

Swale Borough Council

Auditor's Annual Report
Year ending 31 March 2025

October 2025

Consultation Draft



Contents

01	Introduction and context	03
02	Executive summary	07
03	Opinion on the financial statements and use of auditor's powers	11
04	Value for money commentary on arrangements	14
	Financial sustainability	16
	Governance	20
	Improving economy, efficiency and effectiveness	27
05	Summary of value for money recommendations raised in 2024-25	29
06	Appendices	31
A	Responsibilities of the Council	32
B	Value for Money Auditor responsibilities	33
C	Improvement recommendations from 2023-24	34

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

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London, EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Swale Borough Council during 2024-25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Local government – context

Local government has remained under significant pressure in 2024-25

National

Past



Funding not meeting need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and governance challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present



Financial sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External audit backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Funding reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and devolution

Many councils in England will be impacted by reorganisation and/or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

Swale Borough Council (the Council) is a district Council serving a population of approximately 155,000 residents. Swale is predominantly rural, and lies on Kent's northern coast, between Medway, Maidstone, and Canterbury, approximately 45 miles from London. The borough encompasses the towns of Sittingbourne and Faversham, the Isle of Sheppey, and a vast rural hinterland. The Council comprises 47 councillors (referred to as 'Members'), representing 24 wards. Councillors are elected for four-year terms, with the most recent election held on 4 May 2023. Since May 2022, Swale has operated under a Committee System and is governed by a coalition administration.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2024-25.

Grant Thornton insights – Local Government Reorganisation (LGR)

National perspectives – devolution and LGR

In December 2024, the English Devolution White Paper set out the government's vision for a simpler form of local government. The intention is to produce better outcomes, save money for reinvestment in local services and to improve local accountability. All councils with a two-tier county and district system of local government (together with neighbouring small unitary councils) were required to set out the plans for a programme of devolution and local government reorganisation.

On 5 February 2025, the government's Devolution Priority Programme was announced to establish six new regional Mayoral Strategic Authorities. Those selected for the programme submitted plans by May 2025 with the ambition of holding Mayoral elections in May 2026.

On the same date, all remaining councils with a 2-tier were required to develop proposals to reconfigure county and district services into one or more new unitary councils. Plans are required to be submitted by 28 November 2025 with the ambition of establishing the new unitaries from April 2028.

Local perspectives – LGR in the Kent region

In February 2025 the 14 councils in the Kent region were informed they would not be included in the Devolution Priority Programme. The move to a Mayoral Strategic Authority model for regional services would be delayed.

Kent councils submitted an interim plan for LGR in March 2025 and are currently developing a full proposal for submission by 28 November 2025. Governance arrangements are in place to manage the process, overseen by the Kent and Medway Joint Chief Officers group. A single external development partner has been appointed to develop options for consultation over the summer and autumn of 2025 and will support the development of the final proposals in November.

Our discussion with councils in the Kent region indicate a good level of collaboration between officers to progress the LGR agenda. Kent has a diverse political landscape, and the political discussion is expected to become more challenging as the proposals crystallise, particularly in regard to the specific configuration of the new unitaries.



Grant Thornton insight

What the Council is already doing

- Active participation of officers in the governance and options appraisal process and meeting regularly with counterparts across the region.
- Safeguarding responsible financial decisions in the medium-term including use of reserves

What others do well

- Modelling potential outcomes to discuss with members and establish political priorities.
- Making advance preparations for member and public engagement within a tight timeframe.
- Considering the potential cost of transition for the Council and how this will be funded.
- Planning for implementation processes and governance of new delivery models.

02 Executive summary

Executive summary – our assessment of value for money arrangements

Our overall summary of our value for money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023-24 Assessment of arrangements	2024-25 Risk assessment	2024-25 Assessment of arrangements
Financial sustainability	A No significant weaknesses in arrangements identified, but one improvement recommendation made	No risks of significant weaknesses identified.	A No significant weaknesses in arrangements identified. One improvement recommendation made in relation to establishment of a long-term savings programme (see page 19).
Governance	A No significant weaknesses in arrangements identified, but two improvement recommendations made.	No risks of significant weaknesses identified.	G No significant weaknesses in arrangements and no new improvement recommendations made. One prior year improvement recommendation remains (see page 25).
Improving economy, efficiency and effectiveness	G Our work did not identify any areas where we considered that key or improvement recommendations were required.	No risks of significant weaknesses identified.	G No significant weaknesses in arrangements and no new improvement recommendations made.

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendation(s) made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive summary

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



Financial sustainability

The Council delivered a strong financial performance in 2024-25, achieving a £0.317m surplus on its £25.7m revenue budget largely due to higher investment income. Despite pressures in Planning Services and a £14.7m capital underspend due to project delays, reserves remained robust and financial planning prudent through the medium-term financial strategy (MTFS).

While the MTFS highlights future pressures, there is still no formal long-term savings programme, with balancing annual budgets relying on short-term service-level savings and drawdown from reserves. The 2025-26 budget was developed through consultation and includes risk considerations, with ongoing efforts to improve alignment between financial and corporate plans to support transparency and resilience.



Governance

The Council's internal Audit reported 'Sound Assurance' on the Council's internal controls and governance in its 2024-25 annual report.

We consider the Council's governance arrangements are good and there is good engagement from all key stakeholders in governance processes which are managed in an appropriate way.

The Council makes informed decisions and manages risks through strong governance, regular audit and committee oversight, clear policies, and compliance with statutory frameworks. Risks are tracked via a corporate register and addressed through internal controls and ethical standards.




Improving economy, efficiency and effectiveness

The Council uses cost and performance data to guide service improvement through structured financial monitoring, targeted audits, and stakeholder engagement. While performance reporting is not as fully integrated with activity data as recommended (see page 26), regular committee oversight and variance analysis help manage budget pressures.

The Council responds to service issues - such as in waste management - by using public feedback and scrutiny to drive contract improvements. Procurement and commissioning policies emphasise value for money and collaboration, though benchmarking and real-time data use remain limited. Strategic plans are shaped by consultation, aligning resources with community needs.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Council’s financial statements and sets out whether we have used any of the other powers available to us as the Council’s auditors.

Auditor’s responsibility	2024-25 outcome	
Opinion on the financial statements	Our audit of your draft financial statements published on 6 June 2025 is substantially complete. On conclusion, we will issue our audit opinion, following the approval of the accounts by the Audit Committee meeting in October. Refer to pages 12 to 13 for further details	
Use of auditor’s powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>	

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

Opinion on the financial statements

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

Audit opinion on the financial statements

Our audit of your draft financial statements published on 6 June 2025 is substantially complete. On conclusion, we will issue our audit opinion, following the approval of the accounts by the Audit Committee meeting. The full opinion will be included in the Council's Annual Report for 2024/25, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts three weeks in advance of the national deadline of 30 June 2025.

Draft financial statements were of a good standard and supported by detailed working papers. Our audit is substantially complete. We identified one immaterial adjustment to the Council's Comprehensive Income and Expenditure Statement and an immaterial unadjusted misstatement. These has no impact on your usable reserves. We also identified a small number of disclosure amendments and made recommendations to improve your accounting disclosures in 2025/26.

Furthermore, the prior year error reported in 2023/24 Audit Findings Report which resulted in last year's accounts being qualified is disclosed as part of 2024/25 comparator. The prior year error was a £2.085m prior period adjustment where expenditure relating to Kent County Council was recorded as Property Plant and Equipment instead of Revenue Expenditure Funded from Capital Under Statute (REFCUS) and should have been expensed. Management had chosen not to adjust the 2023/24 financial statements. The impacted comparative information includes the primary statements (Comprehensive Income and Expenditure Statement, Movement in reserves statements, Cash Flow and related notes). Our anticipated financial statements audit report opinion will be modified in this respect.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on 15 October 2025. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



04 Value for money commentary on arrangements

Value for money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium-term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Council delivered a strong financial performance in 2024-25, reporting a £0.317m surplus on its £25.7m revenue budget, aided by reduced reserve use (budgeted £1.6m v Actual £1.3m) and higher investment income (£393k increase). A £0.9m overspend in Planning Services was offset by temporary savings and late housing grants. The capital budget of £23.6m saw a £14.7m underspend due largely (£12.5m) to Local Housing Company housebuilding project delays. Spend has been re-profiled into 2025-26.</p> <p>For 2025-26, the Council has set a £26.488m revenue budget, including a £0.677m reserve drawdown, with prudent assumptions on pay, inflation, and Council tax. Financial planning is integrated, with the MTFS modelling key scenarios and a risk appendix outlining mitigations. An annual forecast deficit of £4.9m by the end of the MTFS period to 2028-29 poses a challenge and, though strong planning and oversight support resilience, without a formal savings programme this will be a difficult challenge to meet.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	<p>The Council has not yet adopted a formal long-term savings programme, as recommended in the 2023-24 Value for Money report. It continues to identify savings within service budgets and monitor them through existing processes, reflecting uncertainty around future funding reforms, and potential local government reorganisation. We note that the Council's Reserves are at prudent levels of £20.3m in total including Earmarked reserves, a General Fund reserve of £3.1m (11.8% of last year's outturn, so maintained at a generally accepted good level) and a budget contingency reserve. The Council's reliance on the latter has reduced from £1.2m in 2023/24 to a budgeted £0.677m in 2025/26.</p> <p>While this approach is understandable, establishing governance for a dedicated savings programme remains advisable to support long term financial resilience. We have reiterated our recommendation for a formal savings programme (see page 19), which we believe remains a prudent step despite ongoing uncertainties.</p>	A
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council recognises that while financial and corporate strategies are in place, full alignment is still developing. Work on an annual delivery plan aims to better connect service delivery with financial planning. Budget and performance are monitored quarterly by management and reported to councillors every six months.</p> <p>The budget-setting process involves detailed engagement with Heads of Service to review spending for affordability and value. Facing financial pressures, the Council is taking a collaborative approach by working closely with services to identify savings and recognises the need for stronger strategic integration and long-term sustainability.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Council’s 2025-26 Budget and MTFS are part of a wider set of integrated strategies including the Corporate Plan, Capital Programme, Treasury Management, and Workforce Strategy. The MTFS seeks to align resources with long-term goals. The Capital Programme outlines four years of investment totalling £32m, funded through receipts, grants, and borrowing, with affordability checks for debt-financed projects.</p> <p>Regular reporting provides transparency and oversight, supporting prudent financial management and reinforcing the Council’s commitment to strategic alignment and financial resilience.</p>	G
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>Financial risks are monitored in its corporate risk register, with quarterly reporting to both the Audit Committee and Policy & Resources Committee. The most significant red-rated corporate risks are identified as the cost-of-living crisis and major contractor failure. Specific key risks, such as inflation, funding uncertainty, rising service demand, contractor instability, and homelessness were reflected in the 2025-26 Budget and MTFS, which included a dedicated risk appendix.</p> <p>While formal scenario planning wasn’t used in budget monitoring, the MTFS featured detailed modelling of inflation and Council Tax, offering a clear view of financial pressures and the Council’s approach to managing uncertainty.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – improvement recommendation

Area for improvement: Savings programme

Key finding: The Council's MTFS projects savings are required to cover a forecast annual deficit of £4.9m by 2028-29. Our report last year included an improvement recommendation that the Council should put in place a savings programme to address the forecast deficits at that point. We note that the 2025-26 budget has a small deficit of £677k which the Council is proposing to meet from its reserves, but we are concerned that there is not yet a formal long-term savings programme in place. Savings of this scale typically require transformational change with a supporting governance structure in place and the gestation period for such savings can be long as they often require significant IT and system changes.

Evidence: The MTFS includes the detail of a forecast deficits of £4.9m by 2028-29. In our discussions with senior management, we are pleased to hear the structured approach to short-term savings, but we have not seen plans for a longer-term savings programme, over the whole period of the MTFS, being discussed nor discussion of the appropriate governance arrangements required to support such a programme e.g. Savings Board with a clear structure and regular monitoring and reporting from Head of Service level upwards.

Impact: Failure to establish a long-term savings programme and the associated governance arrangements will lead to the Council having challenges in terms of its financial sustainability.

Improvement recommendation 1

IR1: The Council should act promptly to develop a long-term savings programme and associated governance arrangements that address the forecast deficits included in its MTFS. As part of this there should be strong governance arrangements to ensure savings are tracked and reported on regularly, and to ensure there is transparency with Members and senior management on progress against targets.

Grant Thornton insight

In councils where finances are well-managed, we find the arrangements around long-term savings programmes are well-established. These typically involve:

- Close alignment with the MTFS
- Use of external benchmarking to identify areas for efficiency and to improve value for money
- A dedicated Savings/Transformation Board to govern the process
- A clear structure in place for regular monitoring and feedback on progress against targets at levels from Heads of Service upwards so that senior managers and Members are clear on progress
- Clear identification of the areas of risk and the mitigation plans in place.

Governance – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council has good arrangements for risk monitoring and internal control assurance, including an up-to-date Risk Management Framework, Corporate Risk Register, and oversight by the Audit Committee and Strategic Management Team. The Council’s Corporate Risk Register is reviewed quarterly by the Strategic Management Team (SMT), with the Audit Committee providing independent assurance and challenge. As of March 2025, there are 14 corporate risks (down from 16 last year) and 128 operational risks (up from 118) including shared services, with no risks currently outside the Council’s risk tolerance after mitigation. Internal audit is delivered by Mid Kent Audit Partnership under a risk-based plan, with a “Sound – Operating” opinion issued for 2024-25. As of June 2025, the 24-25 report stated 12 audits were completed in 2024/25, with 57 new actions raised and 29 actions cleared. There are currently no overdue actions, all 2023/24 actions have been completed, and 46 actions from 2024/25 are in progress but not overdue. Fraud prevention is supported by relevant policies, participation in the National Fraud Initiative, and external collaboration, with regular updates to the Audit Committee. Where fraud is detected, the Council seeks all available sanctions criminal, civil, and disciplinary, and aims to recover any financial losses. However, there have been no such cases reported in 2024/25.</p> <p>A previous recommendation to map risks to strategic objectives remains outstanding, and we continue to advise its implementation to improve Member oversight. However, there is no evidence of this recommendation being addressed (see page 25).</p>	A

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	<p>The Council has a structured approach to its annual budget setting process. The Council considered alternative budget scenarios, including changes to National Insurance Contributions, which required adjustments to reserve usage. These scenarios were discussed in committee and reflected in the final budget. Service budgets are subject to challenge sessions led by Finance and EMT. These sessions review assumptions, validate pressures, and assess deliverability of savings. The Council also conducted public consultation on the draft budget, including engagement with residents and local businesses. Feedback was considered in the final proposals presented in February 2025.</p> <p>The Finance team provides guidelines to ensure consistency, and the Section 151 Officer offers a statutory opinion on the robustness of estimates. Public consultation and cross-party engagement are integral to the process. The Council also considers alternative scenarios and conducts challenge sessions to validate assumptions and savings.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Council has established arrangements to ensure informed, transparent, and accountable decision-making. Policy & Resources Committee papers include officer reports with financial, legal, and equality impact assessments, and Forward Plans are published to enable scrutiny. Minutes reflect active discussion and challenge, though some meetings show limited visible debate. The Policy & Resources Committee meeting held on 12 June 2025 included detailed papers on housing strategy updates and climate action plans. Officer reports provided options, risks, and recommendations, and minutes showed active discussion and amendments before approval.</p> <p>The Audit Committee engages with internal and external audit findings, challenges officers, and monitors governance risks. The Audit Committee meeting on 17 July 2024 included the Head of Audit Opinion, which assessed the effectiveness of risk management and internal controls. The Committee discussed areas of concern and sought clarification from officers. Minutes show that Committee members question officers and auditors on findings, implementation of recommendations, and governance risks. Shared services under the Mid Kent Services Partnership are overseen through structured governance and reporting mechanisms.</p>	G

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>Council has comprehensive arrangements in place to uphold appropriate standards and ensure compliance with legislative and regulatory requirements. These include regular monitoring of policy changes through internal audit processes, adherence to codes of conduct for officers and councillors, and oversight by the Standards Committee. Registers for gifts, hospitality, and interests are maintained. The 23-27 corporate plan reflects the Council’s response to constrained resources and evolving national priorities, ensuring alignment with government direction. It was led by members, supported by the Executive Management Team, and endorsed by the Policy & Resources Committee on 20 March 2024, and introduced into the Full Council on 3 April 2024.</p> <p>The Annual Governance Statement confirms compliance with key frameworks and reports no significant breaches or cybersecurity incidents. The Council’s Commissioning and Procurement Policy, aligned with the Procurement Act 2023 and other regulations, ensures transparency, fairness, and strategic alignment in service procurement.</p> <p>In prior year, we raised an improvement recommendation around improving the Council’s member-to-officer relationships. From conversations with officers it has been reported these relationships have seen improvements and led to better cohesion in the Council.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (5)

We considered how the Council:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Council has established robust arrangements to ensure effective financial governance. Budgetary control is maintained through monthly monitoring at the Head of Service level, with regular reporting to the Policy and Resources Committee and Strategic Management Team. The final outturn report presented in June 2025 includes detailed variance analysis, use of reserves, and capital slippage, with narrative explanations and corrective actions where needed. Significant issues such as capital slippage, reserve usage, and external funding changes were escalated to the Policy & Resources Committee and discussed in committee meetings. These were also reflected in the Statement of Accounts. Adjustments such as the use of reserves and capital reprofiling were documented and approved through committee processes. Statutory financial reporting is supported by the Audit Committee’s review of the Statement of Accounts and compliance with CIPFA Treasury Management Code requirements, including annual and quarterly treasury reports. The capital slippage and reserves reliance issues were discussed with the Head of Finance and measures were stated in place to manage these issues i.e. The Council only have about £10m worth of borrowing. The Council are focussed on temporary accommodation, buying properties, but funding it from savings elsewhere.</p> <p>While financial reporting is comprehensive, there are some limitations: scenario-based forecasting and integration of non-financial performance data (e.g., workforce or service metrics) are absent. However, governance structures, including the constitution and Medium-Term Financial Strategy, clearly define roles, responsibilities, and escalation procedures, ensuring accountability and alignment with strategic priorities.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (continued)

Area for Improvement identified: identifying and delivering recurrent savings

Key Finding: A previous recommendation to map risks to strategic objectives remains outstanding, and we continue to advise its implementation to improve Member oversight. However, there is no evidence of this recommendation being addressed.

Evidence: The March 2025 Corporate Risk Register was reviewed and while very detailed, it is still missing a section which links the risks to the council's strategic objectives.

Impact: Without mapping, elected members may not fully understand which strategic priorities are most vulnerable to risk. The risk mitigation efforts may also not be optimally aligned with the Council's long-term goals.

Improvement Recommendation 2

IR2: We recommend that the council maps the risks identified in the Corporate Risk Register (CRR) to the strategic objectives outlined in the corporate plan. This will ensure that members have full visibility of which corporate priorities would be impacted if a risk materialises, enhancing the alignment of risk management with strategic goals.



Grant Thornton insight

Mapping risks to strategic objectives

The Orange Book and LGA guidance stress that risk management should be embedded in strategic planning and governance. This is also an example of best practice in Local Government as the Improvement and Assurance Framework encourages councils to link risk to performance and strategic objectives to ensure accountability and transparency.

Mapping risks to strategic objectives helps SMT and Members make better-informed decisions about resource allocation and policy priorities. It also reassures residents and stakeholders that the Council is managing threats to public services effectively.

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of regular budget monitoring, but could challenge itself to go further, based on the best arrangements we see across the sector



What the Council is already doing

- The Council regularly reports in detail regarding performance and forecast against budget including detailed variance analysis on where there are underspends or overspends
- The annual budget includes a review of financial risk which needs to be considered when setting the budget



What others do well

- Activity around the integration of non-financial performance data such as integrating workforce metrics, service quality indicators, or outcomes (e.g., homelessness rates, planning application turnaround).
- Forecasts include multi-scenario financial modelling (e.g., best/worst case budget outcomes or service demand shocks). They also include forward-looking risk scenarios (e.g., inflation, demand, policy changes)



The Council could consider

- Including in the regular finance reporting additional detail and information with regard to key drivers behind variances to budget for example information on changes in demand and activity, changes in workforce FTE driving variances.
- A regular in-year reporting of financial risk and opportunities to the forecast position which will give decision makers better information when understanding the financial position of the Council.

Improving economy, efficiency and effectiveness – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>The Council does not currently use a fully integrated performance report combining financial and non-financial data. Instead, separate reports are presented to the same committees (e.g., Policy & Resources Committee), such as the Annual Waste Collection and Street Cleansing Performance Report (July 2025) and the Financial Management Outturn Report (June 2025). While these are aligned in timing and structure, they are not consolidated.</p> <p>The Council has a Data Quality Standard policy that outlines its approach to ensuring reliable and accurate data across all services and reporting functions. Internal audit findings indicate it is outdated and lacks sufficient detail, with discrepancies in reported data, this is being reviewed in light of internal audit findings. Benchmarking is limited, though the Council participated in a Local Government Association (LGA) Corporate Peer Challenge in 2023, it remains relevant in 2024/25 as the Council is still positively addressing areas of improvement. The March 2025 Corporate Peer Challenge Action Plan update report was submitted to the Policy and Resources Committee. The Council adheres to good practice by reviewing the Corporate Peer Challenge Action Plan each year to monitor the progress on actions, noting which items are completed, on target for completion or are at risk on non-completion.</p>	G
evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council has not been subject to any statutory interventions, inspections, or exceptional financial support in 2024-25. The most recent external evaluation was the LGA Corporate Peer Challenge in March 2023, which highlighted strengths in governance and service delivery but identified areas for improvement, including legacy project management, strategic clarity, and internal communications. In response, the Council published an Action Plan in October 2023, including the development of a new Corporate Plan (2023–2027), improved performance reporting, and enhanced internal engagement. However, there is evidence that progress reports are regularly received by the Policy & Resources Committee, such as the March 25 Community Development Strategy.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	<p>The Council does not maintain a formal partnership register, but key partners such as Kent County Council, NHS bodies, VCES organisations, and local businesses are stated in strategic documents like the Empowering You in Swale Strategy (2024–2027) and the Corporate Plan (2023–2027). These strategies were developed through public consultations and stakeholder engagement. Partnership projects are monitored collaboratively, focusing on data-led interventions and feedback loops. However, there is no formal publication of partner business plans or consistent evidence that any committee receives direct performance reports on partnerships. Though informal insights tend to be shared by internal audit, particularly where shared service best practices are identified. However, it would be an example of good practice to at least document these insights.</p> <p>There are mechanisms for stakeholder engagement and partnership evaluation, though there is a lack of formal reporting and oversight, considering the size of the Council and the scale of partnerships they are involved with, it is unlikely that this absence would lead to material issues or signs of weakness.</p>	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>The Council maintains a publicly available Contracts Register and Forward Plan, updated quarterly, which supports transparency in commissioning and procurement. The Council applies a risk-based audit framework to assess contract oversight needs and has demonstrated robust contract management particularly with the Suez Waste Collection contract through scrutiny groups, stakeholder engagement, and operational reviews, with oversight and reports by the Environmental Services and Climate Change Committee. The Council’s 2024 Commissioning and Procurement Policy emphasizes value for money, social value, and collaborative procurement. Budget monitoring is structured and includes variance analysis, capital tracking, and external audit input.</p>	G

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

05 Summary of value for money recommendations raised in 2024-25

Improvement recommendation raised in 2024-25

	Recommendation	Relates to	Management actions
IR1	The Council should act promptly to develop a long-term savings programme and associated governance arrangements that address the forecast deficits included in its MTFS. As part of this there should be strong governance arrangements to ensure savings are tracked and reported on regularly, and to ensure there is transparency with Members and senior management on progress against targets.	Financial Sustainability (page 19)	Actions: Responsible Officer: Due date:
IR2	We recommend that the council maps the risks identified in the Corporate Risk Register (CRR) to the strategic objectives outlined in the corporate plan. This will ensure that members have full visibility of which corporate priorities would be impacted if a risk materialises, enhancing the alignment of risk management with strategic goals.	Governance (page 25)	Actions: Responsible Officer: Due date:

06 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's S151 Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The S151 Officer is required to comply with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the S151 Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council’s value for money arrangements.

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

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

Phase 3 – Reporting our commentary and recommendations

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

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

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023-24 improvement recommendations (1)

	Prior recommendation	Raised	Progress	Current position	Further action
IR1	<p>The Council should develop savings and income generation plans that will address the significant funding gap expected from 2026-27. As part of this process the Council should introduce:</p> <ul style="list-style-type: none">- monitoring arrangements so that the progress of individual savings plans can be monitored by Members throughout the year; and- Consultation with residents and businesses on suggested savings plans.	2023-24	<p>Savings are itemised in the Council’s budget and progress with delivery is monitored as part of quarterly financial performance monitoring, in which the Director of Finance, Resources and Business Improvement meets with each Head of Service and follows up on any slippage on plans. Consultation with residents and businesses takes place as part of the annual budget process.</p>	<p>The Council does not have a formal Savings programme in place.</p>	<p>We have included 2024-25 improvement recommendation to address (see page 19)</p>

Appendix C: Follow up of 2023-24 improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
IR2	The council should map the risks identified in the Corporate Risk Register (CRR) to the strategic objectives outlined in the Corporate Plan. This will ensure Members have full visibility of which corporate priorities would be impacted if a risk materialises, enhancing alignment of risk management with strategic goals.	2023-24	No changes have been made to the corporate risk register	This improvement recommendation is still outstanding	We have included 2024-25 improvement recommendation to address (see page 25)

Appendix C: Follow up of 2023-24 improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
IR3	The Council should continue to prioritise and direct efforts towards improving Member-to-Officer relationships, ensuring that the tone of communication, collaboration, and mutual understanding between elected members and staff is consistently professional and constructive. This includes maintaining focus on the ongoing work with the external consultant to address the concerns raised, particularly regarding the behaviours of a small number of Members, and fostering a more respectful and cooperative organizational culture	2023-24	<p>A member-officer protocol was formally introduced from April 2024, although due to minor amendments the protocol in practice was in operation from January 2025. Further, Standards Committee reviewed and discussed the protocol in September 2025</p> <p>Officer have reported an improved relationship and understanding between Members and Officers</p>	Action implemented	No



© 2025 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.