ANNUAL GOVERNANCE STATEMENT: 2025-26

Together - Proud to be Gravesham

Gravesham Borough Council

Executive Summary

Gravesham Borough Council (GBC) is responsible for undertaking its business in accordance with the law and proper standards. In doing so, it needs to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

In discharging this overall responsibility, GBC has established its Code of Corporate Governance which provides the framework for how the council puts its governance arrangements into practice; the procedures, processes and control environment by which it undertakes to deliver its corporate objectives.

Approved by Full Council and adopted into the council's Constitution, the Code of Corporate Governance is designed to be consistent with the principles of the CIPFA/SOLACE Framework; Delivering Good Governance in Local Government, inclusive of established best practice e.g. the Seven Principles of Public Life (Nolan principles).

Assessed against the council's adopted Code of Corporate Governance, in compliance with section 6(1)(a) of the Accounts and Audit Regulations 2015, this Annual Governance Statement (AGS) presents the key themes and findings of an annual review into the effectiveness of the council's governance framework and system of internal control in 2025-26.

In its delivery, GBC has equally demonstrated its compliance with the requirements of section 6 (1)(b) of the Accounts and Audit Regulations 2015 in relation to the presentation of an AGS for the authority in 2025-26.

Conclusion: In line with its statutory responsibilities, the conclusion to the annual review process is that GBC is satisfied its governance arrangements in place during 2025-26 were fit for purpose and operating effectively overall.

The review provides reasonable assurance that the governance arrangements support the delivery of the authority's adopted corporate objectives, and that resources were used appropriately during the year for this purpose. Whilst no significant areas of concern were identified, opportunities exist for further enhancement of GBC's system of internal control to ensure the ongoing maintenance and development of corporate governance environment.

Certification by Chair of the Finance & Audit Committee

[redacted]

Councillor Gavin Larkins: 14 July 2026

Endorsement by the Leader of the Executive and the Chief Executive

[redacted]

Leader of the Executive
Councillor John Burden: 20 July 2026

[redacted]

Chief Executive
Stuart Bobby: 20 July 2026

Definition

The governance framework comprises the systems, processes, cultures and values that direct and control the council and its activities, through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its corporate objectives and to consider whether those objectives led to the provision of appropriate, cost-effective services that delivered positive outcomes for local people.

The system of internal control is a significant part of that framework, designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework outlined in this AGS has been in place at GBC for the year ended 31 March 2026.

Review: process

In compliance with the Accounts and Audit Regulations 2015, the council has responsibility for conducting an annual review of the effectiveness of its governance framework and system of internal control.

The review is undertaken against the established criteria of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government,* as adopted in the council's Code of Corporate Governance, and is inclusive of the associated 2025 addendum.

The review is informed by a comprehensive range of assurance sources designed to provide an overall evaluation of governance, risk management and internal control arrangements:

- Control assurance statements completed by the appointed statutory officers; Monitoring Officer, Chief Financial (s151) Officer and the Head of Internal Audit;
- Completion of self-assessment control questionnaires by the Chief Executive (Head of Paid Service), Directors, Assistant Directors, Heads of Service, and other key managers;
- Reviews carried out by Internal Audit, external auditors and other review bodies that scrutinise the systems of internal control;
- The opinion on the overall adequacy and effectiveness of the overall control environment from the Head of Internal Audit;
- Reports and oversight provided by the Finance and Audit Committee and Overview and Scrutiny Committee;
- Performance and risk management arrangements;
- Outcomes from peer reviews, inspections, and other external challenge; and
- The continued value and effectiveness of the council's governance framework as defined in the Code of Corporate Governance.

Review: findings

The assurance evidence base was used to assess the adequacy and effectiveness of governance arrangements across the authority in 2025-26.

The following represents the findings of the review, presented across core thematic areas.

Corporate Code

As adopted by GBC's Code of Corporate Governance, the review has assessed the extent to which arrangements are in place and operating effectively to support the seven principles of good governance set out in the CIPFA/SOLACE framework:

- *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;*
- *Ensuring openness and comprehensive stakeholder engagement;*
- *Defining outcomes in terms of sustainable economic, social and environmental benefits;*
- *Determining the interventions necessary to optimise the achievement of intended outcomes;*
- *Developing the entity's capacity, including the capability of leadership and individuals;*
- *Managing risks and performance through robust internal control and public financial management; and*
- *Implementing good practices in transparency, reporting and audit.*

Based on available assurance evidence, the review concludes:

- As detailed within the local code, effective arrangements are in place across all principles, supported by appropriate controls clearly documented within publicly available governance documents (e.g. Constitution, policies, statements, frameworks).
- Building on the detailed activity undertaken in 2025-26, as a second phase to the development of the authority's corporate arrangements the review has found two areas of opportunity for further enhancement of the council's governance framework:

- **Action:** in acknowledging the strategic risk and organisational impact of Local Government Reorganisation (LGR), the review has identified the need for the collective resourcing, development and delivery of the necessary requirements set out in the authority's comprehensive Local Government Reorganisation (LGR) project plan.

- **Action:** further development of existing corporate governance arrangements;
  - Overview Scrutiny: embedding new financial and performance reporting responsibilities, in addition to pre-existing wider responsibility for pro-active topic review exercises and scrutiny of executive decisions.
  - Local Outcomes Framework: a responsibility to adopt the government's new Local Outcomes Framework (LOF); a system of public performance reporting using industry insight, and a key component of the assessment of compliance with the Best Value Duty.

Best Value

The review has considered whether governance arrangements are adequately aligned to support the delivery of GBC's planned outcomes and its responsibilities to the Best Value Duty.

Based on available assurance evidence, the review concludes:

- Arrangements are aligned to the Corporate Plan and Medium Term Financial Strategy, ensuring that resources are directed towards agreed priorities.
- Financial management, budget monitoring, and performance reporting processes provide clear oversight of resource use and delivery against objectives.
- Governance arrangements support compliance with the council's duty to secure economy, efficiency and effectiveness in the use of resources.
- These arrangements are operating effectively overall. The review has found one area of opportunity for further improvement of the authority's internal control environment:

- **Action:** rebuild audit assurance and strengthen the overall process for the production of the council's financial statements, working towards an unmodified opinion being delivered for 2026-27. Activity to address this is set out in the AGS 2026-27 action plan.

Internal Audit Opinion and External Assurance

The review has fully considered assurance provided by Internal Audit and external auditors:

- **Internal Audit:** underpinned by the findings of the annual Internal Audit Plan of assurance activity, the Head of Internal Audit has provided an independent annual opinion on the adequacy and effectiveness of GBC's governance, risk management and control framework.
- **External Audit**: alongside other assurance providers (including Local Government Ombudsman, LGA and wider inspection bodies where relevant) auditors have provided additional independent assurance on key aspects of governance, financial reporting and value for money.

Details of these reviews are set out in the Annual Review of Governance document appended to this AGS in its presentation to the council's Finance and Audit Committee. The associated outcomes have been fully considered in forming the council's overall governance opinion.

<u>Head of Internal Audit</u>

> *"It is my opinion that during the year ended 31 March 2026, Gravesham Borough Council's framework of governance, risk management, and internal control, were sufficient and effective, and contributed to the proper, economic, efficient, and effective use of resources in achieving the council's objectives."*

Overall Opinion

The overall opinion on the effectiveness of governance arrangements has been developed through:

- Consolidation of the various assurance sources outlined throughout this AGS;
- Review and challenge by senior management, including the Corporate Management Team at its meeting of 23 June 2026;
- Consideration by the Section 151 Officer, Monitoring Officer and Head of Internal Audit;
- Review and endorsement by the Finance and Audit Committee at its meeting of 14 July 2026.

This process ensures that the opinion is:

- **Evidence-based:** drawing on multiple assurance sources and levels of expertise;
- **Robustly challenged:** through both officer and member governance structures; and
- **Collectively owned:** reflecting the shared responsibility for governance across the organisation.

Conclusion: The Annual Review of Governance presents a full and transparent account of the status of GBC's governance and internal control environment that has been in place for the year ended 31 March 2026.

In assessing the governance framework, it is the opinion of those responsible for the development, delivery and continuous assessment of GBC's governance and internal control environment that the following conclusions can be stated:

- GBC's governance arrangements are effective and directly underpin the authority's service outcomes.

- GBC's overall operation of its governance arrangements is fit for purpose and delivered reasonable assurance throughout the year of review.

- GBC does not operate with significant governance and internal control issues. The annual review exercise has however identified opportunities for further enhancement of the council's governance environment.

  In demonstrating our commitment to ensuring that the council's governance will be fit for purpose into the future, this AGS document therefore presents three areas of improvement for planned activity in 2026-27.

2025-26 Plan: how we improved our arrangements

Although not presenting any significant governance and internal control issues, the 2024-25 AGS identified a series of component actions that on completion would strengthen the council's governance environment. In line with the CIPFA / SOLACE Framework; *Delivering Good Governance in Local Government,* and inclusive of the associated 2025 addendum, below is an assessment of our activity in 2025-26:

Control	Corporate Governance
Action	The council's corporate governance framework is based on a set of industry standard principles and adopted best practice. In 2024-25, in addition to CIPFA/SOLACE issuing a refreshed set of corporate governance principles, new Global Internal Audit Standards were also published. These key governance milestones will take effect for the 2025-26 year and therefore a full review of the council's corporate governance reporting framework (including the annual review and AGS processes) was adopted as an AGS action.
Status	**Complete.** Alongside the embedding of the new audit control standards, it can be reported the new responsibilities and expectations outlined in the referenced external governance documents have been successfully built into the council's governance framework and internal control environment. This includes the Annual Review of Governance which accounts for all newly identified considerations (e.g. service accreditation), and this AGS document, which has been reviewed and now structured in accordance with the CIPFA/SOLACE expected criteria.

Control	Data Transparency
Action	To test the authority's compliance with the Local Government Transparency Code 2015, an officer-led review was undertaken in 2025. With the ambition of full code compliance, the delivery of a dedicated Transparency Code Action Plan to incorporate all required tasks, supported by an annual screening regime, will therefore form an AGS action in 2025-26.
Status	**Complete**. In response to this action, the results of the officer-led review were formally presented to the Corporate Management Team. The results identified the need for a selection of datasets to be refreshed and the introduction of an enhanced control mechanism – the requirement for all published Transparency datasets to be accompanied with a date of last publication. This will ensure data users are readily able to understand the timeliness of the data presented, in turn supporting the authority's commitment to open and transparent practices. Corporate Management Team endorsed the review findings and the dedicated Transparency Code Action Plan. committed to formally retaining these new reporting controls into future years as a means for embedding good practice.

Control	Overview Scrutiny
Action	Government guidance relating to cultural and governance failings in local authorities identifies the requirement for a fully effective scrutiny function to ensure a robust operating environment. In 2024-25, the council's Overview Scrutiny Committee met for three of nine scheduled meetings. Aligned to that, the committee currently did not have an operational programme of works, traditionally delivered through an adopted programme of policy reviews. Supported by the provision of full Member awareness training via Centre for Governance and Scrutiny, 2025-26 will see a renewed focus on the provision of an effective Overview Scrutiny Committee for the authority.
Status	**Complete**. In the last 12 months, it can be reported that the Overview Scrutiny function has undergone relevant steps in its development. In July 2025 a dedicated Member training session was delivered by the Centre for Governance and Scrutiny to enhance awareness of the role and responsibility of Overview Scrutiny in the council's governance structure. Aligned to this, following agreement of appropriate Terms of Reference, Overview Scrutiny identified two dedicated topics reviews: Homelessness and Engagement with Planning Services. Commencing activity in December through relevant sub-committee working groups, the outcome of their findings will be reported to the Overview Scrutiny Committee in 2026-27. With phase one of its development completed in 2025-26, the annual review of governance recommends a second phase of development in the delivery of an effective scrutiny function to account for newly constituted responsibilities (see 2026-27 Plan).

Control	Local Plan
Action	Working in conjunction with the Corporate Plan and the strategic vision for the borough presented via Gravesham 2040 is the council's Local Plan. Underpinned by a Local Development Scheme, the Local Plan sets out the statutory spatial framework for growth and development in the borough across; housing needs, commercial, public and private development, including transport infrastructure, and protection for the local environment. A key point of reference in the council's constituted Policy Framework, the delivery of a new Local Plan is an essential governance control.
Status	**Complete**. Following the approval of the council's Local Development Scheme in March 2025, activity in 2025-26 included the development of a Regulation 19 Local Plan consultation document, allowing stakeholders to make representations on whether the plan meets specific legal and technical tests, following on from previous consultative stages (known as Regulation 18) that explored options such as the location for development in the borough. Activity in 2026-27 will be focussed on end stages including the consideration of Reg 19 consultation feedback from which the design of a Publication Draft, together with the evidence base, will be submitted to the Secretary of State in accordance with Regulation 22 for consideration by an independent planning inspector. Subject to the Inspector's response and any necessary changes, the revised Local Plan will be adopted by Full Council.

Control	Equality Policy
Action	As a responsible authority serving a diverse resident population, GBC places equality as a key organisational value. The council's Equality Policy forms part of the authority's constituted policy framework, outlining both a commitment to equality in all forms and compliance with the statutory requirement for a suite of equality objectives that promote the agenda within the authority and the community more broadly. The publication of a refreshed policy and associated suite of objectives that enable us to work towards a cohesive and inclusive borough was an adopted AGS recommendation for the council in 2025-26.
Status	**Incomplete**. Whilst preparatory activity was undertaken, full publication of a new policy and set of associated objectives was not completed in time. To ensure our continued compliance with these requirements, the development and delivery of a revised Equality Policy and statutory equality objectives will form a core point of activity for the authority in 2026-27. Practically this will be delivered as part of a broader review of the council's core statutory policy commitments, a key element to the preparatory activity required of the authority in the LGR project plan (see 2026-27 Plan).

2026-27 Plan: how we will improve our arrangements

Although not presenting any significant governance and internal control issues, this 2025-26 AGS identifies a series of component actions to further strengthen the council's governance environment into the future. Work will be carried out and ultimately assessed in the 2026-27 AGS:

Control	Local Government Reorganisation
Action	Following the publication of the English Devolution White Paper, all councils in Kent and Medway were invited in February 2025 by the Secretary of State to submit proposals for LGR for the region of Kent. In 2025-26, working alongside partner organisations, officers from across the WMT and council more broadly worked to develop the 'Option 5a' business case, culminating in its approval by Full Council. Following an expected determination by government in July 2026, the project will move into its implementation phase, which will include appropriate review of the council's core statutory policies to support the process of harmonisation required of component authorities. In acknowledging the strategic risk and organisational impact of the LGR agenda, the collective resourcing, development and delivery of the necessary requirements set out in the authority's comprehensive LGR project plan, will create a key AGS action in 2026-27.
Corporate Plan	***#onecouncil*** **Corporate compliance**: *a responsible organisation, ensuring all constitutional, policy and legislative demands are met, and pro-active risk management practices adopted.*

Control	Financial Statements
Action	In 2025-26 the council produced the draft statements for 2023-24 and published the draft statements of account one week after the publication deadline, a significant achievement and improvement on prior years. Audit processes for both sets of accounts were concluded in the year and by statutory deadlines albeit with the issue of disclaimed opinions due to the auditors being unable to complete all of the assurance testing required. In addressing this point, the council's appointed external auditor in its audit findings report for the 2024-25 year identified that any successful opinion "*would remain a disclaimer due to the absence of assurance over opening balances following several years of disclaimed audits*." Both the Audit Findings Report and the Annual Audit Report made a number of recommendations intended to focus attention and support the authority to strengthen its arrangements to produce the year-end financial statements, service the audit process and address other findings in the council's arrangements for financial sustainability. The council is committed to address this legacy by considering the activity required of both the council and the External Auditor to rebuild audit assurance and work towards an unmodified opinion being delivered for 2026-27; increasingly important in the context of impending LGR transition. As such, the deployment of additional resources and technical capacity to the 2025-26 financial statements and audit process will therefore form a key AGS action in 2026-27.
Corporate Plan	***#onecouncil*** **Financial Responsibility**: *a financially sustainable authority, driven by a strong Medium Term Financial Strategy, enforced by a suite of effective financial monitoring controls.*

Control	Corporate Governance
Action	A recent series of internal and external decisions have been taken that directly impact the council's reporting processes. As such, building on the detailed activity undertaken in 2025-26, as a second phase to the development of the authority's corporate arrangements the authority commits to developing appropriate robust controls and organising its reporting products to accommodate the following: - **Overview Scrutiny**: Following a decision by Full Council to amend its constituted responsibilities, in 2026-27 the Overview Scrutiny Committee will now be formally required to review quarterly monitoring reports for the council's finances and corporate performance, following their presentation to Cabinet. Alongside pre-existing wider responsibility for pro-active topic review exercises and scrutiny of executive decisions, this development will enable constructive challenge to the organisation's performance and best value evaluation, in turn helping shape future policy making and appropriate decision making. - **Local Outcomes Framework** (LOF): LOF represents a new approach to outcome-based accountability for councils in England; measuring the impact of authorities as place leaders as a means for evaluating compliance with the Best Value Duty. Set to be formally launched in 2026-27, LOF will benchmark the council's core frontline service across a range of performance metrics against peer authorities using industry insight and intelligence. LOF will therefore form the basis of future comparative benchmarking activity via a dedicated annual report to CMT. Delivery of these new corporate governance arrangements aimed at furthering the council's good practices in transparent reporting will therefore form a key AGS action in 2026-27.
Corporate Plan	***#onecouncil*** **Corporate compliance***: a responsible organisation, ensuring all constitutional, policy and legislative demands are met, and pro-active risk management practices adopted.*