

# **Medway Council**

## **Annual Governance Statement 2025-26**

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## 1. Executive summary

This annual governance statement (AGS) sets out how the Council has responded to the requirements set out by CIPFA for ensuring that proper standards of corporate governance are applied and adhered to at Medway Council. There is a mandatory requirement for such a statement be to produce annually and approved by members before it is signed by the Leader of the Council and Chief Executive.

This years AGS makes some minor changes to the format following the issuing of an addendum by CIPFA/Solace last year (e.g. executive summary, looking ahead). Additionally, we have increased the assurance base by involving more senior officers and councillors at the preparation stage. The AGS has also been revised following a review by the councils Internal Audit and Counter Fraud Shared Service which looked at the last three AGS and has made three recommendations.

Members can be assured that the Council has an appropriate, proportionate, risk based corporate governance framework to support the Councils delivery of its ambitions, functions and achieving best value when spending public funds.

The next couple of years will be busier than ever with continued regulator inspections, a peer review and local government reorganisation, the latter requiring stretched resources to deliver more in setting up a new organisation and all the decisions making that precedes that. Governance will need to be appropriately strong but nimble to meet the challenges in fast paced environment.

## 2. Scope of responsibility

Medway Council is a unitary local authority in the Southeast of England and is responsible for providing the full suite of local government functions to its population. In doing so the Council is required to

- act in accordance with the law and proper standards,
- safeguard public money,
- make sure public money is
  - properly accounted for
  - used economically, efficiently and effectively.

The Local Government Act 1999 obliges the Council to deliver Best Value, a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having a regard to a combination of economy, efficiency and effectiveness.

In May 2024 the government issued Best Value Standards and Intervention: statutory guide for best value authorities, which has been considered in the production of this document. Additionally, the Council must put in place proper arrangements for the governance of its affairs, effective exercise of its functions and manage risks. In 2016, CIPFA and the Society of Local Authority Chief Executives (SOLACE) published 'Delivering Good Governance' framework that "defines the principles that should underpin the governance of each local government organisation".

This code was updated in May 2025, Delivering Good Governance in Local Government: framework, Addendum, covering the annual governance and annual governance statement, which is applicable to annual governance statements for 2025/26 onwards. Additionally, the following documents have also been considered

- CIPFA, Financial Management Code (2019)
- Local Government Association, Improvement and Assurance Framework for Local Government May (2024).

This Annual Governance Statement for 2025/26 has been prepared in line with all the above frameworks in an attempt to simply reporting but also provide assurance from the widest perspective.

### **3. The purpose of the governance framework**

Corporate governance is overseen by the Audit Committee and each year it receives and reviews this statement, under delegation from the full Council. The operational elements of the Council's governance framework are the responsibility of the Chief Operating Officer (S151 Officer) and the Monitoring Officer (MO) within their statutory roles.

The council operates a Leader and Cabinet governance model with committees for non-executive functions. Members of the Cabinet and committee chairpersons play a critical role in ensuring that decision making and policy setting is undertaken appropriately. With that in mind, for the first time, they have been consulted on the draft AGS.

This statement sets out how the Council has complied with the code and how it also meets the requirements of Regulation 6 (1b) of the Accounts and Audit Regulations 2015 in relation to the publication of a governance statement.

The governance framework documents the culture, values, systems and processes, by which the authority is directed, controlled, the activities through which it is held accountable, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives, consider its performance and improvement, management of risk and to consider if those objectives have led to the delivery of appropriate, cost-effective services and their impacts on local residents and businesses.

The councils system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going 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 to manage them efficiently, effectively and economically.

#### 4. Review of effectiveness of the governance framework

Medway Council has a responsibility to conduct an annual review of the effectiveness of its governance framework, including the system of internal control. That review is informed by the work of the elected executive and appointed officers who have the responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Counter Fraud's annual report and comments made by the external auditors and other review agencies and inspectorates. Leading members, the chairpersons and vice chairperson of committees political group leaders also play a vital role in making sure that proper governance is applied and upheld, thereby aiding transparency in decision making and public accountability. The aforesaid members were consulted on a draft of this AGS (email 8 July 2026)

In maintaining and reviewing the effectiveness of the governance framework, the review has considered the following:

- The corporate and business planning processes of the Council
- The corporate performance management framework and the corporate performance reporting processes of the Council
- Reviews carried out by Internal Audit, External Audit and other review bodies which generate reports commenting on the effectiveness of the systems of internal control employed by the Council
- The consideration of External Audit reports by the Audit Committee
- The opinion on the overall adequacy and effectiveness of the council's overall control environment from the Head of Internal Audit & Counter Fraud

Prior to the drafting of this AGS all senior managers (Heads of Service and above) were required to complete a governance assurance questionnaire (email 28 April 2025) and return the same to the Council's MO, who reviewed all returns to inform the contents of this AGS.

The Council's Corporate Management Team and Head of Internal Audit & Counter Fraud were provided with an opportunity to review and comment on the draft AGS (email 8 July 2026), and assurance sought that key elements of the control framework were in place during the year in their divisions and control weaknesses were identified and addressed.

The following sections of this statement summarise the results of this review; presenting the governance framework that has been in place at Medway Council for the year ended 31 March 2026 and up to the date of approval of this Statement.

| Core Principle A                                                                                                   | How we have complied in 2025/26 and looking ahead                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p> | <p>The roles and responsibilities of elected members, officers and the processes to govern the conduct of the Council's business are set out in the Councils Constitution. The constitution is available on the councils website and as a living document is updated regularly by the Monitoring Officer, supported by a team, inclusive of the schemes of delegations, terms of reference and various procedure rules.</p> <p>The constitution includes summaries of various fora in the Articles, detailed rules governing procedure and conduct of meetings, access to meetings and documents, contracting, procurement, financial matters and minimum standards of behaviour and conduct.</p> <p>A cross-party governance group, with members from all political groups on the council meets regularly to review governance matters and consider revisions.</p> <p>The constitution has been revised on four occasions (either by Council or the MO using powers delegated to him) with updates issued. Some of the more significant changes have includes changes to the council procedure rules (speaker limits, motions, information reports, annual scrutiny report), terms of reference to committees and revisions to officer delegations.</p> <p>Codes of conduct, based on the Nolan principles for conduct in public life are in place and define the high ethical values and standards of behaviour expected from elected members and officers to make sure that public business is conducted with fairness and integrity. In 2025 the government consulted on issuing a revised and strengthened code of conduct for elected members. The consultation document was considered and responded to by the Councils Councillor Conduct Committee,(22 January 2025) we await a revised code and guidance.</p> <p>During the period for this AGS the MO received 27 complaints (18 for Medway Councillors and 9 for Parish Councillors). Most complaints did not pass beyond the initial screening stage, as the code of conduct did not apply to the activity or at the time of the activity. One complaint against a Medway councillor was investigated and referred by the Councillor Conduct Committee and then to full Council, who censured the member.</p> <p>Members are required to review and update (if necessary) their declaration of interests form annually which are published on the council website. The codes require disclosure of relevant interests and abstaining from debate</p> |

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|  | <p>and decision making in defined circumstances, as well as the disclosure of gifts and hospitality. An officer from democratic services is present at all formal meetings to support members with advice on the code of conduct and declaration of interests. A lawyer is present at decision making bodies to assist with this, any legal queries and lawful decision making.</p> <p>From 29 June 2026, members home addresses will no longer be required to be made public and Councillors have been informed (May 2025) that they will have to opt in to disclose their address if they wish. The declaration of interest form has been revised to provide this option and shared with Parish council clerks (7 July 2026)</p> <p>A process for receiving complaints of alleged breaches of the code by members is published on the councils website together with the procedure that will be followed for their determination. A screening process has been adopted to facilitate speedier consideration and support decision making by the councils Monitoring Officer, the principal advisor to the Councillor Conduct Committee (standards committee).</p> <p>The council has appointed an Independent Person to support the Monitoring Officer and the work of the Councillor Conduct Committee, which is periodically updated on compliance with the Code of Conduct. A recruitment exercise for a second Independent person was conducted and appointment made by April 2026 Council.</p> <p>The Monitoring Officer and his team are responsible for ensuring that agreed procedures are followed, that decisions are intra vires and that all applicable statutes and regulations are complied with and his team of officers in Democratic Services ensure that internal governance procedures are complied with. A corporate declaration of interest form has been introduced for officers and returns are kept in a central register. Next year a review of how well this has bedded in will be undertaken.</p> <p>All reports to decision making forums contain detailed narrative on risk management, climate change, financial and legal implications, the latter two being written by subject matter professionals. Once the decision on local government reorganisation is known (late July 2026) an additional LGR specific comments section may also need to be considered.</p> <p>Complaints received under the Councils Speak Up, (Whistle blowing policy), are received and reviewed by the Councils S151, Monitoring Officer and Chief Organisational Culture Officer. The outcome of such complaints are reported to the</p> |
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|  | <p>Audit Committee on an annual basis. Additionally, the former regularly review employee investigations, complaints (grievances) and any matters at employment tribunals. The Council service complaints process will need to be revised during 2026 to incorporate complaints in relation to information governance functions.</p> <p>The Council seeks feedback from the public through consultation exercises, questions to full council, petitions, its complaints and comments procedures and responds to the outcomes, as appropriate. The council procedure rules have been revised so that questions can now be submitted to Cabinet. Social media feedback is also reviewed and escalated as appropriate. The Councils corporate management team regularly receive reports on complaints handling and the Monitoring Officer receives communications on and attends meetings to discuss the outcomes of complaints escalated to the Local Government and Social Care Ombudsman.</p> <p>The officers forming the Golden triangle (Head of Paid Service, S151 officer and Monitoring Officer) meet on a monthly basis to discuss governance matters and each meets separately with the Leader of the Council to brief him on their specific responsibilities.</p> <p>The S151 officer has managerial oversight and responsibility for budget setting and monitoring, the latter being undertaken on a monthly basis with formal quarterly reporting to members. He also manages the Head of Internal Audit and Counter Fraud.</p> <p>The Monitoring Officer chairs the councils Procurement Board with representatives from all directorates, where significant procurement exercises are reviewed and approved, contract management reviews considered and challenge provided. The procurement strategy was revised, tender documents included commentary on possible LGR implications and work on adopting a consistent approach to determining key decisions has been undertaken. Later this year a paper exploring geography based tendering will be considered to help support the local economy and businesses</p> <p>All members of the Corporate Management Team are members of the councils Security and Information Governance Group (SIGG), including the councils DPO, SIRO and Caldicott Guardian ensuring that the council has appropriate systems and processes in place for receipt, processing and storage of personal/ sensitive data.</p> <p>An audit on the effectiveness of SIGG was completed during the year and the recommendations made will be</p> |
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|  | <p>implemented during this current year. Attendance levels by senior officers at SIGG was commented upon in the audit report, attendance needs to improve to ensure better information management and governance.</p> <p>The council uses a system of Meta compliance to ensure that all officers undertake DPA training relevant to their roles. During the year data cleansing has been undertaken to improve training records.</p> <p>The councils Head of Democratic Services is the statutory scrutiny officer and his team support the scrutiny committees to hold the executive and other key stakeholders to account. Changes to council procedure rules were implemented and the first Annual Scrutiny Report was presented to council ( April 2026). Each year the committees are supported to establish a task and finish group to undertake more detailed scrutiny of a topic chosen by them.</p> |
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| <b>Core Principle B</b>                                     | <b>How we have complied in 2025/26 and looking ahead</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Ensuring openness and comprehensive stakeholder engagement. | <p>All meetings of the Council, its Committees, the Executive, Overview and Scrutiny committees and reports considered are produced, circulated and meetings held in public unless there are good reasons for not doing so, primarily relating to material considered to be “exempt” within the meaning of the Local Government Act 1972, Schedule 12A. A proportionate approach is adopted to exempt only that information which needs to be kept private with the remainder being considered in open sessions.</p> <p>Meetings of the Council, Cabinet and other committees are now accessible by members of the public through live streaming in addition to attendance in person and post event on media streaming channels. The council held two special meetings to discuss significant matters, the submission of the draft local plan for inspection and also the response to the government invitation on local government reorganisation.</p> <p>All reports to be considered at Cabinet are circulated to the team of 25 (Cabinet and CMT) who meet on a monthly basis where collaborative input is actively sought in addition to respectful challenge. The constitution details those forums and the mechanisms by which questions/ representations can be made by councillors, members of the public/ stakeholders. As mentioned above members of public can now ask questions at meetings of the cabinet.</p> |

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|  | <p>Unless confidential, decisions made by Council, the Cabinet or other Committees are made in the public domain and records available publicly. All decisions are explicit about the criteria, rationale and considerations used. The impact and consequences of all decisions are clearly set out.</p> <p>Provision for urgent decisions is allowed for in the Constitution. They are kept to a minimum and retrospectively reported to Council to uphold transparency and accountability. During this period one urgent decision was reported to Council.</p> <p>The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with citizens and service users using a variety of engagement methods.</p> <p>Medway Matters, a council newspaper is produced quarterly, the Leader and the Chief Executive hold public engagement events twice a year across the district via Medway Matters Live (2 April, Hundred of Hoo School and 8 October 2025 at Mid Kent College in Gillingham). An event was also held in May 2026 at the Corn Exchange in Rochester and the next event is scheduled for 1 October 2026 in Stroud.</p> <p>Additionally, the Chief Executive and Leader hold engagement sessions with council employees, Our Medway Live, the majority of whom are local residents, the last event (three sessions) taking place in June 2026.</p> <p>There is extensive use of social media which has played key role in communicating and engaging with the public on local government reorganisation and there are regular updates provided by cabinet members via One Minute Medway</p> |
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| Core Principle C                                                                               | How we have complied in 2025/26 and looking ahead                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <p>Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p> | <p>The Council works with its partners to set the vision and priorities for the area. The Council manages a process of bringing together performance data, demographic information and consultation findings to determine key shared priorities.</p> <p>The Council Plan was refreshed and forms an essential part of the Council's governance framework, setting out the council's priorities and the measures against which success will be judged.</p> <p>There is programmed periodic reporting of progress against the plan, achievement against targets and milestones. The report is considered by Cabinet and each of the Overview and Scrutiny Committees. The Overview and Scrutiny Committees hold the Executive to account in public meetings on their performance levels and proposed remedial plans, if any are required. The Health and Adult Social Care O &amp; S Committee have close working arrangements with the NHS, ICB and Acute Trust seeking to positively improve health outcomes for our residents.</p> <p>All Cabinet and Council (including matters delegated to committees) decisions are made following consideration of formal reports, which all follow a Council template supported by guidance on its completion.</p> <p>All such reports are checked on behalf of the Chief Operating Officer (S151 Officer) and the Assistant Director for Legal and Governance (the Monitoring Officer) for financial and legal implications.</p> <p>Cabinet reports also include a mandatory paragraph on risks, equalities and climate change implications to enable the Council to consider holistically the implications of its proposed decisions, promote its public sector equality duty and as well as explicit equalities implications to promote fair access to services and take the longer view about the impact of the decision on future generations impacted by climate change. Once a decision on local government reorganisation is announced by government, a specific paragraph addressing such implications will be added to reports.</p> <p>The Council is rigorous and transparent about how decisions are taken and recorded, with clear recommendations set out in the reports together with reasons for those recommendations.</p> <p>All significant procurement exercises seek bidders to advise on what social value input will be provided to improve the medium to long term economic and social wellbeing of our</p> |

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|  | <p>residents and communities, these are assessed using the TOMs framework (Themes Outcomes and Measures). Our approach to social value inputs changed this year so that the directorate/ service lead which inputs are sought moving away from a one size fits all. The details of evaluation criteria are shared with potential bidders and the scoring is shared with Procurement Board allowing for challenge before appointment.</p> <p>We are currently reviewing our approach to small and medium sized procurement activity to take advantage of changes to procurement regulation by considering the adoption of geographical requirements for bidders.</p> <p>Council wide representation on Procurement Board has improved over the last year. The Procurement Board has a forward plan setting the end date of existing arrangements and when consideration of new procurement exercises must be commenced to allow for a more strategic approach across the Council and easier identification of linkages and opportunities for collaborations. Engagement on the forward plan has not embedded as well as hoped as a result the Assistant Director of Legal and Governance is attending meetings of DMTs.</p> |
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| <b>Core Principle D</b>                                                                      | <b>How we have complied in 2025/26 and looking ahead</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| Determining the interventions necessary to optimise the achievement of the intended outcomes | <p>Reports presented to decision making forums present options followed by clear objective analysis and a set of recommendations together with reasons for those recommendations. Associated risks and mitigation strategies are also detailed.</p> <p>In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders. Where greater levels of efficiencies and or effectiveness can be achieved, this is achieved through partnership working and collaborative use of resources across the voluntary, public and private sectors. Community benefit and added social value is an important and formal consideration in the procurement of goods and services made possible using the national TOMs model. As detailed earlier we are now moving to service based approach to details social value inputs.</p> <p>We have enhanced our Procurement Board to conduct post contract/ extension reviews to embedded learning in future exercises and now have a forward plan so that there is</p> |

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|  | <p>greater visibility of upcoming procurements and options for alignment of synergies. This remain works in progress as it is not fully embedded to be considered business as usual.</p> <p>The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council Plan.</p> <p>The budget setting process is extensive utilising economic projections and service led demand analysis to make sure estimates are robust and realistic. Directors are provided with early resource envelopes and work collaboratively with member Portfolio Holders to assess demand, develop capital and revenue projects and identify areas for savings delivery. Proposals developed are reviewed jointly by the Team of 25 to make sure they are ambitious but also respectfully challenged.</p> <p>Budgets are now monitored on monthly basis to provide early sight of potential variances and those budget areas with higher risks of significant and material variance are reported to the cabinet during the first quarter</p> <p>Quarterly reporting on delivery of both qualitative and financial metrics is considered by CMT and at Cabinet in an open and transparent manner.</p> <p>Oversight of the Councils joint venture operations (Medway Norse, Kyndi and MDC) is progressing well with the recruitment of new independent non-executive directors to the Kyndi Board, with the boards reporting to Cabinet Sub Committees. A new contract has been entered into with Medway Norse with a reduced services span with enhanced relationship management</p> <p>The Council introduced a Financial Improvement and Transformation (FIT) plan to oversee the achievement of financial savings and also the transformation plan, reporting monthly to CMT and quarterly to Cabinet. The plan now also captures cost avoidance and has improved reporting functionality.</p> <p>The SIGG receives quarterly reports on Freedom of Information (FOI) requests and Subject Access Requests (SAR) responses rates, broken down by division, with all breaches being reported to the SIRO and agreed remedial actions. Following targeted intervention, the Councils performance on responding to FOIs has improved, however response rates to subject access requests needs to improve. Software is being developed in house to enable better management of those and revised guidance has been issued</p> |
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|  | <p>to aid improvements in approving the release of information. The councils Chief Information Officer and Head of Technology are both members of SIGG to ensure that cyber security and AI impacts are considered when assessing risks.</p> <p>A programme of training for managers and new staff has been introduced (Complete Medway Manager) which provides an introduction to management at Medway and in the public sector so that new recruits gain basic understanding of decision making / information governance, finance, HR processes and others. This is now being adapted and developed to support officers in meeting the requirements of the AGS questionnaire. Whilst for this AGS the questionnaire was circulated by email, new software has been developed internally which will facilitate each manager to keep a record of the actions they taken and when to improve transparency and scrutiny of the responses.</p> |
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| <b>Core Principle E</b>                                                                                    | <b>How we have complied in 2025/26</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| Developing the entity's capacity, including the capability of its leadership and the individuals within it | <p>The administration and opposition have settled into their roles with the former providing strong leadership, working collaboratively with officers across the Council but particularly CMT, collectively known as the team of 25.</p> <p>The Chief Executive and his CMT are relatively stable with only 2 changes in officers providing stability, capability and capacity in leadership. The corporate management team consisting of the</p> <ul style="list-style-type: none"> <li>• Chief Executive,</li> <li>• two Directors (one of whom is the Deputy Chief Executive),</li> <li>• Director of Public Health,</li> <li>• Chief Operating Officer (the statutory Section 151 Officer),</li> <li>• Assistant Director Legal and Governance (the statutory Monitoring Officer),</li> <li>• six Assistant Directors</li> <li>• the Chief Organisational Culture Officer and</li> <li>• the Head of Communications and Marketing</li> </ul> <p>The Corporate Management Team and members of the Cabinet (team of 25) meet regularly to discuss and agree strategic direction and operational matters. Such meetings are conducted away from the public gaze to enable the free and frank exchange of views, appropriate checks and balances on authority, and a meeting of minds to facilitate collective decision making. Such conversations support capacity development and the attainment of new skills and experience. When relevant officers are unable to attend, their</p> |

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|  | <p>substitutes attend and this contributes and a soft induction and development for succession planning.</p> <p>The Chief Executive is responsible and accountable to the Council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all Councillors.</p> <p>There are regular meetings between senior officers and Cabinet Portfolio Holders, Committee Chairpersons to ensure close working and the development of professional relationships.</p> <p>There are regular meetings with senior members of the opposition groups through the cross party governance group and more tailored meetings between specific members and officers to facilitate a broader sharing of information and good officer member relationships.</p> <p>The three statutory officers responsible for corporate governance meet on a monthly basis to share and discuss matters affecting the councils operations and broader strategic issues.</p> <p>The Council has introduced a comprehensive induction programme, the Complete Medway Manager, to upskill all new entrants with a basic understanding of working in the public sector and those behaviours and values important to Medway. As mentioned above this is being developed to support those officers who complete returns for the AGS.</p> <p>The Council has rolled out its Medpay scheme tackling the Councils uncompetitive pay offer, resulting in reductions in turnover and temporary staffing costs. The roles of officers are defined in revised and agreed role profiles. All roles have been evaluated using a single model to ensure consistency of approach to rewards and mitigate against potential equal pay claims. The new pay structure formalises workforce planning and development, staff performance and progression based on objective, transparent, measurable criteria following independent evaluation. Work on introducing Medpay for manager grades is well progressed with implementation taking place as and when teams are ready. It is anticipated this will completed during 2026.</p> <p>The constitution includes a Member Officer Protocol approved by full Council delineating the separate roles of officers and members and also citing how both need to work together to optimise outcomes for the population.</p> |
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|  | <p>A publicised scheme of delegations sets out those matters on which different member fora have decision making responsibility and further a scheme for officers that sets out those matters upon which they have authority to take decisions is regularly updated.</p> <p>The Council is expecting the government to make its decision on local government reorganisation in the Kent area in July 2026. This will bring new challenges for both members and officers which will need to be undertaken in addition to the existing demanding roles. The council is planning to engage additional capacity to support this work stream.</p> |
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| <b>Core Principle F</b>                                                                                      | <b>How we have complied in 2025/26 and looking ahead</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p>Managing risks and performance through robust internal control and strong public financial management</p> | <p>The Council has overall responsibility for directing and controlling the organisation, it has approved a Leader/ Executive model of decision making. The executive or Cabinet is the primary decision-making body, which has appointed three sub committees to manage the three LATCOs.</p> <p>Holding the executive to account is undertaken by four scrutiny committees in addition to reviewing policy decisions before and after implementation, one scrutiny chair has been appointed from the largest opposition political group. Members have the power to “call in “decisions made by the executive for review. During this AGS period one decision has been called in for review. Portfolio holders periodically attend scrutiny meetings held in public to be held to account and each such committee is supported by a senior officer.</p> <p>The Council has refreshed its risk management strategy and approach, whose main priorities are the robust systems of identification, evaluation and control of risks which threaten the Council’s ability to meet its objectives to deliver services to the public. The risk strategy was revised (to be implemented for the next year).</p> <p>The Chief Operating Officer (statutory Section 151 officer) is responsible for the proper administration of all aspects of the Council’s financial affairs including ensuring appropriate advice is given to the Council on all financial matters. His remit and span of responsibility also covers services that are responsible for informing the CMT and cabinet of delivery against the</p> <ul style="list-style-type: none"> <li>• Council plan</li> <li>• FIT plan</li> <li>• Staffing matters</li> <li>• Internal audit and delivery of their recommendations</li> <li>• liaising with our external auditors and ombudsman</li> </ul> |

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|  | <p>The Council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.</p> <p>CIPFA met with senior officer and members following our request for exceptional financial support and as mentioned above the councils FIT plan has been refreshed and lessons learnt from the first iteration have been adopted.</p> <p>The Council has a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably. The Councils fraud team participates in data matching across the public sector and this highlighted and number of areas of further exploration.</p> <p>A Medium Term Financial Strategy and associated risk register, and plans for revenue and capital income and expenditure based on corporate priorities are developed, led by the Cabinet and Corporate Management Team, and presented for approval by Council in February each year.</p> <p>Managers monitor budgets on monthly basis with revenue and capital budget monitoring reports considered by the corporate management team and Cabinet on a quarterly basis for monitoring and control purposes including the annual outturn.</p> |
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| <b>Core Principle G</b>                                                                               | <b>How we have complied in 2025/26 and looking ahead</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| Implementing good practices in transparency, reporting, and audit to deliver effective accountability | <p>The three statutory officers regularly share and review published best value inspection reports where there are potentially pertinent lessons to be learnt.</p> <p>The Council has welcomed a number of external inspections to review our services and support our development, the result of which have been shared publicly. A corporate peer review will be taking place in the second half of 2026. As part of the preparations for LGR, officers across the Council are regularly meeting with their counterparts in the Kent area which is facilitating greater levels of information sharing and opportunities for learning from others.</p> <p>The Head of Internal Audit &amp; Counter Fraud provides an independent and objective annual opinion on the effectiveness of internal control, risk management and</p> |

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|  | governance. This is carried out by an in-house team in conformance with the Public Sector Internal Audit Standards. |
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**5. The opinion of the Head of Internal Audit & Counter Fraud over the Council's overall control environment.**

- 5.1 The Accounts and Audit Regulations 2015 require local authorities to maintain a sound system of internal control that:
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
  - (b) ensures that financial and operational management is effective; and
  - (c) includes effective arrangements for the management of risk.
- 5.2 In my capacity as Chief Audit Executive, I am required to provide the council, and the Chief Executive, with an independent opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and internal control. This opinion is intended to inform and support the Council's Annual Governance Statement.
- 5.3 The overall scope of internal audit activity is defined within the Internal Audit Charter. The programme of work for 2025-26 was set out in the Internal Audit Plans, which were approved by the Audit Committee. Whilst the Plans cannot provide coverage of all risks faced by the council, audit resources have been directed towards the areas assessed as presenting the highest risk, particularly those linked to the council's strategic and corporate objectives.
- 5.4 This opinion is based on the work completed throughout the year, including any audits carried forward from 2024-25, alongside assurance work delivered as part of the 2025-26 Internal Audit Plans.
- 5.5 Internal audit work has been conducted in accordance with the Standards and methodologies set out in the Internal Audit Manual. All assignments are subject to appropriate supervisory review processes. I am therefore satisfied that the work of the Internal Audit team complies with the requirements of the Standards and is supported by an effective Quality Assurance and Improvement Programme.
- 5.6 In forming my opinion, I have taken into account:
- The outcomes of internal audit work completed since the last annual opinion;
  - The findings and assurances arising from previous years' audit work;
  - The council's approach to risk management;

- The progress made by management in implementing agreed actions to address identified control weaknesses;
  - The outcomes of advisory engagements undertaken by the Internal Audit team; and
  - The results of counter fraud and investigation activity completed by the Counter Fraud team.
- 5.7 No issues arising from counter fraud work have been identified that have a material impact on the council's overall governance, risk management, or internal control framework. While no formal reliance is placed on external assurance providers, where available, their findings have been considered in forming this opinion.
- 5.8 The council has a statutory duty to ensure that its resources are managed in a proper, economic, efficient, and effective manner. Internal controls are designed to manage risk to an acceptable level; however, it should be recognised that they cannot eliminate all risk. Accordingly, the Internal Audit team can provide reasonable, but not absolute, assurance.
- 5.9 Based on the work undertaken, I am satisfied that, in the majority of areas reviewed since my last opinion in September 2025, appropriate internal controls are in place and generally operating effectively. However, some areas have been identified where controls require strengthening, or where compliance with established processes needs to be improved. In all such cases, management has agreed appropriate actions to address these findings, and arrangements are in place to monitor their timely implementation.
- 5.10 Whilst not all risks have been subject to direct audit review, I am satisfied that alternative sources of assurance provide sufficient coverage to support a reasonable level of confidence in those areas not examined.
- 5.11 **Annual Opinion 2025-26**
- 5.12 **Corporate Governance**
- 5.13 Assurance over corporate governance has been informed by a range of reviews completed during the year, including Governance Framework, GDPR, Transparency, Information Governance – Data Breaches and Budget Monitoring. These reviews identified opportunities to strengthen governance documentation, policy management, accountability arrangements and compliance monitoring. Recurring themes included out-of-date policies and procedures, inconsistencies in governance documentation, weaknesses in the communication of responsibilities and gaps in the monitoring of compliance with governance requirements. However, the reviews also confirmed that the council has established governance structures in place and management has responded positively to findings arising from audit work.

5.14 Based on the work completed, I am satisfied that reasonable assurance can be placed upon the council's corporate governance arrangements, although further work is required to improve consistency and strengthen compliance monitoring arrangements.

5.15 **Risk Management**

5.16 The council has continued to operate an established risk management framework throughout 2025-26 and maintains a corporate risk register which is subject to regular review.

5.17 Audit work completed during the year identified weaknesses in some monitoring and assurance arrangements, including limitations in performance information, compliance monitoring and oversight processes. Resource pressures, organisational change and evolving service delivery models were also identified as factors impacting several areas reviewed. However, audits generally found that risks had been identified and were being managed, albeit with varying levels of maturity and effectiveness across services.

5.18 On this basis, I am satisfied that reasonable assurance can be placed on the council's risk management framework for 2025-26.

5.19 **Internal control**

5.20 Internal audit work completed during 2025-26 identified a number of control weaknesses requiring improvement, most commonly relating to record keeping, data quality, audit trails, compliance with established procedures, authorisation arrangements and the consistent operation of existing controls. These themes were identified across multiple reviews and indicate that further work is required to strengthen aspects of the control environment.

5.21 Only one review finalised during the year resulted in a Red audit opinion. This review identified significant weaknesses in governance, record management, reconciliation processes and the administration of savings arrangements for children in care. Whilst this represents a significant issue requiring management attention, the weaknesses identified were largely confined to a specific service area rather than being indicative of a systemic failure of internal control across the organisation.

5.22 Follow-up work undertaken during the year has demonstrated positive progress in implementing agreed actions arising from both current and previous audit work. A substantial proportion of actions due for implementation have been completed, including those linked to audits that resulted in Red opinions. This provides additional assurance regarding management's commitment to addressing identified weaknesses and strengthening the control environment.

- 5.23 I am therefore satisfied that reasonable assurance can be placed on the council's system of internal control, although improvements remain necessary in a number of areas.

5.24 **Overall Opinion**

- 5.25 **It is my opinion that reasonable assurance can be provided that the council maintained a generally adequate and effective framework of governance, risk management and internal control during the year ended 31 March 2026, which contributed to the proper, economic, efficient, and effective use of resources in achieving the council's objectives.**

**James Larkin**

**Head of Internal Audit & Counter Fraud Shared Service.**

**6. Update on actions identified in the 2024/25 Annual Governance Statement**

- 6.1 The Annual Governance Statement for 2024/5 did not identify any areas for review and possible enhanced arrangements.

**7. Proposed enhancements to the Council's governance arrangements**

- 7.1 The review of the effectiveness of the Council's governance framework for 2024/25 did not highlight any specific areas of concern. Where internal audit work has indicated additional controls could be in place, officers are focussed on making the necessary changes to do so.
- 7.2 For 2025/26 the CMT team has agreed the introduction of a mandatory register of interests for those officers involved conducting procurement exercises. Further, to support and enhance the culture of strong governance, accountability and responsibility the CMT have also agreed the introduction of governance questionnaire for service managers and above to support the production of the AGS.
- 7.3 The Councils last all out elections were held in 2023 with next ones due in 2027. In light of potential local government reorganisation it is likely that those will be for the shadow authority in preparation for vesting day for the new authority. Goodwill, cooperation, collaboration and respectful engagement across the political divides will be key to ongoing positive outcomes for the residents of Medway.

**8. Forward look on Governance**

- 8.1 The government is expected to announce its decision on local government reorganisation by the end of July 2026 for the Kent area. This will have a significant impact on the work of the authority.

- 8.2 Whilst business as usual must and will continue to be delivered, we and our partners will also need to plan for and make arrangements for the shadow authority whose members are expected to be elected in May 2027.
- 8.3 The election may see the retirement of experienced councillors and return of new councillors who need to be trained and supported in their roles. The creation of the shadow authority initially will be limited in scope but once established, arrangements for a new unitary authority with all of its policies, procedures and governance arrangements will need to be established.
- 8.4 As services prepare to deliver new or existing services over a different geography, establish new values, cultures, working relationships and manage existing demand, governance will need to be strong, yet flexible to adapt to new challenges in an environment where there is less certainty, greater ambiguity and dangers of items falling between cracks.
- 8.5 Additional control measures will need to be implemented regarding new commitments (S24 directions), a work force that will be influx and the dangers of a loss of corporate knowledge.
- 8.6 There will be many different systems operating and delivering similar services but for differing customers.
- 8.7 Our stakeholders will need to be supported and management of our relationships, regulatory, contractual, with the third sector, both hard and soft will need to be exceptional.

## 9. Assessment on Effectiveness and Conclusion

- 9.1 Based on the results of the review, reasonable assurance can be placed upon the adequacy and effectiveness of Medway Council's systems of internal control and governance, which this year are supported by the review undertaken by CIPFA. The annual review demonstrates sufficient evidence that the Council's Local Code of Corporate Governance is operating effectively and that the Council complies with that Local Code in all significant respects.

### Certification

| Certification by the Leader of the Council                                                                                                                                                                                       | Certification by the Chief Executive                                                                                                                                          |
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| <p>I confirm that the 2025/26 Annual Governance Statement has been considered and approved by Medway Council at the meeting of the Audit Committee on XX September 2026 (minute XXX refers):</p> <p>.....</p> <p>Date: 2026.</p> | <p>I confirm that the 2025/26 Annual Governance Statement has been considered and endorsed by Medway Council's Corporate Management Team:</p> <p>.....</p> <p>Date: 2026.</p> |