Annual Governance Statement

For the

year ended

31 March 2026

Scope of Responsibility

1.1 Swale Borough Council is responsible for ensuring that:

(i) its business is conducted in accordance with the law and proper standards;

(ii) public money is safeguarded and properly accounted for; and

(iii) public money is used economically, efficiently and effectively.

1.2 For Swale Borough Council our governance framework comprises the policies, plans, processes, culture, and values we have in place to ensure that we define and deliver our intended results. This is our ‘system of internal control’. To deliver good governance, we must achieve our results while also acting in the public interest.

1.3 The Council works to the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief executives (SOLACE) framework – 'Delivering Good Governance in Local Government 2016 Edition'.

1.4 The Annual Governance Statement explains how the Council has complied with the Code and meets with the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Principles of the Governance Framework

2.1 Principles of corporate governance

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle B: Ensuring openness and comprehensive stakeholder engagement.
- Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Principle F: Managing risks and performance through robust internal control and strong public financial management.
- Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.



The Council's Governance Framework

3.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives, and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. These arrangements cannot remove risks but rather provide a reasonable degree of assurance of our effectiveness.

3.2 The governance framework has been in place at the Council for the year ended 31 March 2026, and up to the date of approval of the Statement of Accounts.

3.3 We have specific parts within the framework, including

- The committees, boards and panels we have set up to ensure democratic engagement and accountability is central to our decision-making;
- Our arrangements for the oversight and scrutiny of decisions and policy development by councillors;
- Delegations through our constitution which document the roles and responsibilities of members and our statutory (and other senior) officers;
- Our risk management arrangements that help us mitigate threats and make the most of opportunities which present themselves;

- Our performance, safeguarding and accountability arrangements that help us analyse and act on performance information as a means of improving services and delivering better results for our residents;
- A good and independent Internal Audit service and working in conformance with the Global Internal Audit Standards and Public Sector Application Notes;
- Independent oversight and challenge provided by our External Auditors, Government Inspectorates and the Local Government Ombudsman;
- Our procedure rules and internal management of:
  - Financial management and control
  - Commissioning and procurement
  - Information governance and data security
  - Health and safety
  - Complaints handling
  - Whistleblowing and Anti-fraud and corruption

3.4 Underpinning the work of the council is the Corporate Plan "Learning from the past, focusing on the future". The plan is structured around five high level priorities, each containing a number of specific objectives. The priorities are:



3.5 The key roles of those responsible for developing and maintaining the Governance Framework are:

Key Roles	Responsibilities
The Council	• Approves the Constitution including the Financial Regulations. • Approves the policy and budgetary framework.
Service Committees	• The Committee system consists of a number of service-based and other committees taking decisions under their terms of reference which are agreed by Full Council • In the committee system a cross-section of administration and opposition members are involved in the decision-making process and therefore hold the administration to account on their policies as they proceed through the committee system.
Audit Committee	• Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. • Approves the Annual Statement of Accounts and Annual Governance Statement.
Standards Committee	• Promotes and maintains high standards of conduct by Members and co-opted members of the authority • Monitors and reviews the Code of Conduct as appropriate to ensure it is consistent with the Nolan principles
Chief Executive	• Is the Head of Paid Service to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.
Director of Regeneration & Neighbourhoods (Deputy Chief Executive)	• Leads and directs the Council's front line services. Deputises for the Chief Executive. • Contributes to the effective corporate management and governance of the Council.
Section 151 Officer (Director of Resources)	• Leads and directs the financial strategy of the Council and ensures the Council controls and manages its money well. Is suitably qualified and experienced and ensures the Finance Team is fit for purpose. • Accountable for developing and maintaining the Council's internal control and counter fraud framework. • Contributes to the effective corporate management and governance of the Council.

Key Roles	Responsibilities
Monitoring Officer	• Advises the Council on ethical issues, standards, and powers to ensure the Council operates within the law and statutory Codes of Practice, including advice on Member conduct. • Contributes to the effective corporate management and governance of the Council. • Maintaining the Constitution.
Heads of Service and Managers	• Responsible for developing, maintaining, and implementing the Council's governance, risk, and control framework. • Contribute to the effective corporate management and governance of the Council. • Implement and deliver the services in accordance the budget approved by Council.
Internal Audit	• Provides independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework. • Delivers an annual programme of risk-based audit activity, including any special investigation activity. • Makes recommendations for improvements in the control environment for the management of risk.
External Audit	• Audits/reviews and reports on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion).

The Council's arrangements to deliver the principles of the code

4.1 Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- Staff and member behaviour is governed by the relevant Code of Conduct.
- Staff are required to undertake mandatory training at induction and refresher training to support legal compliance and behaviour standards
- The Council operates a two stage complaints procedure in line with the guidance issued by the Housing Ombudsman and the Local Government and Social Care Ombudsman.

- Confidential concerns can be raised through the Council's Whistleblowing Policy.
- The Council has a Policy for the Counter Fraud and Corruption in place to provide proactive solutions to minimise the risks of fraud.
- The Council has an Anti-Money Laundering Policy and an Anti-Bribery Policy in place to provide proactive solutions for dealing with bribery and money laundering.
- The Council is managed by a Committee system as set out in the Council's Constitution, which shows the scheme of delegation between elected Members and Officers and the roles of each committee.
- The Council's Constitution sets out the Contract Procedure Rules to ensure compliance with procurement regulations and Best Value for contracts.
- Procurement arrangements recognise the importance of ethics and sustainability with appropriate evaluation of suppliers' proposals for Social Value which includes sustainability issues supported by contract monitoring.
- The Chief Executive is the Head of Paid Service and is supported by the Executive and Strategic Management Teams. Committees provide strategic oversight of council services falling within the committee's area of responsibility.
- The Director of Resources is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit provided by Mid Kent Audit Partnership work in line with the Public Sector Internal Audit Standards.
- The system of internal control is based upon a framework of comprehensive financial regulations and procedures. Control is based on regular management information, management supervision, and a structure of delegation and accountability as defined in the Council's Financial Procedure Rules within the Constitution.
- The Deputy Head of Legal Mid Kent Legal Services is the Monitoring Officer and is responsible for ensuring the Council acts in accordance with the law and the Constitution.
- Members of the Executive Management Team include the Chief Executive, the Director of Regeneration and Neighbourhoods (Deputy Chief Executive) the Director of Resources (s151 officer) and the Deputy Head of Legal Services (the monitoring officer).
- During 2025/26 the council updated it Values and Competency framework, providing guidance on the principles that form the foundation of the behaviours that underpin our service delivery.

4.2 Principle B: Ensuring openness and comprehensive stakeholder engagement.

- The Council has established clear vision and values linked to its strategic objectives through its Corporate Plan.
- Council meetings are open to the public, unless specified otherwise. All of the Council's meetings are broadcast live and the recordings are made available online on the Council's YouTube channel

- The Council works with Kent County Council and the local towns and parishes where appropriate to do so.

- In order to demonstrate its openness, the Council follows the Local Government Transparency Code and makes documents publicly available such as the Pay Policy Statement; the Gender Pay Gap Report; Officer Emoluments, Salaries and/or Remunerations exceeding £50,000; its Constitution; Council, Committee and Area Committee reports; and Payments over £500

- Budget considerations of the final budget took place at Full Council in February 2025. The Council Tax increase for the year was 2.96% (for the District Council's portion of the Council Tax).

- During 2025/26 the Council launched a Community Governance Review to review how town and parish councils, and parish areas, are governed and can help put in place strong, clearly defined local government boundaries that reflect the identities and interests of the communities in that area. At the time of writing the stage 2 consultation is still open to responses. During stage 1 the Council held several stakeholder engagement sessions to share the details of the review including briefings at each of the Area Committees.

- An update Statement of Community Involvement for planning was produced and adopted in December 2025. The statement sets out how the community can get involved in local planning matters.

4.3 Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

- The Corporate Plan sets out how services are delivered within the Council's financial resources, it details 5 priority areas:
    - Community
    - Economy
    - Environment
    - Health and Housing
    - Running the Council
- The Annual Delivery Plan details the priority actions for each service based on their 3-year service plans. Progress on the plan and it’s actions are reported to Policy and Resources committee.
- The Medium Term Financial Strategy guides the Council’s strategic financial planning and forecasting.
- The Council recognises the need for urgent action to address climate change and has declared a Climate Change Emergency. An annual report on the Climate and Ecological Emergency Action plan is reported to members.
- The Council's Committee reports all have mandatory sections detailing the impacts of decisions on legal, equality, safeguarding, Local Government Reorganisation (LGR) and financial implications.

4.4 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

- Half yearly performance reports produced and presented to Policy & Resources. Indicators are reviewed annually to ensure they remain relevant.
- Annual updates on delivery on the actions within the Annual Plan and timetable for future actions.
- Greater use of data to enable resource allocation, this has been demonstrated with the introduction of the new waste contract in March 2024 with more accurate and up to rate round and collection information.
- The Council's Constitution sets out how the Council works. It outlines how we take decisions and the procedures we follow to ensure that these are efficient, transparent and accountable to local people. We continually review the Constitution to ensure its effectiveness.

4.5 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- The council provides mandatory induction training for both staff and members, followed up with annual training programmes to ensure continued development and understanding is maintained.
- The Council's Member Development Working Group maintains oversight of the training requirements for members identifying areas to focus training delivery throughout the year.
- The Council supports a number of staff throughout the year to receive training and experience to gain professional qualifications, or apprenticeships, and to maintain Continued Professional Development.
- During 2025/26 the Strategic Management Team attended a Senior Leadership Development training programme to enhance and develop the leadership skills of the Council.
- Three members of the Senior Management Team took part in the SOLACE leadership and development programme, to further their leadership skills.
- Regular staff briefings, lead by the Chief executive are held to keep staff informed of developments within and affecting the council.
- Regular meetings and staff check-ins are held at all levels. As part of these meetings performance and training requirements are discussed.

4.6 Principle F: Managing risks and performance through robust internal control and strong public financial management.

- Risk management is integral to the governance arrangements, and the Corporate Risk Register is considered by the Policy & Resources Committee and the Corporate Management Team. The risk management framework is overseen by the Audit committee and consists of a policy statement; risk register; systems for mitigating and controlling risks; and systems for monitoring and reviewing. Risks are escalated through to the Corporate Management Team.
- An externally facilitated review of the Risk Register was initiated in March 2026 involving members and senior management with the aim to
    - Re-assess the current corporate risk register

- Confirm SMT ownership of risks
- Test whether existing risks remain current
- Identify gaps and improvements to structure, presentation, and content

- The Annual Budget is supported by commentary detailing its deliverability and is supported by the key risks within the budget.
- The final accounts are prepared in accordance with professional standards and subject to External Audit.
- Supporting our delivery of strong public financial management budget monitoring reports are considered by Policy and Resources committee on a half yearly basis with senior management focussing on specific service areas throughout the year when required.
- Information governance and compliance with the various policies, for example General Data Protection Regulation are regularly monitored through mandatory training.
- Following a significant increase in the cost of the external performance management software system, the team have developed an internal reporting tool to capture future performance management data and reporting.
- Internal Audit provide an annual programme of service based audits that inform the annual opinion from the Head of Internal Audit. The Internal audit plan progress and the opinion are reported to Audit Committee.
- The Council has established a corporate Health and Safety policy and associated set of procedures which are kept under regular review.
- During 2025/26 the council was awarded gold standard national accreditation by The Domestic Abuse Housing Alliance (DAHA) for it's work supporting residents facing domestic abuse.

4.7 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- As part of the Transparency Agenda the Council publishes the pay policy statement and senior officer salaries over £50,000, invoices over £500, gender pay gap details and the contracts register on its web site.
- All Council agendas and supporting information, unless exempt, set out publicly the reasons for the decisions made. The Council works to provide clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.
- Clear protocols and robust processes are in place to allow Internal Audit and External Audit to undertake their activities to look to scrutinise and protect the

authorities' interests. This is evidenced by the audit findings report and internal audit opinions published during the year.

- The 2025/26 Internal Audit and Assurance Plan included provision for 16 internal audits. Internal audit plan progress is reported regularly to Audit Committee, with Strategic Management Team reviewing outstanding actions to ensure timely delivery. The internal audits continue to be delivered through a combination of inhouse team and contracted support as recruitment continues to be a challenge.

- During 2025/26 the External Audit of 2024/25 was completed by Grant Thornton, an except for qualification opinion was given on the main audit with regards to the accounting treatment of capital expenditure in 2023/24. There was net zero impact on the financial position as a result of the treatment. Work is ongoing on the audit recommendations made.

- The council introduced a new Customer Experience Strategy in 2025/26 with the aim of matching service delivery with trends in customer demands and resources. An action plan accompanies the delivery actions of the new strategy.

5.0 Internal Audit Opinion

5.1 The Head of Internal Audit presented the annual report and opinion to the Audit Committee in July 2026. The opinion for 2025/26 for the period ending 30 June 2026, "*was that that **sound assurance** can be placed upon the systems in place that ensure adequate and effective management, control and governance processes exist to manage the achievement of the council's objectives."*

5.2 The definition of the sound opinion is

Sound – Operating effectively	**Controls 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.**

5.3 The results of the 2025/26 audit assurance findings are as follows:

Audit status	**Number of Audits**
Strong Assurance	3
Sound Assurance	13

Conclusion

6.1 The effectiveness of the key elements of the governance framework is reviewed throughout the year. The review is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Mid Kent Audit Partnership's annual report, and from findings and recommendations received from external auditors and other review agencies and inspectorates.

6.2 In assessing the effectiveness of our governance arrangements, we have sought to address the areas identified by CIPFA/SOLACE in the 'Delivering Good Governance in Local Government Framework'. This was recently amended in May 2025. The areas are:

- Whether arrangements are adequately aligned to support the authority's delivery of planned outcomes and meet its responsibilities for value for money/best value.
- Explicit assurance that each of the core arrangements for the local code are operating effectively.
- The results of external assurance providers and internal audit's annual conclusion.
- An explanation of how the overall opinion has been agreed.

6.3 This Annual Governance Statement draws on that work and presents a conclusion in relation to our governance arrangements.

No significant governance issues were identified during the year under review, however the following improvements/weaknesses of our governance arrangements were highlighted and/or addressed during the year:

- Introduction of a new Values and Competency Framework. The framework was rolled out in 2025/26 with an introduction at our all staff briefing, followed by a programme of team talks, lead by teams to discuss and imbed the values. The talks are ongoing through 2026/27 and have been well received by all staff. The framework has a set of values for all staff, but highlights the actions that demonstrate the delivery of the value for staff at all levels and those expected by managers. The values are

    - ❖ Honesty – acting with integrity, being truthful in all interactions and taking responsibility for actions.
    - ❖ Empathetic – understand and value feelings, perspective and experience of others.
    - ❖ Adaptable – open to change, learn form challenges and adjust to new situations with a positive mindset.
    - ❖ Respectful – treat everyone with fairness, dignity and courtesy.

- ❖ Trust – work collaboratively to achieve shared goals.

- Several service areas had identified weaknesses in the timeliness of updated policies and guidance notes. Whilst the operational practice was delivering the required service, the governance arrangements to support that was out of date. The following service areas reviewed and updated the policy, standards and or guidance notes to support delivery and improve governance:

  - ✓ Strategic Procurement
  - ✓ Elections
  - ✓ Performance Management
  - ✓ Data Quality

- Whilst current year transparency reporting for gender and ethnicity pay gaps was meeting the required guidelines, previous years' data had been replaced with the current data. This position was rectified and prior year data is now also publicly available on the transparency data page on the council's website.

- In March 2026 the council launched a review of the Risk Register to ensure that the register accurately reflects the current risks to the council. A workshop session for members and senior officers was held to review the current risk profile and highlight new risks to be reported. Work is ongoing in 2026/27 on the drafting of a revamped register which will be reported to Policy and Resources in the coming year.

- During 2025/26 the first phase of a Community Governance Review was consulted on. The results were used to prepare the draft recommendations to seek residents views on the proposed changes to the way in which town and parish councils are governed and to put in place clearly defined local government boundaries that reflect the identities and interests of the communities in that area. The stage two consultation closes on 2 June following which the final proposals will be presented to full council for a decision on the changes.

- In November 2025, Kent Councils submitted their proposed options to inform the Local Government Reorganisation process. At the full council meeting held on 19 November, Swale members endorsed their preferred geography option to be put forward to Government. During the year pan Kent governance work streams were set up for Chief Executives, Council Leaders and Kent Finance Officers to prepare for the transition to new unitary authorities. Each workstream has a lead and deputy Chief Executive and where there is cross over a relevant Finance Officer to support the process. At the time of writing much of the work ahead of the formal decision from central government is centred on data gathering and overarching principles that can be applied to whichever geography option is decided on for Kent. For Swale we are directly supporting the governance of the Programme Management, Finance and Council Tax and Audit work streams, additionally our input is required for all streams. Work will be ongoing on this project until vesting day of the new authorities. In September 2026 the government announced a pause of LGR, so further activity is dependent on the outcome of the decision review.

Issues identified for 2026/27

Issues identified	Proposed Actions
Ongoing preparation for LGR	Senior officer representation on pan Kent relevant work streams. Strengthened staffing for SBC delivery of LGR project management. Regular internal meetings of the LGR project board. Regular briefings and update sessions for members and staff. Dedicated training programme to support Swale staff to maximise their job opportunities for LGR.
Community Governance Review – Stage 2	Conclusion of the consultation on CGR proposals for Faversham, Isle of Sheppey and Sittingbourne to inform recommendations to Full Council on the outcome.
Delivery of a balanced budget following the review of Local Government Finances	The outcome of the final settlement has removed all business rate growth from our funding settlement. Whilst most had been compensated by an increase in RSG a reduction of £1.2m remains. The 2027/28 budget build process will need to address the ongoing budget gap to deliver a balanced budget.
Reduction in homelessness funding allocation	An apparent anomaly in the finance settlement for 2026/27 saw a reduction in homelessness funding for Swale. A one off, one year grant has been awarded to compensate for the late notification of the reduction, but the underlying formula for homelessness funding appears to penalise the most deprived areas – an issue that we continue to lobby government on to address.
Update of Corporate Risk Register	Conclusions from launch event to be reviewed risk and risk owners updated to propose a new register to Policy and Resources in 2026/27.
Delivery of affordable homes	The awarding of Homes England funding in February 2026 has enabled the viability of the building of 51 homes in Sittingbourne. Work is underway to prepare the site for building to commence during 2026/27.
Delivery of the Sheerness Revival LUF project in line with agreed timescales and government reporting requirements.	The project is now entering the final stages of delivery with a planned completion date of Autumn 2026. Current forecasts are within budget and reporting deadlines are up to date.
Introduction of a new a financial management system	During 2025/26 the finance team have been working on the implementation of a new system TechnologyOne. The system was successfully launched on 1 July 2026.
Act as Accountable Body for the Pride in Place Neighbourhood Board	Support the set up and provide accountable body status for the Neighbourhood Board to co-create a plan to spend the £20m grant allocated to Sheppey East.



Larissa Reed
(Chief Executive)



Cllr Tim Gibson
(Leader)