



Direct Dial/Ext:  
e-mail: Ruth.emberley2@kent.gov.uk  
Ask for:  
Date: 5 December 2024

Dear Member

**GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 12 DECEMBER 2024**

I am now able to enclose, for consideration at next Thursday, 12 December 2024 meeting of the Governance and Audit Committee, the following report(s) that were unavailable when the agenda was printed.

**Agenda Item No 9**

**External Audit - Annual Auditors Report**

Yours sincerely

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

Benjamin Watts  
General Counsel

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By: Katy Reynolds, Governance Advisor  
To: Governance and Audit Committee, 12 December 2024  
Subject: External Auditor's Annual Report on Kent County Council for 2023/24  
Status: Unrestricted

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Summary: The appended report provides a summary of the work undertaken by Grant Thornton for Kent County Council during 2023/24. The core element of the report is the commentary on the value for money (VFM) arrangements.

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## 1) Introduction

- a) The Appointed Auditor, Grant Thornton UK LLP have issued their Annual Report which is appended. The report enables Grant Thornton to discharge their responsibilities as External Auditor in accordance with the Local Audit and Accountability Act 2014 (the Act) and the National Audit Office Code of Practice, this includes reporting on:
- Financial sustainability
  - Governance; and
  - Improving economy, efficiency, and effectiveness.
- b) The Act also requires the External Auditor to issue an opinion each year as to whether the Council's Financial Statements give a fair view of the financial position of the Council and have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code.

## 2) Governance and Audit Committee's Responsibility

- a) In accordance with CIPFA's Position Statement 2022, the Committee is responsible for considering the opinion and recommendations of External Audit and their implications for governance, risk management or control, and for monitoring management action in response to the issues raised by external audit.
- 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.
- c) 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.

### **3) Recommendation**

The Governance and Audit Committee is asked to note the External Auditor's Annual Report on Kent County Council 2023/24 for assurance.

## **Appendices**

Appendix: Auditor's Annual Report on Kent County Council 2023/24

## **Background Documents**

CIPFA's Position Statement 2022

## **Contact Details**

Katy Reynolds  
Governance Advisor  
[katy.reynolds@kent.gov.uk](mailto:katy.reynolds@kent.gov.uk)  
03000 422252

# Auditor's Annual Report on Kent County Council

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Auditor's Annual Report for the  
year ended 31 March 2024

December 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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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, based on the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction



## Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Kent County Council (the Council) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

## Responsibilities of the appointed auditor

### 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 on 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- 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.

### Value for money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

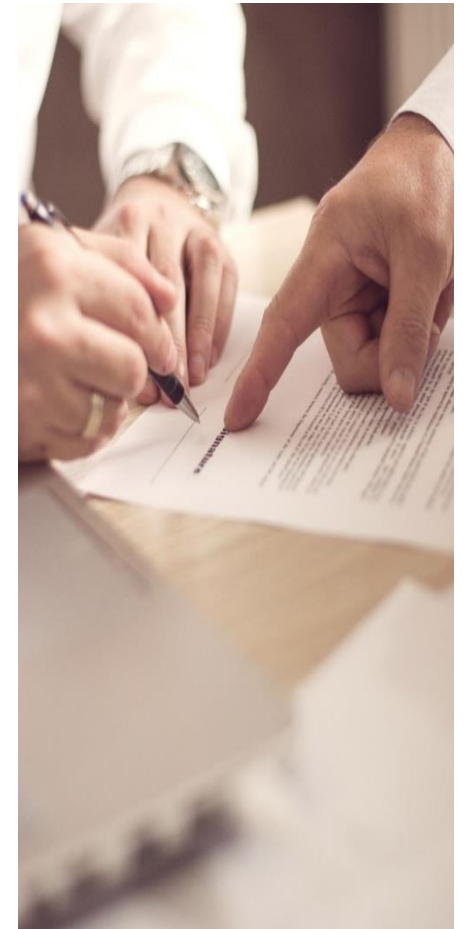
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

### Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 10 with a commentary on whether any of these powers have been used during this audit period.



# Executive summary





# Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. These new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 24.



## Financial sustainability

In 2023/24 Kent County Council overspent against its revenue budget by £12.373 million. Significant areas of gross overspend surrounded adult social care and health (£32.6 million); and children and young people (£24.6 million). Budget monitoring data for 2024/25 shared with Cabinet in September 2024 indicates that the Council is forecasting to overspend against budget again, by £16.3 million, with the gross overspend on adult social care and health forecast to make up £16.5 million of that amount. The Council is developing a good track record for delivering savings and has been proactive in introducing spending controls from January 2024 onwards (including the use of adult social care placement panels). The Council has a safety valve agreement in place with the Department for Education for the elimination of the dedicated schools grant deficit and the Council has so far been able to comply with the terms of that agreement. However, although the rate of increase in the Council's dedicated schools grant deficit is slowing down, the overall value of the deficit has continued to increase. We have identified significant weaknesses within the Council's financial sustainability arrangements. We have raised two key recommendations and identified three areas of improvement. These are detailed further within the report.

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## Governance

The Council's progress in implementing the recommendations raised by Internal Audit in 2023/24 was poor. The full implementation rate was only 38%. Looking at recommendations more generally, the Council introduced a new Power BI tracker for monitoring progress with all recommendations from External Audit, Internal Audit and from its own Annual Governance Statement process. The Council has stated that it aims to complete work on all these recommendations by early 2025. We have identified a significant weakness within the Council's governance arrangements for the timeliness of responses to Internal Audit recommendations during 2023/24. We have raised one key recommendation around response rates to Internal Audit and identified one area of improvement around the timing of other recommendations being dealt with on the Power BI tracker.

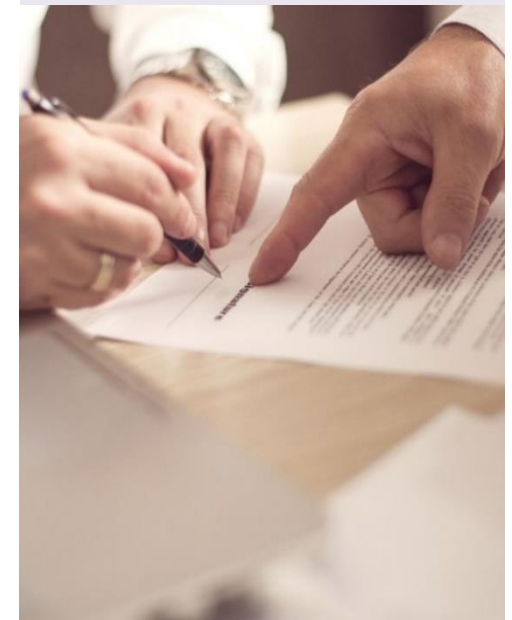


## Improving economy, efficiency and effectiveness

The Council produces a quarterly corporate performance report for Cabinet. The report includes thirty-eight Key Performance Indicators (KPIs), Ten indicators did not achieve their floor standard during 2023/24 and were RAG rated red. All were in areas where the Council is aware that it faces acute financial and demand pressure. We have not identified a significant weakness within the Council's arrangements, although we note that two indicators around Education, Health and Care Plans have been RAG rated Red before.



We have completed our audit of your financial statements and intend to issue an unqualified audit opinion shortly after the Governance and Audit Committee meeting on 12 December 2024. Our findings are set out in further detail on pages 8 to 9.



# Executive summary (continued)



## Overall summary of our Value for Money assessment of the Council's arrangements

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. A summary of our judgements is set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements	2023/24 Risk assessment	2023/24 Auditor judgement on arrangements	Direction of travel		
Page 8 Financial sustainability	R	Significant weakness in arrangements for financial sustainability identified. Two Key Recommendations and three Improvement Recommendations made. In addition, a Key Recommendation around corporate grip made.	Significant weaknesses identified in 2022/23 present risks of significant weaknesses in 2023/24.	R	The Council has shown a determination to improve. However, it will take time for new measures to have an impact. There were still significant weaknesses in arrangements for financial sustainability in 2023/24. Two key recommendations made relating to the adult social care and health directorate, and the high needs block. Refer to page 16.  We also raised three improvement recommendations. Refer to page 17.	↔
	R	Significant weakness in arrangements for governance identified. Two Key Recommendations and one Improvement Recommendation made.	Significant weaknesses identified in 2022/23 present risks of significant weaknesses in 2023/24.	R	The Council has begun to improve although there was still a significant weakness in arrangements for Internal Audit during 2023/24. One Key Recommendation and one improvement recommendation raised.	↑
	R	Significant weakness in arrangements for improving economy, efficiency and effectiveness identified. Two Key Recommendations and one Improvement Recommendation made.	Significant weaknesses identified in 2022/23 present risks of significant weaknesses in 2023/24.	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	↑

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

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



# Opinion on the financial statements



## Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Council's financial statements shortly after the Governance and Audit Committee on 12 December 2024.

The full opinion will be included in the Council's Annual Report for 2023/24, which can be obtained from the Council's website.

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

Page 10

give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended, and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- 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 (2020) 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 in line with the national deadline. However, we have noted in our Audit Findings Report that these accounts did not include group accounts nor were they accompanied by an Annual Governance Statement.

As in previous years, the quality of the financial statements and supporting working papers continues to be high, as evidenced by the small number of presentation and disclosure issues identified during the audit. The Council's corporate finance team engaged well with the audit process. Draft financial statements were of a good standard and supported by detailed working papers. While completion of the audit is beyond the national timetable of 30 September, it will be earlier than the 2022/23 opinion and will be before the backstop date of 28 February 2025.

Our audit resulted in one adjustment to the financial statements that impacted the net reporting position of the Council and group. This was an isolated error relating to incorrect classification of REFCUS (Revenue Expenditure From Capital Under Statute), which should have been classified as capital expenditure. We identified several presentation and disclosure misstatements which management have adjusted for. Our audit raised recommendations around the publication of the group accounts and Annual Governance Statement and followed up on the implementation of recommendations made in 2022/23.

## Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Council's Governance and Audit Committee on 12 December 2024. Requests for this Audit Findings Report should be directed to the Council.

# Opinion on the pension fund statements



## Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Pension Fund's financial statements shortly after the Governance and Audit Committee on 12 December 2024.

## Consistency report on the financial statements within the Pension Fund Annual Report

The Pension Fund is required to publish its Annual Report by 1 December 2024. We issue an auditor's consistency report which includes our opinion that the 2023-24 Kent Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

We intend to issue an unqualified consistency report on the pension fund financial statements contained within the Pension Fund's Annual Report shortly after the Governance and Audit Committee on 12 December 2024. We are unable to issue the consistency report until the administering authority and pension fund financial statement audits are completed.

## Grant Thornton provides an independent opinion on whether the Pension Fund's financial statements:

- give a true and fair view of the financial position of the Pension Fund as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- 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 (2020) published by the National Audit Office, and
- applicable law

We are independent of the Pension Fund in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

## Findings from the audit of the financial statements

The Pension Fund provided draft accounts in line with the national deadline

Draft financial statements were of a reasonable standard and supported by detailed working papers.

No significant findings or audit adjustments were identified during our audit of the Kent Pension Fund.

## Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Kent County Council Governance and Audit Committee on 12 December 2024. Requests for this Audit Findings Report should be directed to the Pension Fund.

# Use of auditor's powers

We bring the following matters to your attention:

2023/24

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

# Value for Money Commentary on arrangements



# The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



## National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' General Fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice.; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.



## Local context

Kent is in the south-east of England. It is the closest English county to continental Europe. Kent shares borders with Essex across the estuary of the River Thames to the north; the French department of Pas-de-Calais across the English Channel to the south-east; East Sussex to the south-west; Surrey to the west; and Greater London to the north-west.

Kent County Council provides the upper tier of local government for the county and works with 12 District Councils and Medway Unitary Council. Excluding the Medway Unitary boundaries, Kent has a land area of 1,368 square miles as well as approximately 350 miles of coastline. Kent is known as 'the garden of England' and Council data records that around 70% of the land covered by the County Council is undeveloped. The 2021 census showed that Kent had 648,393 households, the majority of which were one family households.

Kent County Council's geographic area is ranked within the least deprived 50% of upper-tier local authorities in England for four out of five summary measures on the Index of Deprivation. However, there are some areas within Kent that do fall within the 20% most deprived in England. Many of these are coastal. Kent County Council is made up of 81 members (councillors) who are elected every 4 years. The next full election will take place in 2025. The ruling administration is currently Conservative. The Council is divided into 72 electoral divisions, which the Councillors have been elected to represent.

Kent County Council has a history of working well with its geographic partners, including not only the District Councils and Medway Unitary Council, but also the Police, Fire and Rescue and Health services; Job Centre +; and a range of voluntary and community organisations. The Council is a "Category 1 Responder Member" of the Kent Resilience Forum and in recent years, has had to work with partners within the local geography to manage flooding; coastal erosion; Brexit transition impacts on roads to and from Channel crossings; emergency plans for radiation events at Dungeness; asylum seekers arriving on small boats across the English channel; and the EU entry/ exit system.



# Financial sustainability



We considered how the audited body:

## Commentary on arrangements

## Assessment

Page 15

ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;

In 2023/24, Kent County Council overspent against its revenue budget by £12.373 million. Significant areas of gross overspend surrounded adult social care and health (£32.6 million); and children and young people (£24.6 million). These gross overspends were offset in some measure by using contingency funds (£12 million); reduced debt charges due to £198.2 million of the capital programme being re-phased (£8 million); higher than expected interest received (£5 million); and miscellaneous other areas of underspend. However, the Council still ended the year with general fund and earmarked reserves having fallen from £390.25 million on 31 March 2023 to £355.88 million on 31 March 2024. The latest section 25 Assurance Statement (written in February 2024) described the balance on reserves expected on 31 March 2024 as a "more significant risk" (than it was in previous years).

Budget monitoring data for 2024/25 shared with Cabinet in September 2024 indicated that the Council is forecast to overspend against budget again in 2024/25, by £16.3 million, with the gross overspend on adult social care and health forecast to make up £16.5 million of that amount. This is after the Council had already budgeted to use £4.4 million of reserves to balance the original budget for 2024/25.

The CIPFA resilience tool indicates that the Council's reserves balances are dark amber compared to other Councils in England. The Council is working to protect the balances on its general fund and smoothing reserve over the period 2024/25 to 2026/27 - putting forward ambitious schemes for savings and additional income. We do recognise that progress with planned savings in the first quarter of 2024/25 was good. The Council is simultaneously working to eliminate a dedicated schools' grant deficit. This is expected to require a contribution of some £80 million from its reserves by the end of 2027/28. Again, we do recognise that progress is on track.

Despite the good progress made in 2024/25 with savings and the dedicated schools grant deficit, with a general fund revenue account overspend incurred not only in 2023/24 but also forecast for 2024/25, the Council does need to focus on the drivers of the current annual overspends, particularly in the adult social care and health area and the high needs block deficit, if it is to protect its reserves position in future years.

We have identified two significant weaknesses within arrangements and raised two key recommendations on page 16.

R

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

# Financial sustainability (continued)



We considered how the audited body:

Commentary on arrangements

Assessment

Page 16

plans to bridge its funding gaps and identifies achievable savings

Recent budget monitoring data indicates that Kent County Council are forecasting to deliver £96.3 million of savings in 2024/25, against a total target (including rolled over amounts from 2023/24) of £111.2 million. The Council maintains good quality data for monitoring progress with its savings plans.

However, although the overall savings programme is performing well, we have seen that planned adult social care and health savings for 2024/25 are proving difficult to deliver. To some extent, this is because some of the initiatives (for example around accessing new bed prices, community rehabilitation places, and better splits of funding with partners) are taking longer to secure than the Council expected. It will be important that realistic timescales for these savings are calculated or that new savings and additional income initiatives are explored.

As previously noted, this is an area of significant weakness covered in the key recommendations on page 16.

R

plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has a good understanding of the need to manage resources in line with its strategic priorities. The Council's financial plan "Securing Kent's Future" aligns with its strategic plan "Framing Kent's Future". No significant weaknesses in arrangements and no areas for improvement have been identified.

G

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

The Council's budget planning aligns with other areas of business planning, such as workforce, estates and treasury. We do note however that the Council's Asset Management Strategy is due to be updated.

The Council has had a history of slippage in the capital programme. A ten-year capital programme was introduced several years ago to encourage better time phasing of capital plans. By 2024/25, this seems to be beginning to have an impact as re-phasing has fallen from £198 million in 2023/24 to a forecast £63 million for 2024/25. However, we note that this remains a very high level of slippage, and we note that some parts of the re-phasing have included repairs and maintenance work due on existing estates. An example was £8.5 million of re-phasing in 2023/24 of highways urgent safety critical works, in part because of delays to grants and access needed from Network Rail, but also in part because of issues with the Council's own capacity. There is a risk that delays to capital repairs and maintenance work could have a detrimental effect on the Council's ability to deliver from its asset base and perform on its statutory duties.

No significant weaknesses in arrangements have been identified, however, we have identified two areas of improvement on page 17.

A

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

# Financial sustainability (continued)



We considered how the audited body:

## Commentary on arrangements

## Assessment

identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council has been proactive in introducing spending controls from January 2024 onwards. These have included the use of adult social care placement panels. The Council has a safety valve agreement in place with the Department for Education for the elimination of the dedicated schools grant (DSG) deficit and the Council has so far been able to comply with the terms of that agreement. The Council has managed to slow down the rate of increase in spending on high needs - from 13% in 2021/22 to 5% in 2023/24, which is positive. Other spending controls include stronger challenge before goods and services are ordered. This is positive but should not be applied indiscriminately. There are areas around staff training and revenue account repairs and maintenance where the Council will need to distinguish carefully between what can be cut to make a short-term saving and what needs to be continued to protect the strength of future resources.

No significant weaknesses in arrangements identified, however, we have identified a third area for improvement on page 17.

A

Page 17

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

# Financial sustainability (continued)



## Significant weaknesses identified

Kent County Council made good progress overall with spending control and savings plans during 2023/24. However, its spend on adult social care and health remains stubbornly high. At the time of writing this report, the forecast overspend for the whole Council in 2024/25 stood at £16.3 million. This was more than matched by the forecast shortfall in adult social care and health savings for the year of £16.5 million.

Special educational needs and disability spending remains an area of high risk for the Council. The Council's dedicated schools grant deficit stood at £103 million at the end of 2023/24. The Council is participating in, and meeting the terms of, a safety valve agreement agreed with the Department for Education. This is expected to require a contribution of some £80 million from the Council's reserves by the end of 2027/28 to help eliminate the deficit. Our Auditor's Annual Report for 2022/23 noted that the Council should take a holistic approach towards managing Special Educational Needs and Disability (SEND) demand and SEND financial management and focus on of Education, Health and Care Plan (EHCP) demand and approval processes if it is to have a lasting impact on returning SEND services to a sustainable footing. This still applies for 2023/24. On page 22 of this report we note, for example, that the percentage of EHCPs issued within 20 weeks and the % of children with EHCPs in independent schools was RAG rated RED in 2022/23 and 2023/24.

### Key Recommendation 1 :

The Council should explore options for increased efficiency in the adult social care and health directorate in 2024/25 and future years. Reducing current overspends will be essential if reserves are to remain robust in future. Although the forecast adult social care and health overspend for 2024/25 is lower (£16.5 million) than it was for 2023/24 (£32 million), options for further cost reduction need to be identified.

Where it is the case that planned savings for adult social care and health need longer timeframes to secure than had been expected (for example with brokerage of new prices and access to new community rehabilitation services), new timeframes should be calculated or new options for savings and additional income should be explored.

### Key Recommendation 2 :

The Council should work holistically to reduce spend on the high needs block. Our Auditor's Annual Report for 2022/23 also made this recommendation.

The Council is complying with the terms of its safety valve agreement with the Department for Education, but the high value of the deficit that needs to be covered (£103 million gross and £67 million net on 31 March 2024) and the scale of reserves contribution required from the Council (£80 million by the end of 2027/28) means that this remains a high-risk area for the Council.

# Financial sustainability (continued)



## Areas for improvement

Areas for improvement surround updating the Council's Asset Management Strategy; managing the capital repairs and maintenance programme; and taking care with spending controls not to overly limit areas such as training and revenue account repairs, which affect the future well-being of the Council.

Page 19

### Improvement recommendation 1:

The Council's Asset Management Strategy should be updated.

### Improvement recommendation 2:

The Council should analyse the reasons for re-phasing of capital repairs and maintenance work. Left unchecked, there is a risk that delays to capital repairs and maintenance work could have a detrimental effect on the Council's ability to deliver from its asset base and perform on its statutory duties.

### Improvement recommendation 3:

The Council should agree a sustainable approach towards applying revenue account spending controls. Spending controls look likely to last for some time, but the approach for some areas, such as staff training and revenue account repairs and maintenance needs to be considered carefully.

# Governance



## We considered how the Audited Body:

### Commentary on arrangements

### Assessment

Page 20

monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The corporate risk register is shared with Cabinet on a quarterly basis. The Governance and Audit Committee met seven times during 2023/24, and information was received from Internal Audit at six of the meetings held. Internal Audit findings and progress reports are shared with the Governance and Audit Committee regularly. Although there was regular reporting by Internal Audit to the Governance and Audit Committee in 2023/24, the Council's progress in implementing the recommendations raised by Internal Audit was poor. The full implementation rate was only 38%. We understand that revised Operating Standards for staff were published after the year end (August 2024) and that implementation rates have since started to improve.

However, by September 2024 there were still 14 high priority actions due and 12 high priority actions in progress. It means that prospects for improvement do not always translate to improvements actually made. Delayed implementations mean that the benefits of improvement are delayed or lost. The CEO has taken steps since the year end to support better performance in response rates. In October 2024, it was reported to the Governance and Audit Committee that a quarter of the high priority actions had been closed in one month. It is important this the post year end improvement in implementation rates continues.

A significant weakness in arrangements during 2023/24 for implementing internal audit recommendations was identified, and we have raised a key recommendation on page 21.

R

approaches and carries out its annual budget setting process

The underlying budget processes for 2023/24 and 2024/25 were sound, although overspends incurred in the year indicate that ongoing attention is needed - particularly around adult social care and health and the high needs block. Although £12 million of contingency was used in the 2023/24 budget (released from the non attributable costs "pot"), the Council is moving away from using contingency pots and towards more granular annual budgeting. During 2024/25, a full cost recovery arrangement has been agreed with the Home Office for the costs of accommodating unaccompanied asylum-seeking children awaiting transfer under the national transfer scheme. It has been agreed that there will be nil net impact on the medium-term financial plan and budget for 2025/26. No significant weaknesses in arrangements or areas for improvement have been identified.

G

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

The Council shares budget monitoring and outturn reports with members and is on track to meet latest government deadlines for backstop accounts. No significant weaknesses in arrangements or areas for improvement have been identified.

G

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

# Governance (continued)



We considered how the Audited Body:

Commentary on arrangements

Assessment

Page 21

ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

Kent County Council has a strong, open and honest Annual Governance Statement process in place. Through the Annual Governance Statement process, the Council has independently signposted areas of significant weakness in governance arrangements for several years. As part of that signposting, the Council invited Grant Thornton to carry out a specific review of governance in 2023. Efforts to address significant weaknesses are ongoing and our findings reflect the position in 2023/24. We recognise that substantial work has been undertaken towards improvement and that this is still ongoing. The Council does still need to be mindful of keeping up the pace of progress.

We identified significant weaknesses in decision-making in May 2023. In July 2022, a CIPFA review of the Governance and Audit Committee (GAC) made a series of recommendations around de-politicising the committee; narrowing its remit; and the importance of independent members. In January 2024, Grant Thornton highlighted that the Council needed to strengthen its corporate grip and take a holistic and joined-up approach towards improving governance and financial sustainability and arrangements for improving economy, efficiency and effectiveness.

Since the end of 2023/24, the Council has started work to review committee arrangements; strengthen member and officer governance training; and test a new decision-making app. A second independent member has been recruited to the GAC. A Member Development Sub Committee was set up in October 2024 and various streams of member training have been rolled out.

However, the nature of the issues mean that they are taking time to address. "Plans to consider" Cabinet and Scrutiny Committee arrangements for decision-making were shared with GAC in May 2024 - one year after our governance review of committee arrangements in May 2023. A standards session for the GAC in September 2024 came more than one year after the CIPFA report on the Committee in July 2023. A governance working party was set up and aimed to report to Council in May 2024, but this has been delayed to December 2024 and May 2025. Detailed operational level governance standards have been delayed until the Council has outcomes from the governance working party.

The Council introduced a new Power BI tracker for monitoring progress with all recommendations from external auditors (Auditor's Annual Report 2022/23 and governance review May 2023); and from Internal Audit; and from its own 2022/23 Annual Governance Statement process. The Council has stated that it aims to complete work on all these recommendations by early 2025. Individual update reports on the Auditor's Annual Report and Internal Audit findings have been shared with GAC over the course of 2023/24. The draft Annual Governance Statement for 2023/24 includes updates on recommendations in the Annual Governance Statement one year before. Members of the GAC have live access to the Power BI tracker.

Because the nature of the issues means that they take time to address, the Council does now need to maintain momentum. We have identified the importance of completing remaining work as an area for improvement. See page 21.

A

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

# Governance (continued)



We considered how the Audited Body:

## Commentary on arrangements

## Assessment

Page 22  
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.

The Council is taking steps to comply as far as it can with its legal duty to accommodate unaccompanied asylum-seeking children while they await transfer under the national transfer scheme. A Council decision to litigate against the government highlighted the potential and actual risks around capacity in the system and resulted in the Council securing additional funding. The Council secured a Court Order recognising the role of the Home Office within the system and ensuring that they must support the Council. Nevertheless, there have still been occasions on and since 29th March 2024 where the Council has had to warn the Home Office that it was 72 hours away from running out of capacity. These are public and transparent warnings about capacity.

The Commercial and Procurement Division provides the procurement service and commercial advice and guidance to the Council. This includes running tendering exercises, finding the most appropriate suppliers, negotiating and awarding contracts and providing a Purchase to Pay service. "Spending the Council's Money" is the Council's Rules for Procurement and Spending Activity. This document incorporates and embeds procedures across the Council to ensure compliance with external obligations placed upon the Council, including those found in procurement legislation and both statutory and non-statutory guidance.

No significant weaknesses in arrangements identified, but as previously noted, the pace of addressing issues is an area for improvement. See page 21.

A

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



# Governance (continued)



## Significant weakness identified

Only 38% of Internal Audit recommendations were implemented during 2023/24. Although there have been changes to operating standards since the year end, which are understood to have helped, it was still the case that by September 2024 there were 14 high priority Internal Audit actions due and 12 high priority Internal Audit actions in progress. We are informed that one quarter of those were closed during October 2024. It is important that those remaining are now closed as well.

### Key Recommendation 3:

Remaining high priority actions from Internal Audit recommendations should be completed and closed. Any improvements made to implementation rates under the new operating standards should be maintained.

Page 23



## Area for improvement

The Council is taking prior year recommendations seriously and has introduced a Power BI tracker to monitor progress. However, the overall pace of change during 2023/24 was slow.

### Improvement recommendation 4:

There are aims to implement all recommendations on the Council's new BI tracker by early January 2025. As the issues were complex and took time to address in 2023/24, it will be important that progress towards this target is now monitored.

# Improving economy, efficiency and effectiveness



We considered how the audited body:

## Commentary on arrangements

## Assessment

Page 24

uses financial and performance information to assess performance to identify areas for improvement

The Council produces a Performance Report which is presented to Cabinet quarterly. The report includes 38 Key Performance Indicators (KPIs), progress is assessed against the targets set at the start of the financial year. Progress against target is assessed using RAG (Red/Amber/Green) ratings. Alongside the Key Performance Indicators, the report includes several Activity Indicators which presents demand levels for services. We have reviewed the end of year, Q4 performance report for 2023-24. 17 of the 38 indicators are rated as Green, these indicators have either achieved or exceeded their target. 11 indicators reached or exceeded the floor standard and are rated Amber as they have not achieved the target set by the Council. Ten indicators have not achieved the floor standard and have been RAG rated Red. The arrangement for sharing these KPIs with Cabinet is effective. Narrative within the report highlights that many of the RED RAG rated areas correspond to these where the Council has the most financial challenge. In some of these areas, progress has proved slow. Comparing the September 2024 report to Cabinet with the September 2023 report to Cabinet, for example, we see that the percentage of Education Health and Care Plans issued within 20 weeks and the % of children with EHCPs in independent schools was RAG rated RED both years.

We have already commented on the need for a holistic approach to DSG earlier in this report. The underlying process for capturing, monitoring and reporting on DSG key performance indicators and the Council's other key performance indicators is strong.

G

evaluates the services it provides to assess performance and identify areas for improvement

The Council reviews and challenges existing strategic activities, including models for care and support and the use of the estate. The Council carried out a service needs assessment for all 271 wards in Kent before preparing a communities' programme for implementing Framing Kent's Future. For assessing individual activities, the Council is currently exploring options around benchmarking. A recent focused visit by Ofsted reported positive findings. No significant weaknesses in arrangements or areas for improvement have been identified.

G

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

# Improving economy, efficiency and effectiveness (continued)



We considered how the audited body:

Commentary on arrangements

Assessment

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

There are effective arrangements for working with partners. A recent high-profile example includes working with other members of the Kent Resilience Forum to draw up operational plans for mitigating the impact of changes to the EU entry and exit system. No significant weaknesses in arrangements or areas for improvement have been identified.

G

commissions or procures services, assessing whether it is realising the expected benefits

Commissioning for adult social care and health now sits within the adult social care and health directorate. A commercial procurement team was established in 2023/24 and the Council's policy ("Spending the Council's money") was updated. There were eight separate studies by Internal Audit in 2023/24, including advisory work on arrangements for individual contracts and re-letting contracts. There were no audit findings that were lower than Adequate. No significant weaknesses in arrangements or areas for improvement have been identified.

G

Page 25

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

# Value for Money Recommendations raised in 2023/24



# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
<p>The Council should explore options for increased efficiency in the adult social care and health directorate in 2024/25 and future years. Reducing current overspends will be essential if reserves are to remain robust in future. Although the forecast adult social care and health overspend for 2024/25 is lower (£16.5 million) than it was for 2023/24 (£32 million), options for further cost reduction need to be identified.</p> <p>Where it is the case that planned savings for adult social care and health need longer timeframes to secure than had been expected (for example with brokerage of new prices and access to new community rehabilitation services), new timeframes should be calculated or new options for savings and additional income should be explored.</p>	Key	Financial sustainability	<p>Budget monitoring and outturn reports.</p> <p>Interview with the interim officer.</p>	Realistic savings plans needed to inform a realistic approach to the medium-term financial strategy.	<p><b>Actions:</b> Agreed. Will also be influenced by the 2025/26 local government finance settlement.</p> <p><b>Responsible Officer:</b> s151 officer</p> <p><b>Due Date:</b> February 2025</p>
<p>The Council should work holistically to reduce spend on the high needs block. Our Auditor's Annual Report for 2022/23 also made this recommendation.</p> <p>The Council is complying with the terms of its safety valve agreement with the Department for Education, but the high value of the deficit that needs to be covered (£103 million gross and £67 million net on 31 March 2024) and the scale of reserves contribution required from the Council (£80 million by the end of 2027/28) means that this remains a high-risk area for the Council.</p>	Key	Financial sustainability	<p>Budget monitoring and outturn reports.</p> <p>Correspondence with DFE.</p> <p>Draft statutory accounts.</p> <p>Interview with the interim officer.</p>	Limit to the reserves needed to contribute to clearing the dedicated schools' grant deficit.	<p><b>Actions:</b> Agreed.</p> <p><b>Responsible Officer:</b> s151 officer</p> <p><b>Due Date:</b> Ongoing</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
KR3 Remaining high priority actions from Internal Audit recommendations should be completed and closed. Any improvements made to implementation rates under the new operating standards should be maintained.	Key	Governance	Internal Audit progress reports. Interview with the Head of Internal Audit.	Enhanced opportunities for learning from recommendations.	<b>Actions:</b> Agreed. <b>Responsible Officer:</b> Corporate directors. <b>Due Date:</b> Ongoing.
IR1 The Council's Asset Management Strategy should be updated.	Improvement	Financial sustainability	Asset Management Strategy.	Good practice with policies documentation.	<b>Actions:</b> This is already going through the political approval process. <b>Responsible Officer:</b> Director of Property. <b>Due Date:</b> January 2025.
IR2 The Council should analyse the reasons for re-phasing of capital repairs and maintenance work. Left unchecked, there is a risk that delays to capital repairs and maintenance work could have a detrimental effect on the Council's ability to deliver from its asset base and perform on its statutory duties.	Improvement	Financial sustainability	Capital outturn report.	Stronger capital forecasting and tighter control over maintaining the repairs programme.	<b>Actions:</b> Agreed. <b>Responsible Officer:</b> Head of Financial Operations. <b>Due Date:</b> Ongoing.
IR3 The Council should agree a sustainable approach towards applying revenue account spending controls. Spending controls look likely to last for some time, but the approach for some areas, such as staff training and revenue account repairs and maintenance needs to be considered carefully.	Improvement	Financial sustainability	Outturn report. Interview with the interim s151 officer.	Stronger decision-making around where savings should be made.	<b>Actions:</b> We would not see spending controls as long term. They are a short-term response. We will need to review after Q1 in 2025/26. <b>Responsible Officer:</b> s151 officer. <b>Due Date:</b> July 2025.

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR4 There are aims to implement all recommendations on the Council's new BI tracker by early January 2025. As the issues were complex and took time to address in 2023/24, it will be important that progress towards this target is now monitored.	Improvement	Governance	<p>Interview with the Monitoring Officer.</p> <p>Updates to the Governance and Audit Committee on prior year External Audit and Internal Audit and Annual Governance Statement recommendations.</p> <p>Walk-through of new Power BI tracker and the Governance and Audit Committee teams page linked to it.</p>	Enhanced opportunities for learning.	<p><b>Actions:</b> Ongoing</p> <p><b>Responsible Officer:</b> Heads of Service</p> <p><b>Due Date:</b> January 2025</p>

\* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# 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.

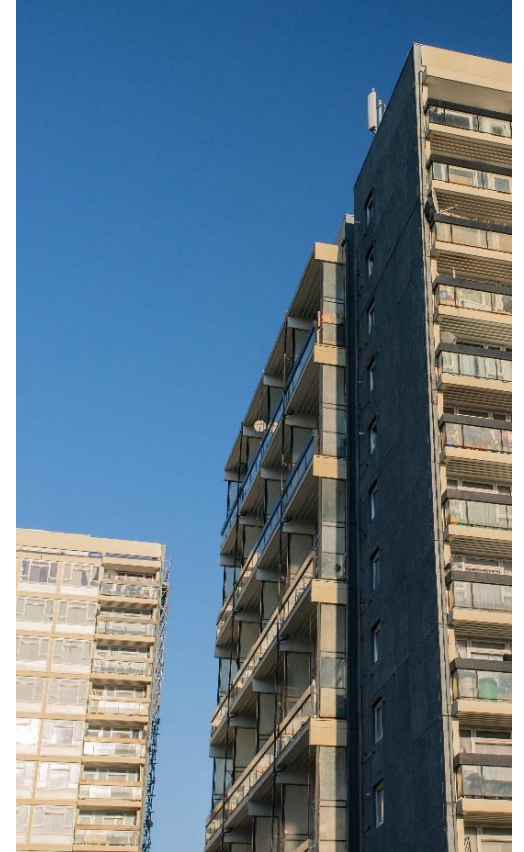
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records 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 Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) 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



## Value for Money arrangements work

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. The audited body's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that 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 management, risk management, and ensuring the Council makes 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.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

### 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

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

### Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will 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** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 The Council should strengthen its pace and tighten its corporate grip over progress with addressing Key Recommendations. A holistic approach should be taken towards improving financial sustainability, governance and performance across the board	Key	February 2024	Since the end of 2023/24, the Council has introduced a new Power BI tracker for monitoring progress with all External Audit recommendations; Internal Audit recommendations; and recommendations from its own Annual Governance Statement process. The Council aims to complete work on all recommendations by early 2025.  The Governance and Audit Committee has live access to the tracker.	In progress	There are aims to implement all recommendations by early January 2025. As the pace of improvement was slow in 2023/24, it will be important that this target is achieved.
2 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 2024/25 Revenue Budget and the 2024-27 High Level Financial Plan to determine whether further statutory action is required.	Key	February 2024	Spending controls which were already in place in 2022/23 have been extended to include the closer scrutiny of requisitions and the introduction of placement panels for adult social care.  The Council has ambitious savings plans for savings for 2024/25 and 2025/26 and 2026/27. Quarter 1 data for 2024/25 shows that the Council was substantially on track in Quarter 1 to deliver most of the savings planned for that year.  Reserves balances remain dark amber though and there has been significant slippage in savings planned for adult social care and health.	In progress	In progress but continued effort is required.

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\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
<p>3 Page 34</p> <p>The Council should take a holistic approach towards managing Special Educational Needs and Disability (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</p>	Key	February 2024	<p>Total spend on the high needs block in Kent continued to grow in 2023/24, although at a lower rate than in previous years (5% growth in 2023/24, compared to 13% in 2021/22).</p> <p>The SEND service itself had been subject to an improvement notice in March 2023, but this was lifted in August 2024, after the Council and its partners successfully followed an improvement plan.</p> <p>The Council is meeting the terms of a safety valve agreement with the Department for Education but is still likely to have a deficit of some £75 million on its dedicated schools' adjustment account when statutory override comes to an end on 31 March 2026. The Council currently expects to have to contribute £11 million in 2026/27 and £10 million in 2027/28 from the general fund to the dedicated schools' grant budget.</p>	In progress	The Council should work holistically to reduce spend on the high needs block.
<p>4</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.</p>	Key	February 2024	<p>Since the end of 2023/24, the Council has started work to review committee arrangements; strengthen member and officer governance training; and test a new decision-making app. A second independent member has been recruited to the GAC. A Member Development Sub Committee was set up in October 2024 and various streams of member training have been rolled out. Progress has been slow though and work is ongoing.</p>	In progress	The prior year recommendation is in progress. However, the overall pace of change needs to improve.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
5 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	Key	February 2024	Rates of implementing Internal Audit recommendations were lower in 2023/24 even than they had been in 2022/23 (38% actioned in 2023/24 compared to 50% in 2022-23).  However - for the SEND transport re-procurement lessons learnt, a report to the Governance and Audit Committee in February 2024 showed that there has been progress across the recommendations made.	No	Remaining high priority actions from Internal Audit recommendations should be completed and closed.
6 The Council should liaise with its partners to 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	Key	February 2024	The Council adopted a SEND improvement plan in 2023/24. On 6 August 2024, the Council received a letter from the Children's and Family Minister advising of her decision to lift the improvement notice which had been in place since March 2023. The Minister advised that this was "a reflection of the hard work undertaken by the local area to improve services".	Yes	Prior year recommendation now addressed. No new recommendation raised.
7 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	Key	February 2024	Training has 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.  The Operating Standards, relaunched in August have provided clarity and a reminder of expectations of staff in this space.	Yes	No specific new actions needed.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

	Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
8	Sensitivity analysis should be adopted for the budget for 2024/25, and the Council should also explore this for in-year financial monitoring	Improvement	February 2024	The Council committed to a more mature approach in its demand forecasting for the budget, but specific scenario testing or sensitivity analysis has not so far been included within budget setting or budget monitoring reports.	No	Yes - sensitivity analysis should be adopted for the budget for 2025/26.
6	Kent County Council should reflect its share of the costs agreed with the Home Office for caring for unaccompanied asylum-seeker children (UASC) in the budget for 2024/25	Improvement	February 2024	During 2024/25, a full cost recovery arrangement was agreed with the Home Office for the costs of accommodating UASC awaiting transfer under the national transfer scheme. It is agreed that there will be nil net impact on the medium-term financial plan and budget for 2025/26.	Yes	No
10	Delays on capital projects should be reviewed for common factors. Project management (including through schools and contract partners) and specialist skills should be reviewed	Improvement	February 2024	The Council recorded re-phasing on capital projects of £198 million in 2023/24. Although the value is expected to fall to £63 million in 2024/25, this remains very high. We note that re-phasing of repairs and maintenance work could be detrimental in the long term.	No	The Council should analyse the reasons for re-phasing of repairs and maintenance work. Left unchecked, there is a risk that delays to repairs and maintenance work could have a detrimental effect on the Council's ability to deliver from its asset base.
11	Staff should be reminded that the Officer's Code of Conduct requires compliance with financial regulations and the anti-fraud and corruption strategy; and shows that officers should be able to raise issues without fear of reprimand.  The role of finance business partners in explaining regulations and promoting good practice should also be considered	Improvement	February 2024	Governance training for the senior management group has been introduced. An intranet titled "Our Financial Regulations apply to all of us" was published on 4 June 2024. Further resources on whistleblowing have been developed.  Internal Audit offer training across the organisation around financial regulations; fraud and corruption and whistleblowing; and the role of finance business partners.	Yes	Prior year recommendation now addressed. No new recommendation raised.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

# Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
12 The Council should consider whether there is scope for making more use of benchmarking and other data for services where demand is increasing, and/or performance is deteriorating, to assess performance	Improvement	February 2024	There were activity indicators in 2023/24 which made use of national benchmarking and there were directorate reports which made use of regional benchmarking. The Council has committed to consider whether there are other benchmarks that might be useful.	Yes	No specific new action needed.

\*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

