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Date: 11 November 2024

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - TUESDAY, 12 NOVEMBER 2024

I am now able to enclose, for consideration at the Tuesday, 12 November 2024 meeting of the Governance and Audit Committee, the following report that was unavailable when the agenda was printed.

Agenda Item No

7

Annual Governance Statement (Pages 1 - 24)

Yours sincerely

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

Benjamin Watts
General Counsel

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From: Ben Watts, General Counsel
Katy Reynolds, Governance Advisor

To: Governance and Audit Committee, 12 November 2024

Subject: Draft Annual Governance Statement 2023/24

Status: Unrestricted

Summary: The Annual Governance Statement (AGS) is a key document which provides Members and Officers with the opportunity to reflect on the processes, activities and behaviours which deliver decision making and output within the Council.

1) Introduction

- a) The AGS provides an overview of the state of the authority's governance and the controls that are in place to manage key governance risks. In instances where key governance issues have been identified, the detail of actions taken to make improvements and work still to be undertaken are documented in action plans. Kent County Council is statutorily required to produce an Annual Governance Statement.
- b) The statement relies on the contribution of Members and Officers and a commitment to the continuous improvement of the way in which things are done by the Council in governance terms. Our statements have been very clear about where improvements can and should be made but this is done solely in the interests of identifying issues and making improvements. It is vital that the process is not weaponised as the Council has used the AGS process to identify and confront a number of issues that have remained out of sight in other organisations.
- c) As in previous years, at the Governance and Audit Committee meeting there will be a (short) presentation on some of the changes around monitoring and the things that will be being introduced as we move into the new financial year, alongside other improvements which are coming into the delivery stage. The presentation will be sent to Members via the Teams site ahead of the formal Committee meeting.
- d) Given the electoral cycle and the work undertaken to improve governance, this statement, whilst covering the 2023/24 financial year, does include activities and issues from the first half of the 2024/25 financial year and will be current as of the date of signature in December. This provides an opportunity to repeat the AGS process during the pre-election period at the end of the financial year and bring the AGS process back in line with the publication of the draft accounts. This will mean that approval of the statement will take place in the summer rather than the winter from 2025 onwards.

- e) The statement comes to the Committee in draft to update Members on progress of the development of the statement and to provide an opportunity for the Committee to understand and influence the strategic direction of the statement ahead of finalisation. As such, it is very much a work in progress at this time.
- f) After the 12 November 2024 meeting, the General Counsel will address the further changes that need to be made before finalising the Annual Governance Statement for consideration by Members of the Committee. Work will also take place with Corporate Management Team members on finalising the actions that will be undertaken and delivered in the period ahead and these will also be included in the final statement and added to the GRIP and the G&A Committee Teams site for Members to track throughout the year ahead.
- g) The prior contribution of Members around the design and style of the report are being reflected in the final documents for consideration at the December meeting of the Governance and Audit Committee.
- h) The final draft of the AGS will be presented to the Members of the Governance and Audit Committee at the 12 December 2024 Committee meeting for approval. The AGS is then sent to all Cabinet Members, Corporate Directors and Directors. It will also be recommended that a copy of the approved Annual Governance Statement is then sent to all Members.

2) Annual Governance Statement Process for 2023/24

- a) Since 2018, we have been materially changing the way that we do the AGS. The statutory officers, with advice from the Head of Internal Audit, have been improving the way in which we collect responses and build up the AGS. The approach taken to the AGS by Kent County Council in recent years has involved greater and broader testing across the Council through a survey of those playing a role in supporting governance at all levels of the organisation.
- b) Progress is now reported to the Governance and Audit Committee via a PowerBI Dashboard on Microsoft Teams with additional functionality being developed over the coming months. The Committee then have the opportunity to ask for further information on an action should they wish to seek further assurance.
- c) As part of the process for 2023/24, the responses from the previous year's officer surveys were revisited to ensure that the actions previously identified fully addressed any areas of concern. Additionally, the responses to the Corporate Director survey for 2023/24 were analysed to identify any additional areas for improvement.
- d) Given the changes to staffing arrangements supporting the AGS, we are now at an appropriate point to undertake a review of the process ahead of the AGS for 2024/25. We now have a number of year's data that will be analysed and included in this year's statement and further enhanced as part of the review. We are exploring how we measure and present year-on-year progress and make a reasoned judgement on the success of the actions. The intention

is to complete the journey towards a more comprehensive and qualitative evaluation process with real-time tracking against agreed outcomes and activities.

3) Direction of Travel for this year's AGS

- a) It is already clear that this year's statement will report on a number of actions, changes and developments that have been successfully implemented. There are a range of very positive improvements which materially improve the organisation's position and these should be celebrated.
- b) There are also a number of major innovations where the Council has used technology to improve our governance and resilience that is hugely positive.
- c) The above notwithstanding the financial and operational challenges persist and the level of delivery and innovation must be maintained and exceeded just to keep up with those challenges. Accordingly, whilst this year's AGS notes closure of a phase and a range of successes, it is vital to note the continuous nature and need of and for improvement.
- d) The messages from the Section 25 Assurance Statement for the 2024/25 Budget, the Annual Audit Opinion and the external audit opinion remain vital guiding principles. The final AGS will concentrate heavily on the improvements that can be made in relation to the delivery of savings across the Council and the continued challenges around compliance with statutory duties in SEND and ASCH in particular.

4) Governance and Audit Committee's Responsibility

- a) This report and the early draft statement are brought to the Committee to provide an opportunity for Members to consider and raise any issues ahead of the finalisation of the statement for the December meeting. The General Counsel and the Governance Advisor are both happy to meet with Members in between the November and December meetings or to receive written contributions. The purpose of bringing the item in draft is so that Members are sighted in advance of being asked to approve the final version.
- b) Members are reminded that the purpose of this Committee, in accordance with its [Terms of Reference](#), is to provide independent and high-level focus on the adequacy of governance, risk, finance, and control arrangements. Towards this purpose, its role is to:
 - i. ensure there is sufficient assurance over governance risk and control and provide reports to full Council on the effectiveness and adequacy of these arrangements;
 - ii. have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability, and
 - iii. through i and ii above, give greater confidence to all those charged with governance for Kent County Council that its arrangements are effective

and reporting to full Council or other Committees as necessary where the Committee has concerns that these arrangements are not effective.

- c) This report is brought to the Governance and Audit Committee for their consideration as the Committee is responsible for:
- i. monitoring the development and operation of governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions in the Council,
 - ii. oversight of the Council's corporate governance framework to ensure it meets recommended practice, is embedded across the whole Council and is operating consistently throughout the year.

Recommendations

The Governance and Audit Committee is asked to:

- a) NOTE the report **and**
- b) CONSIDER and provide any comments on the Annual Governance Statement before 30 November 2024

5) Appendices

Appendix: Draft Annual Governance Statement for 2023/24

6) Background Documents

[Financial Management Code of Practice - Compliance Assessment.pdf](#)

7) Relevant Director and Report Author

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Kent County Council

Annual Governance Statement

2023/24

Kent County Council
Annual Governance Statement 2023/24

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Purpose of Statement

The Annual Governance Statement (AGS) is a key document which provides Members and officers with the opportunity to reflect on the processes, activities and behaviours which deliver decision making and output within the Council.

This document is to support the continuous improvement of governance within the Council and requires an open and honest assessment of and by those working within the system. To maintain that improvement, it is vital that there remains an open culture regarding the AGS and that it is not weaponised to undermine its core purpose. It is a whole Council document and should reflect its different aspects, positive and negative.

It is vital that the statement itself, the process to develop it, and review and discussions of the statement are taken within the operating context of the organisation and the emerging opportunities, risks, and threats that the Council faces.

The AGS provides an overview of the controls that are in place to manage key governance risks. In instances where key governance issues have been identified, the detail of actions taken to make improvements and work still to be undertaken are documented in action plans. Kent County Council is required to produce an Annual Governance Statement under the regulations issued by Government.

It is hoped that the reader will find this statement a thorough and honest account of the operation of Kent County Council's governance arrangements which highlights both strengths and the areas requiring further improvement. It is important to acknowledge that the authority's governance journey is a continual one, and this statement recognises the Council's position at a point in time.

In the spirit of seeking improvement, the statement naturally concentrates on areas for further improvement and development. Accordingly, by its very nature it reflects on things that can and should be done differently and contemplates the planned activity necessary to address the issues that have arisen. Importantly, the statement is about continuous improvement and provides challenge. It relies on transparent assessment and it remains important that all those playing a role in the Council's governance continue to openly discuss issues and challenges as they arise and that the Council maintains an environment where those discussions are encouraged.

The approach taken to the Annual Governance Statement by Kent County Council in recent years has involved greater and broader testing across the Council through a survey of those playing a role in supporting governance at all levels of the organisation. As part of the evidence gathering phase of this year's process, a survey was once again sent to the Corporate Management Team. A Member experience survey included a number of questions that have provided a useful insight into Member priorities and the understanding of governance within the broader Membership of the Council.

The collection of information over a number of years now allows us to provide comparative analysis on a range of repeated questions to provide a picture over a period of time.

The Annual Governance Statement for 2022/23 repeated the previous year's recommendations and added to them. The additional recommendations coming from the Grant Thornton Governance Review, Internal Audit activities and other Grant Thornton publications have led to the creation of additional action plans. Whilst significant progress has been made against these action plans, it is recognised that there is a lot of identified activity. Therefore, the actions have been reviewed and consolidated to ensure that these are fully addressed as a priority. Progress is reported to the Governance and Audit Committee via a PowerBI Dashboard on Microsoft Teams on which the functionality is being further developed. The Committee then have the opportunity to ask for further information on an action should they wish to seek further assurance.

As with previous years, the Annual Governance Statement is informed by the Annual Audit Opinion and the outcome of audit and review activity. The Governance and Audit Committee continue to play an important role in ensuring that the authority's corporate governance framework meets recommended practice, is embedded across the whole Council, and is operating throughout the year with no significant lapses.

This statement is required to reflect the position at point of signature and therefore reflects a range of activities and issues that fall in 2023/24 financial year. It is important to note though that whilst some of those significant issues that have arisen or been reported on during 2024/25 are contemplated as part of the ongoing work that we are doing, they will formally be reported as part of the next Annual Governance Statement

Scope of Responsibility

Kent County Council is responsible for ensuring that services and operations are conducted in accordance with the law and proper standards. The authority has a specific responsibility to ensure that public money is used carefully and effectively and is properly accounted for. There is also a duty to continuously review and improve the way we work whilst offering services that are efficient and provide value for money.

Kent County Council operates an Executive scheme of governance with major decisions taken by nine Cabinet Members and a Leader executing the policies and strategies supported by a majority of Members. Where there are powers and functions reserved to the Council, these are taken by or on behalf of the full Council.

The County Council sets an annual budget which determines the resource available to deliver these decisions, strategies, and functions.

What is governance?

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises of systems and processes, cultures, and values by which the Council is directed and controlled. The Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes Kent County Council will strive to ensure that strategies, policies, and operational matters are understood by Kent residents.

The Code of Corporate Governance

Kent County Council's Code of Corporate Governance describes the principles applied by Kent County Council as the framework for good corporate governance, how we are achieving these, and the key policies and plans in place to support this.

The Code follows the seven principles identified in 'Delivering Good Governance in Local Government (2016)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), as a best practice framework for local authorities.

- Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2 - Ensuring openness and comprehensive stakeholder engagement.
- Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5 - Developing the local authority's capacity, including the capability of its leadership and the individuals within it.
- Principle 6 - Managing risks and performance through robust internal control and strong public financial management.
- Principle 7 - Implementing good practices in transparency, reporting and audit to effective accountability.

All elected Members have an important role to play in acting on behalf of the Council and their residents. Officers serve the Council as a corporate body rather than any political group, combination of groups, or any individual Member. Members and Officers have distinct codes of conduct, reflecting the legal differences between the two groups.

For Members there is the Kent Code of Member Conduct that is adopted under Section 27 (12) of the Localism Act 2011. It is the responsibility of Members to comply with the provisions of this code and these provisions are set out in the authority's Constitution.

All employees are required to abide by the Code of Officers Conduct, declare personal interests which may conflict with KCC's own interests, and treat all colleagues and customers with dignity and respect.

Members and Officers are expected to work together on a basis of mutual respect and trust. Members set the County Council's policy direction and Officers are responsible for implementing decisions taken and providing professional advice at all stages. KCC's Scheme of Delegation sets out the framework for how specific delegations are allocated to Officers.

Kent Council Council's Cabinet Committees are constituted of elected Members and are established as advisory Committees of the Executive. Cabinet Committees review most key decisions prior to their being taken, together with related matters affecting Kent or its residents, in the subject area covered by the Committee. The Council also has a Scrutiny Committee whose role is to scrutinise the actions and decisions of the Executive and a suite of other Committees which undertake specific functions on behalf of the Council. The remit and membership of each Committee is set out on the County Council's website.

The County Council has designated Officers to act as each of the following: Head of Paid Service (Chief Executive), the Monitoring Officer (General Counsel), the Section 151 Officer (Corporate Director of Finance), Director of Adult Social Services, Director of Children's Services, and Director of Public Health. Their functions are explained in Section 11 of KCC's Constitution and responsibilities are placed on these individuals by a combination of legislation and the Council's own governance.

The responsibilities of the Monitoring Officer were expressly discussed by Members due to the presentation of a number of reports made under Section 5 of the Local Government and Housing Act 1989 relating to a breach of statutory duties by Kent County Council during the financial year: Kent County Council was involved in three separate Judicial Review claims in relation to the care of unaccompanied asylum-seeking children (UAS children) and their accommodation in hotels by the Secretary of State for the Home Department (SSHD).

A Section 5/5A framework is currently in development and will set out guidance as to how the Monitoring Officer of the Council will approach their statutory duties under sections 5 and 5A (s5/5A) of the Local Government and Housing Act 1989.

The Head of Paid Service was changed to a Chief Executive role within the 2022/23 municipal year and changes to the Council's governance were made to recognise this shift. The Chief Executive remains responsible for the statutory duties of the Head of Paid Service and for ensuring that the appropriate resources and arrangements are lined up against these. The current Chief Executive's impact on the Council's governance is expanded on in the 'Operating Environment' section below.

The Corporate Director of Finance acts as the Council's Section 151 Officer and Chief Finance Officer responsible for making the necessary arrangements for local financial and management controls, under section 151 of the Local Government Act 1972. In an increasingly challenging financial position, the Section 151 Officer reflected this in both a section 25 assurance statement to the budget in February 2024 and in reports/comments to Committees throughout the year.

Operating Environment

At the outset of this statement, it is important to record the operating environment and context in which services were delivered and this AGS was drafted. Whilst it has been less than a year since the approval of the Annual Governance Statement for 2022/23 in January 2024, it is important to reiterate some of what has been stated previously and provide further information regarding the Council's current operating environment.

Firstly, it is important to note the continued financial and operating position of the Council. The Council continues to operate within a context of unprecedented challenges and there are significant ongoing risks which the Council continues to address. The delivery of savings and compliance with the budget remains an absolute priority to ensure the financial sustainability of the Council. Securing Kent's Future and a range of spending controls were introduced over the relevant period to address and significantly reduce an overspend in 2023/24 that was initially reported at the end of quarter 1 as £43.7m before management action. By the end of the financial year, the revenue overspend had been brought down to £12.4m.

The challenges persist in the current financial year and whilst the quarter one forecast overspend was not at 2023/24 levels nor at the levels of many other authorities, it remains material and unsustainable in the longer term, primarily within Adult Social Care on current figures. This statement looks at the governance steps that are being taken to strengthen budget savings delivery and identifies further actions, placing an important emphasis on budget and savings delivery.

It is important to note the post-general election political context within which services are being delivered. Whilst KCC had been prepared for the occurrence of a general election in 2024, the termination point of the previous government's policy agenda was unknown. With a new Government, some work has had to be put on hold or curtailed to align with new and developing policy positions. There are ongoing uncertainties in some areas where the Council are dependent on Central Government for setting the framework, both in terms of policy direction and financially. These uncertainties have a material impact on KCC's activities and ability to forward plan in those areas.

The new Government's Autumn Budget took place on 30 October 2024 and, with the details and implications being worked through at the time of writing, presents significant uncertainty relating to the impact of the government's priorities for the new parliament.

KCC's challenges are heightened by its geographical position as the 'gateway' to Europe. The high levels of demand in relation to accommodation and support for UAS children, is due to Kent's proximity to mainland Europe. Having a major seaport and the nearest coastline to the European mainland means UAS children regularly arrive in large numbers in the county and are referred to KCC's children's services. Another example of a geographically related challenge that KCC is currently facing is the European Union's plan to introduce a new digital border check called the Entry/Exit system (EES). KCC is working closely with partners in the Kent and Medway Resilience Forum to identify the risks of significant events on our communities and plan to minimise their effects. This includes the potential impact of EES on Kent's roads.

It has always been recognised that devolution to a geographically, economically, and politically diverse sub-region such as Kent and surrounding areas does pose some considerable challenges. However, it also presents a strategic opportunity. In September 2024, KCC submitted an Expression of Interest to the Secretary of State to secure a devolution deal for Kent. The submission of an Expression of Interest is only the first stage of what can be a lengthy process in securing a devolution deal and it would not be unusual, based on devolution deals elsewhere, for the whole process to take 24 months, perhaps longer. At present, this is not known and depending on the nature of any possible deal, there will be much work that needs to be undertaken across governance, finance, and strategy/policy, which has resource implications for the Council.

This AGS is also written within the context of the upcoming May 2025 KCC elections. Significant work is already underway to prepare for a new Council term and for the induction of those Members returning and those returned for the first time. Given the operating position of the Council, it remains important that the Council manages the transition carefully and that Members continue to adhere to their fiduciary duties and role within the organisation's governance.

The Chief Executive is continuing to embed her approach to the management of the organisation which is reflected in the implementation of the newly reframed operating standards. A greater emphasis on providing world class business basics underpins a priority on compliance with the clarified and codified rules that Officers should work under. Spending the Council's Money was entirely rewritten within the relevant period and followed a restructure of the way in which the Council advises on procurement issues.

The Chief Executive is strengthening the culture of professional accountability and responsibility with oversight of strategic management. Pursuant to Securing Kent's Future and in line with prior audit comments, she is progressing the officer element of a "one council" approach to ensure joined-up planning and delivery by the whole organisation.

The External Auditor has emphasised that Kent County Council's statutory Officers have maintained a good relationship with Grant Thornton and have engaged with the auditors about areas of concern. The Council continues to be grateful for the robust yet helpful conversations and support from the External Auditor which have supported the changes that the Council has delivered in recent years.

Internal Audit – Annual Opinion

To be inserted in final AGS

Review of effectiveness

Kent County Council has a responsibility to review the effectiveness of its governance. This review has been co-ordinated by the General Counsel and the Governance, Law, and Democracy division and has involved a range of different activities.

Over recent years the way in which this review has been conducted has materially changed as a result of conversations between the statutory officers and the Head of Internal Audit. This aligns with the earlier comments in the statement about the need to transform to meet the changing realities of the Council and its services.

Accordingly, the static pro forma documents which sought narratives were replaced with questionnaires that sought direct answers and came from reviewing other arrangements in other authorities and the experience of the statutory officers and the input and advice from the Head of Internal Audit and his team.

For 2021/22 and 2022/23, that approach was modified with a changed question set for Corporate Directors and then subsequently tested with a further questionnaire

sent to officers across the Council involved at an operational level in the delivery of governance. That additional questionnaire was hugely helpful in providing granularity to inform some of the planned improvements.

For 2023/24, only the Corporate Director survey has been undertaken. Given the Kent County Council elections taking place in 2025, it is an opportune time to consolidate what is being done and work to ensure that the fundamentals are being addressed and are in place ready for whatever policy direction any administration will wish to take the Council in the future. Therefore, the Corporate Director statements of assurance have been supplemented by, and cross-referenced against, evidence drawn from other relevant spaces, including the Member Experience Survey (which covered Member's experience and understanding of governance), and a review of the 2021/22 and 2022/23 AGSs. In September 2024, the Governance and Audit Committee also had the opportunity to provide their views on the current shape of governance and thus inform the current Annual Governance Statement.

Review of Prior Year Actions

An important place to start is in reviewing the actions that have previously been identified to improve the Council's governance. Within year, the appointment of the Governance Advisor increased capacity for the General Counsel (using funding generated by the income stream provided by the School Appeals Service within Democratic Services). Significant progress has been made against the identified actions in the prior year Annual Governance Statement, a challenge set by the External Auditor and met by the Council in this year.

Of the total of 24 actions agreed last year:

TWENTY ACTIONS are on track or already delivered.

THREE ACTIONS will be delivered but have been delayed

ONE ACTION has been amended to deliver the outcome in a different way following the development of a decision-making app that removes the need for the manual solution proposed.

The actions from the prior year AGS are set out in the following paragraphs with a status update.

1. **Member Roles within the Governance – Formal definition and training provided to all Members relating to the roles as set out in the constitution and at law of:**
 - a. **Executive Members**
 - b. **Non-Executive Members**
 - c. **Opposition Members**
 - d. **Officers**

STATUS: DELIVERED – Member role descriptions completed and presented to Selection and Member Services. Training incorporated into plan for Member Induction 2025.

2. **New mechanism for the development and delivery of key decisions, Officer decisions under delegation and papers for Committees to include:**
 - a. **appropriate professional advice is sought and provided before the FED stage**
 - b. **meaningful assessment of equality, diversity and inclusion impacts before FED publication**
 - c. **reduced use of delegations for undefined purposes**
 - d. **new timetable to allow for corporate review**
 - e. **new templates for key decisions and papers to include advice on all options and costs (including commissioning and opportunity costs)**
 - f. **clear separation between advice from officers and decisions from and for politicians**
 - g. **redefined roles around responsibilities and accountability**

STATUS: ON TRACK – New mechanism fully designed (in house without any external cost by Governance, Law and Democracy staff) to create a KCC Decision Making App. The App is being tested and piloted by the GET directorate between September and December 2024. Live key decision will be run through in final test in January 2025. Full Go-Live across Council May 2025.

3. **Further activity to review written governance:**
 - a. **Constitution**
 - b. **Financial Regulations**
 - c. **Contract Standing Orders**
 - d. **Commissioning Arrangements**
 - e. **Information Governance Policies and Procedures**
 - f. **Refresh of Delegations and subsequent publication**

STATUS: ON TRACK – Updates to Financial Regulations, Contract Standing Orders and Commissioning Arrangements have all been completed and approved by County Council. The Information Governance Policies and Procedures have been consolidated into a single policy that will be approved by Officers in December and brought to G&A for information. Constitution and Refresh of Delegations will go to March County Council.

4. **Where learning and development needs are identified for Members to address concerns in this statement, these will be developed through discussion with, and agreement of, the Member Development Sub-Committee of Selection and Member Services Committee.**

STATUS – DELIVERED. Member Development Sub-Committee met in October 2024 and in conjunction with GLD Officers have developed an induction and training plan.

5. An informal training session followed by a formal written report to Governance and Audit Committee on the lessons to be learned from reports into other authorities.

STATUS – DELIVERED. Training Session and two reports provided to Members. The training session was also opened up to include Cabinet Members.

6. A review of the Decision-Making Activity for the relevant period to be presented by way of written report to Selection and Member Services and Governance and Audit Committee.

STATUS – ON TRACK. Review completed but will be taken to Scrutiny Committee instead given their role in relation to decision-making to inform their review of their terms of reference.

7. Refreshed Governance Training for relevant officers.

STATUS – DELIVERED. A refreshed range of training provided directly to officers across the organisation. Governance Week involved a campaign on KNet and across the Council to myth bust and get involved to understand the Council's governance. Online training events were attended by over 500 officers. In recent months, the Governance Advisor has begun a programme of governance training for the T200 (two hundred of the most senior) group of KCC managers. These sessions have been warmly received.

8. Reports by the Monitoring Officer to the Standards Committee in relation to the framework of Member Conduct.

STATUS – ON TRACK. Member Code of Conduct reviewed, refreshed and approved by County Council and Standards Committee. Investigation Procedure reviewed and going to Standards Committee in December 2024. Review of Member conduct going to Standards Committee before March 2025.

9. Development of a remodelled questionnaire for 2022/23 AGS in conjunction with Internal Audit building on the outputs from the experience this year to incorporate the learning and findings from Internal Audit reporting and the statutory officers' comments and input.

STATUS – DELIVERED. New questionnaire utilised and increased use of binary questions to improve accountability of response. Has prompted additional conversations and engagement which has been very helpful.

10. **Report to the Scrutiny Committee on the development of the Committee and review of activity.**

STATUS – ON TRACK. Session facilitated on behalf of General Counsel by South East Employers to provide Committee Members with overview and training on scrutiny and to work with them to support the development of a more focused and strategic work programme. Report to follow by General Counsel in early 2025 to draw together outputs of that work and of staff supporting Scrutiny.

11. **Detailed review of the operational level governance (arrangements for Officers) under 6.15 (b) of the Constitution.**

STATUS – DELIVERED. Full review and rewrite of Operating Standards by the Chief Executive. New Operating Standards issued in August 2024 and now on regular scheme of review. The standards set out expectations and processes for officers.

12. **Development of a Governance Delivery Plan following the Business Plan for each directorate and portfolio of activity to support planned activity and to ensure maximisation of resources and delivery of good governance as part of business planning.**

STATUS – OUTCOME TO BE DELIVERED DIFFERENTLY. The development of the new decision-making App captures the concern to ensure that work is programmed and planned. Reporting capacity of the App will be developed after initial go-live to ensure maximisation of resources and the app compels compliance with Council governance.

13. **Finalisation of detailed arrangements for operational level governance (arrangements for Officers and Members) pursuant to 6.15 (a) of the Constitution.**

STATUS – AWAIT OUTCOME OF GOVERNANCE WORKING PARTY.

14. **Redraft Terms of Reference for Cabinet Members Meeting and Corporate Board**

STATUS – COMPLETED. Both sets of terms of reference were reviewed, rewritten and subsequently approved.

15. **Review of the Budget Setting Process**

STATUS – ON TRACK. Process changes this year by Interim Corporate Director of Finance with further activities for delivery before budget publication.

16. Establishment of Governance Working Party of Members to discuss the following recommendations from the Grant Thornton Governance Review and report back to Selection and Member Services:

- a. The future role of Cabinet Committees
- b. Consideration of an opposition Chair of Scrutiny
- c. Review of Call-In Procedures

STATUS – DELAYED. GWP has been implemented and has met regularly. The group originally anticipated reporting to County Council in May 2024 but will now report in December 2024 and May 2025.

17. Affirmation statement signed by Leader, Cabinet and Opposition Group Leaders regarding behaviour.

STATUS – To follow Standards Committee in December.

18. Member training on Equality, Diversity and Inclusion

STATUS – ON TRACK. A training course has been designed and commissioned and will run as a pilot in the coming months. Also built into the Member induction for 2025.

19. Implement and enforce the corporate forward planning process to ensure all reports are timely and reviewed by Finance and Legal to ensure accuracy and rigour.

STATUS – ON TRACK. The Decision-Making App forces this process on a mandatory basis.

20. Roles which attract Special Responsibility Allowances are only held by members who have completed the required training and development for those roles.

STATUS – DELIVERED – Training for Chairs delivered within year and relevant training provided. Training inputs provided to Cabinet Members Meeting. New Member Induction and Training Plan will mandate required training.

21. Provide regular, focussed written and videoed Briefings for members on strategic risks, unforeseen events, best practice and opportunities for organisational and service improvement and transformation.

STATUS – DELIVERED. The following informal, online briefings have been arranged this year.

Member Briefing	Date(s)
KCC's Commercial and Procurement Division	12 January

Highways Role in the Development Planning Process	30 January
Budget Briefing	13 February
The Revised Financial Regulations	8 March
Delayed Discharge from Acute Settings	22 March
The Planning Process	6 June
Specialist Teaching and Learning Service	27 June
Ukraine Co-Operation	8 July
Local Transport Plan	12 July
Sea Link Nationally Significant Infrastructure Project – Statutory Consultation	24 July
National Planning Policy Framework	11 September
EU Entry / Exit System (EES) Member Briefing	13 September

22. Development of an Information Governance Improvement plan for each directorate.

STATUS – ON TRACK. The Corporate Information Governance Advisor is working with Directorates on plans which are in progress and improvement activities which are monitored and discussed at the Cross-Directorate Information Governance Group. Additional senior resource added to the Information Resilience and Transparency Team to work with directorates on their compliance rates (first on FOI and in due course subject access requests. Overdue FOI cases down from over 120 to under 15 and compliance rates rising.

23. Establishment of “Governance Week” in November 2023.

STATUS – DELIVERED. Sessions attended by over 500 officers. Information Governance Week took place for the second time in February 2024 and had 400 attendees on a range of training (a doubling of bookings compared to the prior year).

24. It is proposed to secure expert facilitation to support a series of round table style discussion for Members to attend, exploring their unique role in Securing Kent’s future and within the Council’s governance. The focus will not be on the plan itself but rather the role members play now and next.

STATUS – IN PROGRESS (DELAYED). The session for Scrutiny Committee facilitated by South East Employers has been delivered but the General Election had an impact on capacity. Consideration of a further session ahead of the budget.

Key Findings

(In draft and to be completed)

- 1. The vast majority of the Council's activity is delivered in accordance with the governance arrangements. The written governance of the Council (as amended throughout the period) has been tested and found to be fit for purpose. Activity in the main is delivered in compliance with the letter and spirit of the Council's agreed practices and procedures**
- 2. There is evidence of considerable commitment on the part of Officers and Members to deliver for the people of Kent but there needs to be reflection on the realities of the available resources and prioritisation of the same to concentrate on what is actually achievable in order to remain sustainable.**
- 3. Notwithstanding improvements made, the Council continues to face challenges in delivering agreed budget savings, as reflected in the Q1 Budget Monitoring Report for the current financial year. Accordingly, living within budgetary means has been identified as a necessary strategic area of improvement.**
- 4. Accountable officers must ensure that all times, relevant officers within their services are aware of their responsibilities relating to the financial regulations, financial management and the relevant constitutional and statutory provisions.**
- 5. The overheating mentioned in previous years has become a significant ongoing pressure in terms of meeting the statutory duties owed to individual residents and difficult decisions around prioritisation will need to be taken in order to ensure the effective provision of statutory services**
- 6. The changes introduced by the Chief Executive over the past year have strengthened officer accountability and clarity around roles, placing a greater priority on governance within the officer cadre. The operating standards are an example of officer level changes which clarify and codify expectations.**
- 7. There is an opportunity for a 'reset' in May 2025. The elections in 2025 will be held in 'normal' conditions, unlike those in 2021 which took place during the Covid-19 pandemic. It has been recognised that, due to the pandemic restrictions, a pragmatic approach was taken to Member induction rather than the robust Member induction packages offered after elections in previous years. This has arguably resulted in a lack of clarity around the expectations. However, there is an opportunity to make these expectations clear and provide guidance, support and training from the outset in 2025.**
- 8. The role of elected Members within the Council's governance is clearly defined and remains vital. The survey responses from Members demonstrate the importance of Members fully understanding their role**

and where some improvements can be made. Given the short time order of this statement, the impending election in the next six months and the outstanding work requiring completion by the Member Governance Working Party, member behaviour and roles remain a necessary strategic area of improvement.

9. Overall, the findings show an improving picture of knowledge, awareness, and compliance in relation to the Council's Governance. The significant improvements and delivery from the past year are considerable but now represent the starting point for the further developments and improvements needed. As such, compliance with governance rules/framework are the third strategic area of improvement.
10. 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. 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. It has been recognised that the impact of some of these improvement activities will only be realised in the medium to longer term.
11. Further to the Governance Review and last year's AGS, it is important that Members use the time in Committees and the available Officer capacity supporting that work to address the greatest priorities that the Council faces. Member behaviour and prioritisation in this regard must also be reviewed to avoid the challenges faced elsewhere.
12. It is vital that Corporate Directors and their officers carefully and fully ensure that all relevant information and the full range of advice is in place for decision-makers and those that wish to scrutinise the decisions.
13. In 2021, the concept of "Stay in Lane" was introduced as part of the governance reset triggered by the Annual Governance Statement. It remains the case that there are examples of Members straying into operational areas wishing to make decisions and Members complain of officers occupying the political space on occasion. The separation of powers remains a core and vital part of the Council's governance.

AGS Identified Actions

The actions for the year ahead are arranged under three key themes:

- Living Within Budgetary Means
- Member Governance and Behaviour
- Compliance with Governance rules/framework

To be completed in final draft

Report of the Monitoring Officer

Section 5 of the Local Government and Housing Act 1989 designates the Monitoring Officer as having a range of responsibilities regarding the lawful conduct of the County Council. These responsibilities include a duty to provide a report to all Members in circumstances where a contemplated decision, act or omission by or on behalf of the Executive leads (in their view) to maladministration or a contravention of the rule of law.

In any given year, there is always the possibility that circumstances lead to situations where the Council may be said or may be found to have acted contrary to its statutory duties without this having been done deliberately or with full awareness of this being the case. Where there are such decisions, there is always an impact on individuals or groups of individuals.

This report identifies the operating environment and the challenges faced by the Council and has referred to the key themes throughout. The issuing of a Section 5 report is intended to be used only as a last resort. To mitigate the risk of needing to do so in the future, there are a number of matters that the Monitoring Officer wishes to record here in the AGS, and which inform the findings.

The expansion of the Governance Team enables a clearer framework to be put around the statutory duties of the Monitoring Officer and ensure that there is a clearer route of escalation for serious and existential governance issues.

To be completed in final draft following further discussion with Corporate Directors.

Annual Governance Statement 2023/24 Conclusion

To be completed in final draft.

It is vital that the necessary behaviours are demonstrably in place to live the Council's written governance and ensuring these are in place is a key priority in the year ahead and to support the delivery of the considerable workload of actions that have been identified as necessary. This is not limited to the signatories of this statement and applies to all Members and Officers of the Council.

This AGS serves as an important preparatory step as we move towards May 2025. The next AGS will be delivered in July 2025 to the new Governance and Audit Committee Members and will help them to inform their business/areas of focus.

If there is an overarching theme joining together those highlighted in this AGS, it is the need for all those involved in the operation of the Council to be aware of their

duties and responsibilities, and specifically for Members and Officers to recognise they have important, but different, roles and should endeavour to focus on those.

Reporting on success against an action plan does little to ensure continuous improvement if cultural change is not embedded simultaneously. There is an important opportunity to so embed behavioural change following the next KCC election and there is already significant work underway to start the shift from silo to one Council thinking.

The transition between electoral cycles presents challenges but also significant opportunities for further thought and improvement.

DRAFT

Signatory Section

There were sufficient staffing resources available in 2023/24 for the Authority to discharge its responsibilities, but the caveats arising from the current operating environment mentioned in this statement also need to be noted.

The Monitoring Officer can confirm for the financial year ending March 2024, that save for the issues previously reported to Members of the Governance and Audit Committee, the County Council and through the annual complaints report, there is no known unlawfulness or maladministration.

The Interim Section 151 Officer provided assurance to the County Council that the budget proposed and approved for 2024-25 was based on robust estimates and allowed for an adequate level of reserves to cover foreseeable eventualities and general reserve for the unforeseeable risks.

Pursuant to Internal Audit recommendations, the Interim Section 151 Officer also asserts and assures through his signature that the Council has completed an assessment and is compliant with the CIPFA Financial Management Model.

The Chief Executive Officer signs this statement having received the assurances of all the accountable Corporate Directors and Directors for Strategic and Corporate Services through this AGS process and on the basis that the Monitoring Officer will take forward and oversee the delivery of the identified actions contained within this document.