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Date: 2 October 2024

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - WEDNESDAY, 9 OCTOBER 2024

I am now able to enclose, for consideration at next Wednesday, 9 October 2024 meeting of the Governance and Audit Committee, the following report that was unavailable when the agenda was printed.

Agenda Item No

9

Progress Update on the Grant Thornton Value For Money Recommendations
(Pages 1 - 8)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Watts', is written over a faint circular stamp.

Benjamin Watts
General Counsel

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From: Ben Watts, General Counsel
John Betts, Interim Corporate Director, Finance

To: Governance and Audit Committee, 9 October 2024

Subject: Update on the Grant Thornton Value For Money Recommendations

Status: Unrestricted

ACTION from Previous Meeting

1. Background

- a) In February 2024, the Governance and Audit Committee received the External Audit Annual Report for 2022/23¹. The report identified seven risks of significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources. There were seven key recommendations and five improvement recommendations made in relation to these risks. The External Audit Findings Report for 2022/23² made one additional key recommendation, linked to the Grant Thornton Governance Review of Kent County Council.
- b) The Committee requested that an interim report be provided by Officers, detailing the progress towards achieving the External Audit recommendations contained in the 2022/23 reports. This report updates the Governance and Audit Committee on the management actions undertaken since February 2024 to address the areas of concern. A full report on the end of year actions against these recommendations will come to the Committee in February 2025.

2. Progress

Recommendations: Key (K) or Improvement (I)	Criteria impacted by the significant weakness	Progress Update
The Council should strengthen its pace and tighten its corporate grip over progress of addressing Key Recommendations. A holistic approach should be taken towards improving financial	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness.	Over the past year, the Council has collated all of the recommendations (including key recommendations) into the Governance Recommendations Improvement Plan. In phases, this is being transferred to an online, workflow led tracker using technology.

¹ [External Audit Annual Report on County Council 2022/23](#)

² [External Audit Findings Report 2022/23](#)

<p>sustainability, governance and performance across the board (K)</p>		<p>The first phase has seen Members and Officers provided with an overview of the activities with testing on the reporting capabilities and further functionality to be delivered as the year goes on.</p> <p>The activities under recommendations have been grouped and are being addressed on a collective basis with an end of year report being available in early 2025.</p> <p>Improvements have been made to the financial management, budget planning and oversight tools and Members are welcome to have a demonstration of these tools if they wish. Some of these tools were used to show Members the granular information regarding the 2024/25 budget.</p> <p>A technology led decision-making process is now in test which hard-wires some of the prior recommendations and findings around governance into the process for Members taking key decisions and officers advising on them.</p> <p>In September 2024, the Interim Corporate Director of Finance led a workshop open to senior officers involved in budget building and savings plans for 2025/26 with contributions from the Strategic Reset Programme, Democratic Services, Legal Services and other professional colleagues to improve the robustness, resilience and holistic nature of planning for next year's budget.</p>
<p>Steps need to be taken by the Council to control expenditure... We will consider the robustness of the Council's proposals and reserves for the</p>	<p>Financial Sustainability</p>	<p>Spending Control FAQs and Spending Control Guidance were issued to officers with a dedicated section on the Council's intranet site to provide information on the controls and immediate actions</p>

<p>2024/25 Revenue Budget and the 2024-27 High Level Financial Plan to determine whether further statutory action is required (K)</p>		<p>required by officers. These were strengthened in February 2024 and maintained in September 2024. Members can be briefed further in relation to the steps taken if they wish.</p> <p>There are opportunities for thoughts and suggestions for budget savings for officers via signposted idea cards on the intranet.</p> <p>Further training and information has also been regularly cascaded through management channels.</p>
<p>The Council should take a holistic approach towards managing SEND demand and SEND financial management... (and)... focus on EHCP demand and approval processes... if it is to have a lasting impact on returning SEND services to a sustainable footing (K)</p>	<p>Financial Sustainability</p>	<p>The County Council set up SIAB (the SEND Strategic Improvement and Assurance Board) to co-ordinate a cross-functional approach towards improving SEND services and this was successful, as the Children’s Minister lifted the Improvement Notice in August 2024. Alongside this, the Department for Education continues to make payments to the Authority, as part of its Safety Valve deal. This was all reviewed by Scrutiny committee in September.</p>
<p>Compliance with the Council’s decision-making arrangements needs to be strengthened... An action plan for implementing recommendations both from CIPFA and from our own 2023 review of governance should be adopted (K)</p>	<p>Governance</p>	<p>Members of the Committee received a detailed briefing on the progress against this at the Governance and Audit Committee on 16 May 2024. The actions attributed to officers are on track and will form part of the Annual Governance Statement that will come before the Committee in draft in November and for approval in December.</p> <p>The actions attributed to Members have been considered by the Member Governance Working Party. As the Monitoring Officer explained at the County Council meeting in September, this will</p>

		<p>result in a paper to the December meeting wrapping up the work of the working party, with recommendations for Members addressing the recommendations arising from the relevant reviews.</p> <p>The paper will also see the Monitoring Officer recommend further governance improvements following from the work and discussions with the external auditor subsequent to the review as part of the commitment to continuously improve.</p> <p>The Decision-Making App has been discussed with internal and external colleagues and is in testing with the GET Directorate in September 2024 before testing with Cabinet before the year end with a view to a full roll out in spring 2025 for all decisions in the next municipal year.</p>
<p>The Council should aim to maintain full implementation rates for Internal Audit findings and should complete its review of Internal Audit lessons learnt from the SEND transport re-procurement at pace (K)</p>	<p>Governance</p>	<p>The Internal Audit Annual Report 2023-24 highlighted that full implementation rates of agreed management actions had decreased to 38% in 2023-24 from 50% in 2022-23. The Committee has a paper at the October meeting addressing the implementation rates.</p> <p>In February 2024, the Governance and Audit Committee received a report³ on the significant work completed in response to the lessons learnt report. It was agreed that the Committee would receive a follow up report in February 2025 for assurance.</p>
<p>The Council should liaise with its partners to</p>	<p>Improving economy,</p>	<p>The Council developed an improvement plan and detailed</p>

³ [Management Follow Up of SEND Transport Lessons Learned Review.pdf \(kent.gov.uk\)](#)

<p>determine and agree the improvements that will be made in SEND services... careful, proactive consultation and engagement with schools, parents and other stakeholders will be necessary (K)</p>	<p>efficiency and effectiveness</p>	<p>information in relation to the relevant steps and actions taken is available at the following weblink:</p> <p>Kent improvement plan for special educational needs and disabilities (SEND) - Kent County Council</p>
<p>Training around procurement strategy, policies and practice should be strengthened across the Council... Opportunities for value for money through procurements and contract management should be maximised. VEAT notices should be used when required (K)</p>	<p>Improving economy, efficiency and effectiveness</p>	<p>One of the in-flight activities around the Governance Review by Grant Thornton was the rewrite of the procurement policy (Spending the Council's Money) which the Committee were involved in. The strengthening of knowledge and awareness followed this (in part through as a response to the Committee).</p> <p>This was promoted again in February 2024 and a dedicated intranet section on the Council's procurement policy and approaches is available and will be shared via the MS Teams site for Member's ease of reference.</p> <p>Training has also been rolled out by the Commercial and Procurement Team to directorate and divisional management teams with information and support also provided to managers across the Council.</p> <p>The Operating Standards, relaunched in August have provided clarity and a reminder of expectations of staff in this space.</p>
<p>Sensitivity analysis should be adopted for the budget for 2024/25 and the Council should also explore this for in-year financial monitoring (I)</p>	<p>Financial Sustainability</p>	<p>As part of a more rigorous approach to budget setting, the Council will include sensitivity analysis as part of its overall considerations. Initial indications as part of in-year monitoring is that growth is being contained within budget estimates. It is non delivery of savings that is producing</p>

		pressure.
The Council should reflect its share of the costs agreed with the Home Office for caring for unaccompanied asylum-seeker children in the budget for 2024/25 (I)	Financial Sustainability	The Council ultimately secured full cost recovery of these costs from the Home Office.
Delays on capital projects should be reviewed for common factors. Project management (including through schools and contract partners) and specialist skills should be reviewed (I)	Financial Sustainability	Slippage in the capital programme is monitored and early indications for 2024-25 suggest that delays have reduced. Increasing the timeframe of the capital programme to 10 years has encouraged a more realistic profile of spend. Project management still needs to be reviewed, although much school build activity now lies with Government agencies, rather than the local authority.
<p>Staff should be reminded that (of) the Officer's Code of Conduct states that:</p> <ul style="list-style-type: none"> • The Council's financial regulations and anti-fraud and corruption strategy must be adhered to at all times; and • Officers are expected, through agreed procedures and without fear of recrimination, to bring to the attention of management any irregularity in the provision of service. <p>The role of finance business partners in explaining regulations and promoting good practice should also be considered (I)</p>	Governance	<p>Training from Internal Audit on these core issues continues to be offered across the organisation and the testing of assurance of this has been added to the Annual Governance Statement.</p> <p>Governance training for the T200 management group has been introduced.</p> <p>In addition to updates through management channels, a KNet Post titled "Our Financial Regulations apply to all of us" was published on 4 June 2024.</p> <p>Further resources on whistleblowing have been developed and links to the intranet will be shared via the MS Teams site.</p>
The Council should consider whether there is scope for making more use of benchmarking and	Improving economy, efficiency and effectiveness	The Council is currently in the process of reviewing benchmarking information available from third parties, to take a view on whether

other data for services where demand is increasing, and/or performance is deteriorating, to assess performance (I)		such data is available and how useful it may be.
A separate specific governance report was conducted and presented to the Governance and Audit Committee in October 2023.... For process improvements to have the impact they are aimed at, it will be important that the culture and behaviour and standard also keep at pace with improvement (K)	Financial Sustainability	As identified above, Members of the Committee received an update in May 2024 regarding this item. The Monitoring Officer repeated the cultural and behavioural progress required to keep pace with the improvements in the technocratic. At the Governance and Audit session in September, Members and statutory officers discussed the importance of behaviour and standards.

3. Recommendation

The Governance and Audit Committee NOTE the progress update on the Grant Thornton Value for Money recommendations and AGREE that a final report be provided before the end of the current administrative cycle.

4. Background Documents

[Kent County Council Governance Review by Grant Thornton - May 2023](#)

5. Report Author and Relevant Director

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