required (cumulative)	889	1,278	2,397	5,144	5,809	7,298
Savings Plan						
Reduction to 39 councillors	(50)	(50)	(50)	(50)	(50)	(50)
Town Hall occupation costs	(140)	(140)	(140)	(140)	(140)	(140)
The Amelia Business Rates	(70)	(70)	(70)	(70)	(70)	(70)
Civic Amenity Vehicle*	(33)	(33)	(33)	(33)	(33)	(33)
Planning Fee Increase	(150)	(150)	(150)	(150)	(150)	(150)
Savings still to find	446	835	1,954	4,701	5,366	6,855

*Subject to consultation with parish and town councils

Updated June 2023

Budget Survey Results 2023/24

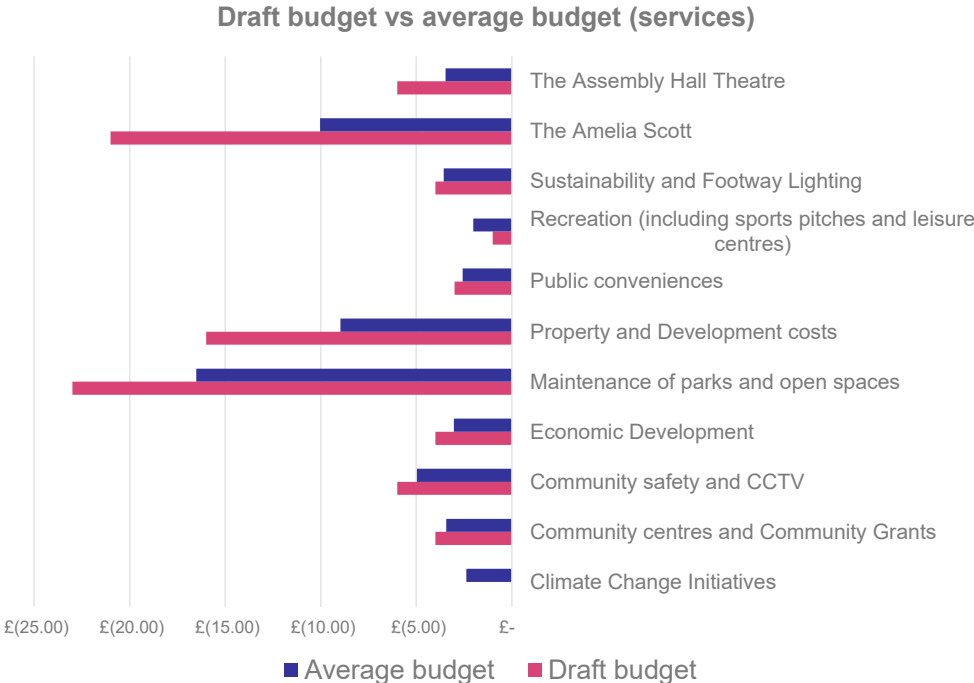
The 2023/24 budget consultation survey public were then asked to allocate a fixed amount of funding across the discretionary services (those provided by choice) to see how this compares with the draft budget. The areas where the public would be most likely to reduce the budget are:

- The Amelia Scott
- Property and development
- The Assembly Hall Theatre

The full results of the consultation were considered by Cabinet and published on the website.

tunbridgewells.gov.uk/news/2023/february/budget-survey-thank-you-for-taking-part

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Consultation 2024/25

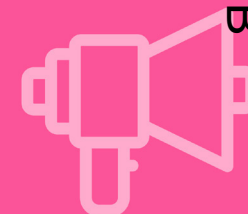
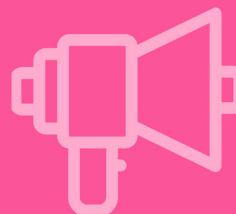
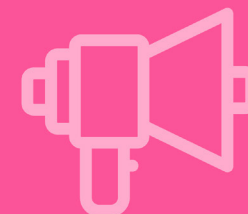
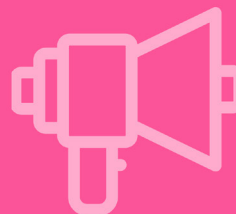
A similar budget consultation exercise where the public are asked to allocate funding to arrive at a balance budget is planned to run for four weeks from the 8 December 2023 to 5 January 2024.

This is shorter than the usual six weeks, but this will give more time for the results to be considered and potential changes made before the budget is finalised.

A Residents' Survey will run for six weeks (12 June to 23 July 2023) and cover broader financial principles which can also be considered as part of the budget setting process.

**talkingpointtunbridgewells.
uk.engagementhq.com/residents-
survey-2023**

In addition a Councillor Convention was held on 20 June 2023 to gather the collective thoughts and suggestions from all three tiers of democratically elected representatives with responsibility across the borough.



Financial Principles

1. The Budget Strategy is as follows:
Where ongoing expenditure is met from fees, charges, government grant and council tax with only the use of earmarked reserves being used to meet one-off priority expenditure.
2. The Council Tax Strategy is as follows:
The MTFS assumes that the Council will increase Council Tax to the 'cap' threshold as this is the basis used by the Government in their assessment of the resources available to the Council."
3. The Reserves Strategy is as follows:
A £4million minimum level of reserves will be maintained and the proceeds of capital disposals will be prioritised to restore the level of reserves to pre-pandemic levels.
4. The Property Asset Oversight Panel will
consider the route to dispose of surplus assets and ensure the resumption of capital receipts to fund the capital programme.
5. The External Borrowing Strategy is as follows:
The Council will remain free of external debt.



Safeguarding Finances

Cllr Christopher Hall explains what safeguarding finances means for the council and for residents.

My name is Christopher Hall. I'm the Liberal Democrat member for Broadwater and also the Portfolio holder for Finance and Performance. Safeguarding the Council's Finances is not surprisingly my principal mission in life, but it's something that touches every aspect of the work the Council does.

The Council delivers a wide variety of invaluable services, and these can only be supported if there's a solid financial base upon which to provide residents with what they need. Inflation has sky-rocketed which has an impact on our costs. Couple that with the withdrawal of funding from central government, and it makes the task of balancing the budget extremely challenging. We can't afford to spend more than we earn or draw on our reserves to plug the gap without running out of money. That's why we need to take action now to put the Council's finances on a stable trajectory for the next few years.

As a resident of Tunbridge Wells since the year 2000 I have seen the town change a lot. It's a wonderful place to live, but as society

changes so do our hopes and expectations of what makes for a good quality of life. There are more demands for safer streets that encourage cycling and walking, good quality sports and leisure facilities, progress on de-carbonisation and a vibrant local economy. We can only make progress with any of these things if we have stable government finances.

We made progress last year on improving our income to pay for services. I appreciate it's never going to be a popular move, but we had to take action to increase fees and charges as well as parking charges in 2022. Before that parking charges hadn't been raised since 2017 so were not even keeping up with inflation. This has helped us raise much need extra revenues to support services and helped us to turn the finances around in time for this coming budget year 2023 - 2024. I am mindful of the cost-of-living crisis and uppermost in my mind is also balancing this with trying to keep increases to an affordable level.

In my budget speech to the Council on 1st March I outlined a three-point strategy for getting the finances on a sustainable footing. Increasing revenue was the first. Second was to look at any efficiency savings that could be made in the budget. The council

gets audited every year, and one of the main recommendations was that the Council implement a savings plan. We're nearing the end of that process and will look at what savings we can make over the summer. This isn't as draconian as it sounds, as a sensible pruning of certain expenses is the most likely outcome. Thirdly, the Council owns around £102m worth of assets, maintaining them at a considerable cost. We need to look at disposing of any that are no longer showing good value for the taxpayer.

If we can continue to implement the 3 point budget plan this year, I am confident that we can get to a position where the finances become less of a key focus and more of a stable platform that we can build from in the future. This will support the other 4 key areas of the Focus on Five as we strive to improve the quality of life for all our residents.

Cllr Chris Hall

Cabinet member for Finance and Performance



Internal Audit Report & Annual Audit Opinion 2022/23

For Audit & Governance Committee on Tuesday 25 July 2023

Summary

Lead Member: Ben Chapelard, Leader of the Council

Lead Director: Lee Colyer, Director of Finance, Policy & Development

Head of Service: Katherine Woodward, Head of Mid Kent Audit Partnership

Report Author: Katherine Woodward, Head of Mid Kent Audit Partnership

Classification: Public document (non-exempt)

Wards Affected: All

Approval Timetable	Date
Audit & Governance Committee	25 July 2023

Recommendations

Officer recommendations as supported by the Portfolio Holder:

1. That the Audit & Governance Committee notes the Head of Audit Partnership opinion.
2. That the Audit & Governance Committee notes the work underlying the opinion and the Head of Audit Partnership's assurance of its independent completion in conformance with proper standards

1. Introduction and Background

- 1.1 Internal audit is a compulsory service for authorities as set out by Regulation 5 of the Accounts and Audit Regulations 2015. The principal objective of internal audit as described in that Regulation is: “[to] undertake [audit work] to evaluate the effectiveness of [...] risk management, control and governance processes, taking into account public sector internal auditing standards and guidance”.
- 1.2 This report delivers the Head of Internal Audit annual reporting directed by the Public Sector Internal Audit Standards (the “Standards”). The report includes the Head of Audit Partnership’s annual opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control. This opinion feeds into the Annual Governance Statement for 2022/23.
- 1.3 The Standards, in particular Standard 2450 (Overall Opinions) direct the annual report to include:
- The annual audit opinion
 - A summary of work completed that supports the opinion, and
 - A statement on conformation with Standards
- 1.4 We have completed the work set out in the plan in full conformance with the Standards. We have also worked independently, free from undue influence of either officers or Members.
- 1.5 As those charged with overseeing governance, the Audit & Governance Committee must consider the Annual Internal Audit Opinion.

2. Preferred Option and Reason

- 2.1 The interim Head of Audit Partnership is satisfied the Council can place assurance on the system of control in place during 2022/23. The Committee is asked to note this opinion.
- 2.2 The full Annual Report for 2022/23 is attached as an Appendix. This report includes a summary of all work conducted to support the opinion and affirms the independence and effectiveness of the internal audit service
- 2.3 We present the opinion and associated report for noting and for Members to consider alongside their evaluation of associated year end reports into the Council’s finance and governance. This report does not seek any substantive decision or action from the Council as a direct result.

3. Consultation

- 3.1 We consult and agree with relevant Heads of Service before finishing all findings and recommendations arising from individual audit engagements. The headline messages in our report have been discussed with the Management Board and have been shared to help prepare the Annual Governance Statement.

4. Appendices and Background Documents

Appendices:

- Appendix A: Internal Audit Annual Report and Opinion 2022/23.

Background Papers:

- Full reports which support the audit engagements summarised in this annual report are available..

5. Cross Cutting Issues

This report and opinion are for noting and to support consideration of other year end reporting into the Council's finances and governance. It does not propose or prescribe any specific action as a result. Therefore this report has no specific impact in any of these areas but instead below is a general commentary on issues relevant to each heading

A. Legal (including the Human Rights Act)

This report helps fulfil the Council's legal obligations under the Accounts and Audit Regulations 2015 for having an internal audit service that conforms to relevant Standards

B. Finance and Other Resources

We carried out the work programme within agreed resources

C. Staffing

We completed the work programme using staff employed by Maidstone Borough Council as the host authority for the shared service, supplemented with contractor support procured in accordance with Maidstone's financial regulations and overseen by audit management.

D. Risk Management

The audit plan drew on the Council's risk management in considering areas for audit review. In turn, audit findings will provide feedback on identification and management of risk.

E. Environment (inc. Biodiversity) and Sustainability

No direct implications, though the Committee may wish to note that owing to the COVID pandemic a significant element of the audit work was carried out remotely

F. Community Safety

There are no community safety implications associated with this decision.

G. Equalities

There are no equality implications associated with this decision

H. Data Protection

All information collected by the service was done in line with the data protection policy of our host authority (Maidstone BC).

I. Health and Safety

There are no health and safety implications associated with this decision.

J. Health and Wellbeing

There are no health and wellbeing implications associated with this decision.

MID KENT AUDIT

Internal Audit Report & Annual Audit Opinion 2022/23

Tunbridge Wells Borough Council



MID KENT AUDIT

Introduction

1. This is the 2022/23 Annual Report by Mid Kent Audit on the internal control environment at Tunbridge Wells Borough Council ('the Council'). The annual internal audit report summarises the outcomes of the reviews that have carried out on the Council's framework of governance, risk management and internal control and is designed to assist the Council making its annual governance statement.
2. This report provides the annual head of audit opinion ('Opinion statement') and a summary of the key factors taken into consideration in arriving at the Head of Audit Opinion statement, as at 31 May 2023.

Head of Internal Audit Opinion statement

3. The Head of Audit Opinion draws on the work carried out by Mid Kent Audit during the year on the effectiveness of managing those risks identified by the Council and covered by the audit programme or associated assurance. Not all risks fall within the agreed work programme. For risks not directly examined reliance has been taken, where appropriate, from other associated sources of assurance to support the Opinion statement (an explanatory note is included at Annex A).
4. The Head of Audit Opinion statement for 2022/23 is:

The planned programme of work delivered by internal audit was constrained by significant staffing vacancies and changes within the internal audit team. The results of the reduced level of internal audit work concluded during the year required me to seek additional assurances to form my opinion. A summary of where it has been possible to place reliance on the work of other assurance providers is presented in the annual internal audit report. Utilising all these forms of assurance I am able to draw a positive conclusion as to the adequacy and effectiveness of Tunbridge Wells Borough Council's risk management, control and governance processes. In my opinion, Tunbridge Wells Borough Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

MID KENT AUDIT

Matters impacting upon the Opinion statement

5. Organisations design internal controls to manage to an acceptable level rather than remove the risk of failing to achieve objectives. Consequently, internal controls can only provide reasonable and not complete assurance of effectiveness. Designing internal controls is a continuing exercise designed to identify and set priorities around the risks to the Council achieving its objectives. The work of designing internal controls also evaluates the likelihood of those risks coming about and managing the impact should they do so.
6. Mid Kent Audit recognises the considerable financial challenges and the difficult decisions that the Council had to deal with during 2022/23, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements, including providing the annual Opinion statement, conform with the Public Sector Internal Audit Standards (PSIAS) have not changed.
7. Factors that need to be taken in to account in reaching the Opinion statement include:
 - Changes in ways of working: Have these led to gaps in the governance, risk management and control arrangements?
 - Independence of internal audit: Have any limitations in the scope of individual audit assignments resulted in it only being possible to place partial assurance on the outcome?
 - Internal audit coverage: Has any reduction in internal audit coverage compared to what was planned resulted in insufficient assurance work?

Changes in ways of working

8. The following are the main considerations which impacted upon the provision of the Opinion statement for 2022/23. These are not in any priority order and in a number of cases there is an inter-relationship between these considerations.
 - Remote working and greater use of digital forms of operation and communication has now been in place for two years following the rapid

MID KENT AUDIT

introduction during the pandemic. This change in ways of working is now becoming normalised and adaptations are being managed.

- Diverting staff resources and changing priorities during the pandemic has had an impact in the subsequent years on service delivery. Recovery plans have been effective, but some areas have required a greater period of recovery than others.
- The significant increase in cyber-attacks against all organisations to obtain unauthorised access to data and the consequential need for ongoing updating and vigilance in terms of security of data held.

Independence of internal audit

9. Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. A Shared Service Board including representatives from each Council supervises the service under a collaboration agreement.
10. Within the Council during 2022/23 Mid Kent Audit has continued to enjoy complete and unfettered access to officers and records to complete its work. On no occasion have officers or Members sought or gained undue influence over the scope or findings of any of the work carried out.

Internal audit coverage

11. Mid Kent Audit has experienced significant turnover of staff throughout the financial year, including the appointment of an interim Head of Audit and an interim Deputy Head of Audit for part of the year. There was also the departure of both Audit Managers towards the end of the year. The permanent Head of Audit Partnership started in December 2022 and no further recruitment was undertaken until very recently while an assessment of the current structure was completed. It is acknowledged that a significant level of local knowledge and experience of the Council was lost during the year.
12. The Council's Audit and Governance Committee approved the 2022/23 Audit & Assurance Plan on 15 March 2022. The selection, prioritising and scoping of the audit reviews in this Plan was overseen by the Interim Head of the Audit Partnership.
13. There has been impairment in terms of the planned internal audit coverage for 2022/23. This has been due to the knock-on effect of the late completion of the 2021/22 planned work and the significant churn in terms of staff within Mid Kent Audit. There were also a number of reviews which have either been



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deferred or cancelled. As a consequence a number of the audit reviews set out in the 2022/23 Internal Audit Plan have not been completed in time to inform the 2022/23 Opinion Statement. This is a timing matter, rather than systematic of any issue in respect to the Council's governance, risk and control framework. The team at Mid Kent Audit has worked diligently at the delivering the work and this timing issue is not a reflection upon the efforts of the current team.

Arriving at the Opinion statement

Reliance on internal audit work performed

14. Audit evidence to support the Opinion statement on internal control is derived principally through completing the reviews set out within the agreed Audit Plan. The 2022/23 Audit & Assurance Plan provided for 16 reviews to be carried out. One audit was added into the plan after it had been agreed.
15. For the reasons explained in paragraph 13, above, only 12 of these reviews were completed in time to inform the 2022/23 Opinion statement. Two reviews are currently underway. These reviews are shown in the table below. Of these there was one review where the assurance grading was split with some aspect being weak and the remainder sound. There were no Priority 1 (Critical) Actions which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority.

Audit Review	Assurance rating	Number of Actions by Priority Rating			
		Critical	High	Medium	Low
Climate Emergency Response	Sound				2
Crematorium	Not Assessed			2	
Performance Management	Sound		1	2	1
Business Continuity	Sound			1	4
Declaration of Interest	Sound / Weak		2	6	2
Corporate Credit Cards	Sound			2	4
Planning Performance Agreements	Sound			1	
Health & Safety	Sound			2	

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Audit Review	Assurance rating	Number of Actions by Priority Rating			
		Critical	High	Medium	Low
Building Control	Sound			3	2
IT Project Management	Strong				2
Discretionary Housing Payment	Sound			2	4
Food Safety	Sound			1	4

16. A summary of the Assurance and Action priority level definitions is provided in Annex B.
17. An overview of the key findings from each of the finalised reviews for which details have not been previously provided in the 2022/23 Progress Report to the Audit and Governance Committee is provided in Annex C. These findings do not indicate any significant Council-wide weaknesses in the corporate governance, risk or control framework.
18. A reconciliation to the work performed to the approved Audit & Assurance Plan for 2022/23 is provided in Annex D.
19. Where appropriate, reliance has been placed upon previous internal audit work and other work performed by Mid Kent Audit, including:
 - The unqualified 2021/22 Head of Audit Opinion and the findings of previous years' internal audit work carried out (paras 20 below refers).
 - The outcomes of the follow up work carried out to confirm control weaknesses identified by internal audit have been effectively mitigated (paras 21 - 22 below refers).
 - The outcomes of other work performed by Mid Kent Audit for the Council (para 23 below refers).
20. **Previous years' internal audit work:** The unqualified opinion Internal Audit Report for 2021/22 advised that there was only one audit review carried out by Mid Kent Audit during the financial year where there were assurance assessments of 'Weak' or 'Poor'.

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21. **Following up Actions:** Actions are made in the audit reports to further strengthen the control environment in the area reviewed. Management provide responses as to how the risk identified is to be mitigated. Throughout the year Mid Kent Audit carried out checks to ascertain the extent to which the agreed Actions had been addressed by management and that the risk exposure identified has been mitigated.
22. During 2022/23, 37 Actions were followed up and the table below summarises the extent to which the identified risk exposure have been mitigated. These 37 Actions include all those either made in 2021/22, or carried forward from a previous financial year. There were no Priority 1 (Critical) and Priority 2 (High) Actions and as set out below.

Extent of control risk mitigation	Number of Actions by Priority Rating			
	Critical	High	Medium	Low
Opening Number	-	0	18	19
Current Status: Cleared		0	11	18
Not yet actioned		0	7	1

23. **Outcomes of other work carried out by Mid Kent Audit:**

Work was carried out on the Section 31 Grant Determination 31/6499 Biodiversity Net Gain certification. The Head of the Audit Partnership reviewed the certification completed by the council on grant spend and provided a signed assurance confirming it was in line with the guidance.

24. Work was also carried out on providing independent auditor sign off for Homes England Grant Usage. Revenue is drawn down from Homes England to provide part-time support at the councils rough sleeper flats, which were developed through Homes England Funding a part of the Next Steps Accommodation Funding (NSAP)

Reliance on other sources of assurance

25. For the reasons set out earlier in the Report it has been necessary for 2022/23 to place some reliance upon a number of 'other assurance providers' and these are summarised below:
- Cyber Health Check undertaken by Zurich (para 26 refers)
 - Covid 19 Business Grant assurance schemes (para 27 refers)

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26. Cyber Risk Consultants, Zurich Resilience Solutions conducted a Cybersecurity Health Check of the Mid Kent Shared IT Service: 'Public Services Network Code of Connections Internal Security Report and an External Security Report'. The Council was graded as 'Good' and the organisations cyber maturity is better than 80% of other council's in the UK which have been assessed. There were a number of recommendations made that have been incorporated into an action plan which is being reviewed by the IT team and Internal Audit.
27. Post payment assurance work following the completion of the Covid 19 business grant schemes has been signed off by the Department for Business, Energy and Industrial Strategy (BEIS) and checked and verified by the National Audit Office (NAO), concluding that "the evidence submitted by Tunbridge Wells Borough Council has followed an appropriate and robust process in completing the minimum assurance checks when awarding and paying a grant".

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28. Information on Mid Kent Audit which supports the delivery of the internal audit and other work carried out in the financial year is summarised in Annex E. Overall, despite the significant staffing changes during the year, Mid Kent Audit has maintained a PSIAS compliant service and there has been no diminution in the robustness of the work performed.

Acknowledgements

29. Managers, Officers and Members are thanked for their continued support throughout the year which has assisted in the efficient delivery of the audit work

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Annex A

Other Sources of assurance for 2022/23

The corporate governance, risk and control framework

The corporate governance, risk and control framework for the Council is dynamic and there will be changes to the processes throughout the year. The key consideration for arriving at the annual Head of Audit Opinion is the materiality of any changes in terms of possibly increasing the exposure of the Council to activities and decisions which do not conform with the approved strategies and policies.

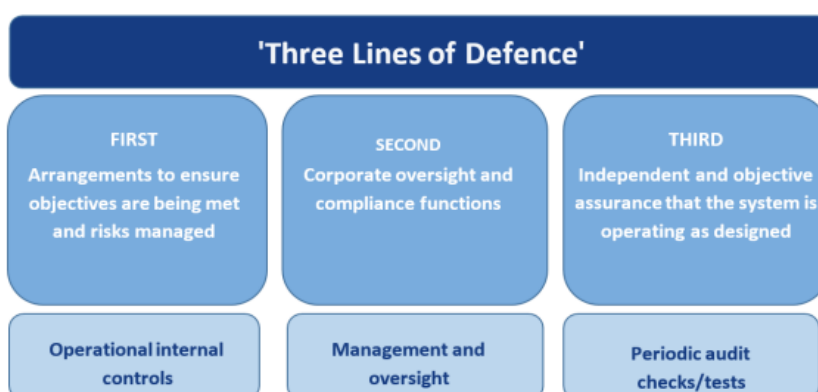
Obtaining additional sources of assurance

During the COVID Pandemic CIPFA provided guidance on utilising other forms of assurance to support arriving at a Head of Audit Opinion. This means that where the agreed internal audit plan of work has not been fully carried out additional assurances can be obtained from 'other assurance providers' (this being the CIPFA terminology).

Three lines of defence

The three lines of defence model, below, explains how the level of assurance that can be taken by the Head of Audit reduces if the source of assurance is from the second line of defence and reduces even further if it is from the third line of defence.

As a consequence the additional assurance utilised to assist in supporting the 2022/23 Head of Audit Opinion has only relied upon second line of defence sources of assurance (i.e. where the author is not directly involved in the day-to-day operation of the corporate governance, risk and control arrangements they are reporting upon).



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Reduction in reliance due to passage of time

Due to the dynamic nature of the corporate governance, risk and control framework for the Council the reliance which can be placed on forms of assurance reduces as time passes. This has particularly been the case over the last two financial years with all the short-notice changes that were made to respond to the business disruption due to the COVID 19 pandemic. As a consequence the additional assurance placed on work carried out prior to the start of 2022/23 has been kept to a minimum.

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Annex B

Assurance and priority level definitions

Full Definition	Short Description
Strong – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. Reports with this rating will have few, if any, recommendations and those will generally be priority 4.	Service/system is performing well
Sound – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.	Service/system is operating effectively
Weak – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.	Service/system requires support to consistently operate effectively
Poor – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.	Service/system is not operating effectively

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Finding, Recommendation and Action Ratings

Priority 1 (Critical) – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

Priority 2 (High) – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council's aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

Priority 3 (Medium) – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

Priority 4 (Low) – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

Advisory – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.

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Annex C

Summary of Audit Findings

Climate Emergency Response

Sound

The Council has set a target to make its own operations, services and buildings carbon neutral by 2030. A pathway to reach net zero is in place, supported by the Corporate Carbon Descent Plan. We are satisfied that the plan and associated actions are based on sound information facilitated and collated by the Climate Emergency Advisory Panel (CEAP), Council Officers and LASER Energy.

Progress against the plan is primarily monitored through a bi-monthly Climate Emergency Steering Board and is reported periodically to the CEAP, Management and Members. While updates are reported, there was a lack of a formal process for recording information around progress, including meeting minutes. We note that steps have already been taken to address the issues identified, and that further work in this respect is planned.

We found proactive work to raise awareness around Climate Change impacts and the Council's planned response. These efforts will increase the likelihood of the Council achieving its carbon reduction ambitions.

Crematorium

Not Assessed

The original scope of our work was reduced in response to capacity issues within the service meaning they couldn't accommodate our full programme of tests within our timeline. Consequently, our testing was reduced to focus on key risks and, due to the limited scope, we are unable to provide an assurance rating.

Our adjusted audit focused on the core administrative processes which support the cremation process, in accordance with the Crematorium Regulations (Amendment) 2022, and the arrangements for invoicing funeral directors.

Ahead of the audit the service had been through a significant period of upheaval, primarily from widespread staffing changes. Our testing centred on the period when the service was being managed through interim arrangements via an external consultant, to provide assurance during this time. The results of our testing have returned positive results and we were able to confirm that the requirements of the

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crematorium regulations have been fully met for those crematorium applications tested. Similarly, the funeral director accounts tested were found to be accurately raised and the procedures effective in collecting the income due.

Our work identified the need to revise some of the service's website content, which was out of date. We also found that procedures notes require updating and rationalising. This will help the Bereavement Services Assistants where there has been a significant turnover and officers are relatively new in post.

The appointment of a permanent Bereavement Services Manager at the time of our audit, provides the opportunity for clarity and stability of operations going forward. We make a further advisory recommendation that the service consider an external inspection from the Federation of Burial and Cremation Authorities to evaluate operations and establish a position from which the service can assess itself against.

Performance Management

Sound

Performance management data is collated and reported by the Performance and Governance team quarterly, providing sufficient oversight to those with political responsibility. Whilst the indicators sampled could be linked to a corporate objective, the majority had not been revised for several years. Currently there is no routine review by the Performance and Governance team to consider whether indicators or targets remain relevant and continue to be an accurate measure of service performance.

There are no methodology statements in place to document the rationale for indicators or targets, or detail how to quantify data, this information is not currently recorded. We identified instances where reliance is placed on individual officers to extract data. In addition, no data quality checks are completed, which may increase the risk of inaccurate reported data and failure to identify required service improvements.

Services complete under-performing indicator recovery plans (UPIRP's) and report indicators that fail to meet targets to Members. We confirmed officers provide sufficient detail on action to improve performance.

We found there are adequate controls in place to enable the service to report and extract performance data. However, the service has recently introduced a performance management project to develop dashboards in business intelligence and support a timely, accurate and comprehensive Performance Management approach.



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Business Continuity

Sound

We found that the current Over-arching Business Continuity Plan (OBCP) is adequate and accessible, but a full review of the document and associated testing is required to ensure that the Council's planned incident responses remain adequate.

Officers appear to be aware of the Council's OBCP, and a high percentage of survey respondents knew about Business Continuity Plans (BCPs) within their own service areas. However, while the majority of service areas had documented their business continuity arrangements, we found that BCPs are not maintained as required. We acknowledge that the Covid-19 Pandemic presented a real-life test of the Council's Business Continuity arrangements, and that Council services were maintained, however, periodic testing of existing plans does not take place. It would be prudent to provide targeted Business Continuity training, and to remind responsible officers of their obligations around Business Continuity planning, as well reviewing, testing and updating BCPs periodically.

The primary members of the Business Continuity Management Team (BCMT) are sufficiently experienced to carry out their role in relation to Business Continuity planning, and all have undergone training. Deputy members of the BCMT are less experienced, and this should be addressed in the event that they are needed to step into a BCMT role.

We conclude that while improvements could be made, the Council is sufficiently equipped to maintain critical services following a disruptive event, and that it is meeting its obligations as a Category 1 responder under the Civil Contingencies Act 2004.

Corporate Credit Cards

Sound

The Council has suitable arrangements in place to limit and control issue of its corporate credit cards. Currently, only twelve officers have use of the facility, and nine of these cardholders oversee purchases through their cards by other officers. Suitability to hold a corporate credit card is assessed by the Head of Finance & Procurement. We found that an up-to-date register of cardholders is maintained, which also details respective credit limits. However, credit limits are not periodically reviewed for appropriateness based on use.

While guidance and training around credit card use is provided, the Council does not operate a specific credit card policy. This means that appropriate use is left to the



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discretion of the cardholder. The Council should introduce a corporate credit card policy and require a signed statement of understanding from cardholders to reduce the risk of misunderstanding and potential misuse.

A robust reconciliation process is operated to ensure credit card spend is appropriately recorded and that evidence to support transactions is held.

Planning Performance Agreements

Sound

We caveat our opinion noting that the use of PPAs as a planning management tool is a relatively new enterprise with only three completed at the time of our work.

We found the option to have a PPA is well promoted by the Council on its website and is suitably underpinned through a PPA Charter, which clearly sets out its approach.

Our testing found processes are in place to agree resources and costs. The responsibilities of the respective parties (the Council and applicant) are appropriately set out in an agreement which is comprehensive in content to control delivery. For two PPAs tested we confirmed evidence of monitoring against stated performance deadlines, which we consider to be sufficient at the current level of demand for these controls.

We raise one finding from our audit which found that no process is in place to ensure PPAs remain cost neutral. The service should ensure that such a process exists for all future PPAs.

Discretionary Housing Payments

Sound

Discretionary Housing Payments (DHPs) are administered by the Revenues and Benefits Team. This operates across Maidstone and Tunbridge Wells Borough Councils.

Our testing found that controls were generally well designed and operated. However, we found a lack of internal procedure notes around two key areas of Quality Assurance, and Management Approval of High Value Claims (over £2,000).



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In relation to Quality Assurance the Service had no written guidelines explaining the purpose, parameters and method of quality assurance checks. Where parameter changes had taken place, we were unable to obtain written senior management approvals of such.

For High Value Claims, whilst an operational procedure for the management approval of these claims was verbally recognised within the team, we found approvals were not always sought in practice. Where approvals had been sought, information evidencing these was not retained in a shared area, as per the procedure.

Policy, recommended guidance, and established operational processes, were generally followed. However, minor administrative inconsistencies - presenting opportunity for improvement - were noted across all controls.

Food Safety

Sound

The audit confirmed that the team have sufficient controls in place to implement the food hygiene rating system in accordance with the Food law code of practice (England). We confirmed that the service followed the FSA Local Authority Recovery Plan guidance to prioritise inspections during the recovery phase and review of an outstanding inspections report verified that the team are now caught up with routine inspections. Testing confirmed that the majority or newly registered business had been inspected within the required time scales. Officers are suitably trained and ongoing CPD arrangements are in place to maintain competencies. In addition there are adequate procedures in place to deal with complaints and appeals.

However, there are areas where improvements could be made, particularly around record keeping. In addition there is a need for standard operating procedures be reviewed and updated as the audit identified instances where documented procedures do not align to current working practices.

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Annex D

Reconciliation of the approved 2022/23 Internal Audit Plan

The Position column provides the position as at 31 May 2022 and with the exception of the shaded reviews, does not warrant that this will be the final position for any of these reviews. The highlighted rows, below, are the reviews which informed the 2022/23 Head of Audit Opinion statement.

It was acknowledged that there can be a time-lag between issue of the draft report and the subsequent finalisation of an audit report. The 'Agreed Draft' status signifies that management has accepted the assurance grading provided for the review and is substantially in agreement with the detailed findings. The management responses to the Actions have not yet been provided. Consequently, for the purposes of providing the Head of Audit Opinion audit reviews which have reached Agreed Draft have been included.

Audit Review	Position at 31 May 2023
Climate Emergency Response	Finalised
Crematorium	Finalised
Performance Management	Finalised
Business Continuity	Finalised
Declaration of Interest	Finalised
Corporate Credit Cards	Finalised
Planning Performance Agreements	Finalised
Customer Services	Work in progress
Private Water Supply	Work in progress
Elections	Postponed until 2023/24
Health & Safety (2021/22 audit)	Finalised
Building Control (2021/22 audit)	Finalised
IT Project Management	Finalised
Complaint Handling	Postponed until 2023/24
Accounts Receivable	Postponed until 2023/24
Discretionary Housing Payments	Finalised
Food Safety	Finalised
IT Backup and Recovery	Postponed until 2023/24
Network Security	Dropped - replaced by Cyber security audit in 2023/24

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Annex E

About Mid Kent Audit

Standards and ethical compliance

- A. Government sets out the professional standards that Mid Kent Audit must work to in the Public Sector Internal Audit Standards (PSIAS). These Standards are a strengthened version of the Institute of Internal Audit's global internal audit standards, which apply across public, private and voluntary sectors in more than 170 countries around the world.
- B. The Standards include a specific demand for reporting to Senior Management and the Audit and Governance Committee on Mid Kent Audit's conformance with the Standards.

Conformance with the PSIAS

- C. CIPFA carried out a comprehensive External Quality Assessment (EQA) in May 2020 which confirmed that MKA was in full conformance with the Standards and the CIPFA Local Government Application Note (LGAN). The Standards requires an EQA to be carried out at least once every five years, but does not stipulate specific time intervals for Internal Quality Self-Assessments (ISA) in the intervening period.
- D. In February 2021 the interim Head of Audit for Mid Kent Audit carried out an ISA of conformance with the PSIAS. This review confirmed conformance with the PSIAS and raised 13 advisory or low priority action points. These points are currently being reviewed and managed by the substantive Head of Mid Kent Audit.
- E. The scope of this ISA did not include consideration of either the risk management or counter fraud work carried out by MKA. The scope did not include consideration of the resourcing of MKA, the audit risk prioritisation process or the appropriateness of the times allocated to the different stages of individual audit assignments.

Resources

- F. 2022/23 was a year of unprecedented staff change within Mid Kent Audit. Details of a number of these changes have previously been reported to the Audit and Governance Committee in the reports submitted by Mid Kent Audit. At the end of the financial year there were significant vacancies in the management of the partnership and the substantive Head of Mid Kent Audit



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has been undertaking a review of the staffing requirements to ensure the service is future proofed and fit for purpose to deliver the service required by our partners. This review has now been completed and recruitment is underway. There will still be an impact during 2023/24, but the position will improve over the course of the year.

Use of an external provider to assist with audit reviews

- G. In September 2022, following a procurement process, Veritau was appointed to carry out a number of the audit reviews for which Mid Kent Audit did not have the available resources in-house. This reflects that Mid Kent Audit has ensured the difficulties with staffing experienced during the year have been partially mitigated.

Urgent Business

For Audit and Governance Committee on Tuesday 25 July 2023.

Procedural Item

To consider any other items which the Chairman decides are urgent, for the reasons to be stated, in accordance with Section 100B(4) of the Local Government Act 1972.

Date of the Next Meeting

For Audit and Governance Committee on Tuesday 25 July 2023.

Procedural Item

To note that the next scheduled meeting is Tuesday 19 September 2023.