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Dear Member

GOVERNANCE AND AUDIT COMMITTEE - THURSDAY, 30 OCTOBER 2025

I am now able to enclose, for consideration on Thursday 30 October 2025 at meeting of the Governance and Audit Committee, the following report which was unavailable when the agenda was printed.

Agenda Item No 6

2024 / 2025 Draft Statement of Accounts and Annual Governance Statement - Annual Governance Statement (Pages 1 - 30)

Yours sincerely

Benjamin Watts
Deputy Chief Executive (Monitoring Officer)

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Kent County Council

Annual Governance Statement

2024/25

Kent County Council

Annual Governance Statement 2024/25

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Executive Summary

The Annual Governance Statement (AGS) is a mandatory report by local authorities detailing how they have complied with the principles of good governance over the past year, providing assurance on the effectiveness of their internal controls and governance arrangements to the public and stakeholders. Guided by the [CIPFA](#) and [Solace framework](#), the AGS includes a review of internal control effectiveness, identifies any significant governance issues, outlines actions taken, and describes future plans for improvement.

This year's statement continues to detail a very challenging operating position for the Council. There has been continued improvement within the organisation on strengthening internal controls and governance arrangements but the relentless focus placed on continuous improvement in recent years must persist to keep pace with the challenges faced.

There has been a much improved position in relation to the completion of a range of recommendations within year and timescale including Internal Audit, External Audit and AGS recommendations but this improvement must be maintained and strengthened further in the year ahead.

A number of long running pieces of work to improve governance within the Council completed successfully within the financial year notwithstanding the major additional resource implications of a change in national Government and the bringing forward of proposals around devolution and local government reorganisation within the timeframe of this statement.

Financial and spending controls were tightened within year and budget planning arrangements strengthened. Financial pressures and risks around the delivery of savings and the budget persist and will remain a dominant feature of the coming years. It is vital that there remains a relentless focus on the Council's financial position and that political and officer capacity is directed towards this as a key priority.

The Council continues to experience significant pressure in a number of statutory services with increasing demand and cost. The Council also continues to deliver a range of innovative, efficient services and savings programmes to assuage and offset some of these pressures.

Considerable work was put into the induction programme by past Members and Officers for the benefit of the new membership of the Council which has served the Council well. Further training is being developed and delivered and must be a priority for all Members as they learn and deliver their role in the Council's governance system.

It is important that the grip on improvement is maintained and strengthened in the year ahead to maintain the direction of travel and provide continued assurance in accordance with the relevant frameworks.

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 has a statutory requirement to produce an Annual Governance Statement.

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. The statement relates to the financial year ending 31 March 2025 and whilst it refers to matters subsequent and prior, the primary focus of the statement is on that period of 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.

The collection of information over these years now allows us to provide comparative analysis on a range of questions to provide a picture over an extended period.

As with previous years, the final version of the Annual Governance Statement will be informed by the Annual Internal Audit Opinion and the outcome of audit and review activity from within the financial year in question. The Governance and Audit Committee continues 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.

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 a Leader and nine Cabinet Members within the budget and policy framework 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 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(2) 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 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 has been 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 Home Secretary. Section 5 reports have been issued in previous years in connection with this and the outcome of the judicial review continues to impact decision-making within the Council.

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 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. The Section 151 Officer has reflected the increasingly challenging financial position of the Council in both a section 25 assurance statement to the budget in February 2025 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 2023/24 in December 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 continuing financial and operating position of the Council, which continues to operate within a context of unprecedented challenges and where 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 resulted in the introduction of a range of spending controls to address and significantly reduce an overspend in 2023/24, however, the challenges persisted in 2024/25 and the overspend remained material and unsustainable in the longer term, primarily within Adult Social Care, as reported to Cabinet and elsewhere through the Council's governance. The total budget for 2024-25 was £1,432.3m. The outturn variance against this budget is an overspend of £20.2m, which represents just 1.4% of the overall budget. The most significant overspend was in Adult Social Care & Health (ASCH), totalling £46.4m. Approximately 40% of the ASCH overspend relates to non-delivery of savings, however much of this has been identified as achievable in future years. There was also an overspend in Growth, Environment & Transport (GET) of £5.7m. This overspend was largely due to external factors.

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 had to be put on hold or curtailed to align with new and developing policy positions.

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 before being moved to other social services departments through the National Transfer Scheme. Within the period of this AGS, the Council secured outcomes through litigation which was reported to Members and publicly to mitigate the financial and operational impacts. These outcomes provided financial support for the

Council from the Government and ensured improvements and changes to the National Transfer Scheme operated by the Home Office.

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.

A significant development and impact on the Council's operating position within the relevant period was the new Government's policy around devolution and local government reorganisation which began to be substantively discussed and proposed shortly before the end of 2024. The requirements and expectations of Government alongside the impact of the policy developments are having and will continue to have a significant impact on the operating position and capacity of the Council and sit on top of the issues and challenges previously reported.

On 5th February 2025, Kent County Council was notified that it had not been selected to be part of the Government's Devolution Priority Programme (DPP). Nevertheless, the Government continues to seek reform of the sector with future implications for residents of Kent, Members and Officers with Local Government Reorganisation (LGR) slated to precede any devolution deal for Kent. On 5 February 2025 the Government wrote to Councils in Kent asking for interim proposals on LGR. On 21 March 2025, Kent County Council submitted its response to this request with feedback received from the Government on 15 May 2025. Work is continuing ahead of making any full business case submission by the 28 November 2025 deadline.

One consequence of not being selected for the DPP is that, after some uncertainty, the Council held elections in May 2025. Significant work was undertaken to prepare for all possible outcomes and for the induction of those Members returning and those elected for the first time. In this regard, particular thanks must be paid to those Members from the last administrative cycle who worked so hard and supported officers in the development of the induction that was ultimately delivered.

Given the operating position of the Council, it remains important that the Council manages the transition carefully and that all 81 Members continue to adhere to their fiduciary duties and role within the organisation's governance and a range of detailed training has been and will continue to be provided to support this. To this end, it is essential that Members not previously elected take time to understand and continue to undertake training regarding the framework that governs their role and that of the County Council.

The majority of Members elected in May 2025 are new to the role of County Councillor. The Council has also seen the first change to the majority Political Group since 1997. The resource put into planning and preparing for the induction of the

new Council has mitigated the impact of this change, but the coming financial year will see a resetting of the policy and priorities of the Council to reflect the new administration.

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.

The Chief Executive has strengthened the culture of professional accountability and responsibility with oversight of strategic management. In line with prior audit comments, she has progressed the Officer element of a “one council” approach to ensure joined-up planning and delivery by the whole organisation. The Chief Executive has made amendments to the senior management structure of the Council, to enable recruitment to the post of Deputy Chief Executive. This has refined the operating model of the corporate departments to better support the organisation’s changing strategic needs and evolving operating context.

Internal Audit – Annual Opinion

Internal Audit concludes that Adequate Assurance can be assigned in relation to the Council’s corporate governance, risk management and internal control arrangements.

This opinion is principally based upon the evaluation of the findings, conclusions and assurances from the work undertaken by Internal Audit compared to eight key indicators of corporate health, as set out in paragraphs 3.7-3.9, which concludes “Adequate” assurance overall.

There has been an improvement and upward trajectory in the proportion of systems, processes or functions which are assigned an assurance level of “Substantial” or “High” with 52% in 2024-25 compared to 42% in 2023-24 and 26% in 2022-23. There was a slight increase in the assigning of “Limited” assurance in 2024-25 to 18% from 13% in 2023-24.

Significant levels of audit resources cover non- assurance work such as Advisory and Programmed Follow Ups of previous audits assigned “Limited” or “No” assurance. The outcomes from this non-assurance work has highlighted improvements across 2024-25. Thus, for example, the outcome of the Programmed Follow Up work was that of 21 issues raised, 76% had been fully implemented.

The opinion is also based on the evaluation of the implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports. In 2024-25, full implementation rates increased to 62% in

2024-25 from 34% in 2023-24. This was a positive step in the implementation of agreed management actions and should be built upon in 2025-26.

It should be emphasised that the assignment of an overall “Adequate” assurance opinion in 2024-25 is consistent with the overall opinion since 2019-20. The “Adequate” assurance opinion should be considered in the context of the unprecedented challenges faced by the Council in recent years and the significant risks it continues to address. It is important to emphasise the improvements in audit’s assigned assurance opinions in 2024-25.

Internal Audit aims to add value and continues to work collaboratively with stakeholders, senior management and the Governance and Audit Committee to improve governance and internal control arrangements via identifying improvements such as:

- Being a critical friend and trusted advisor for Council projects such as the Oracle Cloud programme;
- Auditing what matters and revising areas of coverage to reflect new risks and assisting the organisation in times of challenge;
- Help the Council look back and learn from experiences with clear and targeted reports;
- Providing insight by evaluating the Council’s current state and examining the strengths, weaknesses and maturity of the organisation;
- Highlighting emerging risks that require monitoring and managing;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls;
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Retention of services delivered to external clients;
- Promoting and delivering on the ethos of talent management and development of members of the service; and
- Input to Council wide Information Governance and Risk groups.

There have been no significant limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed.

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 the pressure facing 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 along with the input and advice from the Head of Internal Audit and his team.

In 2021, the concept of “Stay in Lane” was introduced as part of the governance reset triggered by the Annual Governance Statement. It remained the case throughout 2024/25 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. However, the clear separation of functions between Member and Officer remains a core and vital part of the Council’s governance and has shown clear improvement since 2021.

Local Government Reorganisation (LGR) and Devolution present both opportunities and challenges. The new administration will take over the responsibility for developing a response to the Government’s request for proposals on LGR, due 28 November. This will build on, but may go in a different direction, from the interim response submitted in March. The Council cannot block, but can influence, the process and there is a lot of preparatory work required for any response. This must be done alongside establishing priorities for the new Council and maintaining statutory services in a difficult fiscal environment.

Timely engagement with governance processes has improved since 2022/23 and 2023/24. However, a high proportion of Officers still find that following the governance processes impacts on the timeliness of decisions or projects. Governance considerations being left too late is one of the main reasons why information presented to informal or formal decision-making bodies has not been presented in a timely way. There remains a need to embed governance processes into project timelines across all directorates.

The elections in 2025 were successfully delivered and were held in ‘normal’ conditions, unlike those in 2021 which took place during the Covid-19 pandemic. A new, robust induction programme had already been developed and was deployed with considerable success and extended to recognise the significantly higher number of new Members than in recent elections. It is important that all 81 Members are able to understand and deploy their role in the Council’s governance and this will be an area of focus and support for 2025/26.

The Council has made changes to the Scrutiny Committee which strengthen the accountability and respond to the prior comments from the external auditor. As the

new arrangements settle in the role of the role of the Scrutiny Committee in relation to the key areas of organisational challenge will need to remain under focus.

The Council's wholly owned company, Global Commercial Services Group have worked with the Section 151 Officer and General Counsel in recent years to develop their own AGS processes and also prepare a statement applying the Wates Corporate Governance Principles for Large Private Companies which has been reviewed as part of the preparation of the AGS. This allows the Council to provide an assurance on the Group position as between KCC and the companies.

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.

There has been a comparatively short period of time since the publication of the prior year's Annual Governance Statement. This is intentional and in pursuance of bringing the Annual Governance Statement reporting timescales in line with the Statement of Accounts. However, given activity around devolution, local government reorganisation and, subsequently, the elections, those actions that have not been completed have been added to the actions for 2025/26.

The actions from the prior year AGS are set out in the following table.

Action	Status	Further Information
Living Within Budgetary Means		
Provide financial training through directorate arrangements.		Training has been provided through directorate arrangements in the majority of directorates. This has included briefings, formal Delta courses, peer training, and subject specific training. It is recognised that ongoing training provision is required.
Corporate Directors to liaise with Internal Audit and Counter Fraud to arrange Fraud Risk Assessment training for areas to allow them to provide full assurance for 2024/25.		Full assurance was not achieved for 2024/25, however, there was a high level of assurance that all officers in the relevant directorates/services were aware of their responsibility in reporting suspected/actual acts of fraud being committed against KCC. Corporate Directors were ensured that relevant officers in their areas were aware of the need to complete a fraud risk assessment on any new initiative, strategy or policy.

Review of savings plans with monitoring of key activity through Strategic Reset Programme, Corporate Board and Cabinet (through Budget Monitoring).		The Local Authority worked extensively with PwC over an extended period of time to work up a more robust set of savings options to underpin the 2025/26 budget (as well as manage 2024/25 pressures), including reviewing realistic timeframes for delivery. These appear to be having a degree of success, as at Quarter 1 forecasting there was less savings slippage than last year, but there is still a considerable forecast overspend, more as a result of increases demand and cost / complexity of packages. A different approach towards setting the ASCH budget for 2026/27 is currently being developed.
Enhanced corporate support offer for the development of savings and early professional advice.		This action has been addressed, but the outcomes have not been as expected, so there further work to be done to address efficiency, spend and demand management in the ASCH directorate.
Lessons learned activity around budget savings/overspend.		
Member Governance and Behaviour		
Report to Standards Committee		Scheduling issues meant that the meeting did not take place ahead of the election. This action was delivered by way of presentation to the 15 October 2025 meeting of the Standards Committee.
New Member Induction Plan		Induction was delivered to newly elected Members over the period of May 2025 – July 2025. The induction focussed on ensuring Members get the information and skills they need in those early months to

		give them a solid foundation for being an effective Member.
New Member Training Plan		The new Member Training Plan commenced in September 2025. It is proposed that this will be a rolling 12 month offer.
Refresh of the Convention on Member: Officer Relations (Section 22 of the Constitution)		On 18 December 2024, the government launched a consultation on the Member's standards framework. Rather than repeating work, this refresh will be postponed until the direction of government policy is clearer.
Complaints Report		This has been covered under "Report to Standards Committee"
Increased meetings of the Standards Committee		A full calendar of these meetings have been confirmed for the 2025/26 meeting cycle and two meetings have already been held since May 2025.
Compliance With Governance Rules/Framework		
Improved completion by services of agreed actions with Internal Audit at the conclusion of audit activity		Substantial improvements have been made towards implementing audit recommendations and these have been reported to Governance & Audit committee in January 2025, March 2025 and at the July 2025 committee meeting it was noted that Implementation rates for agreed management actions has improved from the previous reported figures to 62% from 31% implementation as reported to the Governance and Audit Committee in January 2025.
Governance development and improvement plan for each directorate to increase assurance.		In delivery alongside preparation for the 2025/26 budget.

Increased reporting to all Cabinet Committees on Directorate Performance on FOI and Subject Access Requests.		Performance in year has significantly improved and will be part of the refreshed KPI set.
Working with outstanding authorities – how do other authorities deal with Subject Access Requests.		CYPE are part of a national project to address the delay in SAR for Care Leavers.
Review of report option appraisals to improve consistency of reports to include all options considered and not just the preferred ones		Work is continuing on a decision-making app for use across the Council. The app has now completed its test phase and is being rolled out to ensure full implementation by the time of next year's AGS on a rolling directorate and service basis. This was slightly delayed by the support required following election but is still on track for implementation with dashboards of planned and taken decisions available for CEx, Leader, MO and s151 to provide oversight and challenge.
All Corporate Directors to ensure refreshed and current data mapping is completed within their area.		The Corporate Director survey returns indicate that refreshed and current data mapping has not yet been completed in all directorates, however, progress has been made since the last Annual Governance Statement. This is also an outstanding audit action.
An effectiveness review of the Governance and Audit Committee be completed ahead of the May elections.		An effectiveness review of the Governance and Audit Committee was carried out in December 2024. The results of the review were considered at the January 2025 meeting of the Governance and Audit Committee. The feedback provided by the Members via the effectiveness survey was built into the new Committee Induction Programme and into the updated Terms of Reference, approved by County Council in March 2025.

Review of the Regulation Committee to be completed ahead of the May elections



An internal governance review has been completed. Activity around devolution, local government reorganisation and, subsequently, the elections postponed the working up of options for Members.

Key Findings and Conclusions from the Review of Effectiveness

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 remains 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. The financial and operating position of the Council and the sector generally continue to be extremely challenging. Significant improvements were made in the level of detail for budget plans but further work and a relentless focus on the delivery of savings will be required in future years.
4. The Council has continued to strengthen internal controls and governance arrangements within year and there are a number of significant improvements which increase resilience and support assurance.
5. The Council has significantly improved compliance and completion rates across a range of recommendations.
6. The Council has improved compliance rates for Freedom of Information Act requests which are some 10% higher than the equivalent point last year.
7. There are material capacity challenges for the Council as it seeks to balance statutory duties, budget obligations and external pressures including LGR.
8. The introduction of the Governance Recommendations Improvement Plan has helped improve oversight and tracking of key activity. Importantly, this has improved Member scrutiny and challenge around progress.
9. The improvements of recent years are not a sign that everything is concluded, there is still much to do. The Council continues to need to maintain a relentless approach to continuous improvement.
10. Training and implementation of improved governance documents (Spending the Council's Money, Financial Regulations, Operating Standards) has improved the control environment and technology is increasingly supporting the availability of information and compliance with systems.
11. It remains important that all Officers and Members continue to use the appropriate governance notwithstanding the pressures and operating environment.
12. New Members must ensure they are appropriately trained and get advice and support to be able to deliver their role.
13. The actions for the 2023/24 AGS were arranged under three key priority areas and these persist going forward:
 - a. Living Within Budgetary Means

- b. Member Governance and Behaviour
- c. Compliance with Governance rules/framework

AGS Identified Actions for 2025/26

The draft identified actions for 2025/26 are set out in the following table. The final version of the AGS will develop these further alongside further key activities.

Actions specific to the Monitoring Officer	
Action	Contact
Ongoing monitoring of new governments legislative pipeline and the governance implications of proposals.	Tristan Godfrey
Development of an annual schedule of governance training for Officers.	Joel Cook
Adopting best practice governance around the Council's response to Government's requests regarding Local Government Reorganisation proposals.	Tristan Godfrey
Monitor and evaluate the impact of the changes to the Scrutiny Terms of Reference, introduced in March 2025.	Joel Cook
Develop Scrutiny Work Programme	Joel Cook
Section 5 framework	Tristan Godfrey
Review of the County Council Meeting Procedure Rules	Tristan Godfrey
Implementation of the Decision Making App	Lizzy Adam
Review of Governance Processes following the election	Tristan Godfrey
Develop a mechanism for Governance and Audit Committee to have oversight of savings plans with monitoring of key activity.	

Actions specific to the Section 151 Officer	
Action	Contact
Improve Corporate Director access to key assurance data.	

Actions for other officers		
Action	Responsible Person	Contact
Review of the Code of Practice for Local Government Publicity	CMT	TBC
Review of Information provided on the Council's Website to reduce need for FOI requests	CMT	TBC
Improve visibility and accessibility of governance training, particularly for new starters and junior staff.	CMT	TBC
Ensure that Fraud Risk assessment training is arranged for directorate and work to improve effective counter fraud and anti-corruption arrangements.	Corporate Director Adult Social Care and Health	TBC
Complete full data mapping for service.	Director of Infrastructure Corporate Director of Growth, Environment and Transport	TBC
Ensure that AGS is on DIVMT agendas at least once a year, with updates on actions as appropriate.	CMT	TBC

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.

Challenges around compliance with legal duties around vulnerable children arriving in the UK and the impact on the Director of Children's Services ability to meet all statutory duties in all circumstances persist. Notwithstanding all of the improvements and activity by the Council, KCC is still reliant on the effective operation of the National Transfer Scheme in order to meet our statutory duties. There have been improvements but that consistency and compliance is out with the Council's immediate control and Members will continue to receive updates.

There continue to be at any given time, a number of people who are not receiving the services to which they are entitled. This is, in part an inevitability of the challenges faced or on occasion because of mistakes made. It is important to note that this not because of a deliberate decision to avoid providing the services although it is recognised that the genesis of this does not alter the effect felt. It is also important to note that whilst in some circumstances improvements have been made, the statutory duties are an absolute and not relative concept, which is why they continue to be reported here.

Notwithstanding the efforts made within the resources available, in relation to the following areas the Council continues to face challenges in meeting duties in all circumstances:

- a. Deprivation of Liberty Safeguards
- b. Children presenting as in need within our area
- c. Services to Children and Young People with SEND
- d. Compliance with timescales for Education, Health and Care Plans
- e. Freedom of Information and Subject Access Requests
- f. Use of unregistered placements for children
- g. Adult Social Care statutory services

Annual Governance Statement 2024/25 Conclusion

Signatory Section

There were sufficient staffing resources available in 2024/25 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 2025, 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 are no known instances of 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.

Signatories (signed in the order set out below)

Appendix 1: Update on Grant Thornton Governance Review Recommendations

Recommendations: Key (K) or Improvement (I)	Criteria impacted by the significant weakness	Progress Update
The Council should strengthen its pace and tighten its corporate grip over progress of addressing Key Recommendations. A holistic approach should be taken towards improving financial sustainability, governance and performance across the board (K)	Financial Sustainability; Governance; Improving economy, efficiency and effectiveness.	Substantial improvements have been made towards implementing audit recommendations and these have been reported to Governance & Audit committee in January 2025, March 2025 and at the July 2025 committee meeting it was noted that Implementation rates for agreed management actions has improved from the previous reported figures to 62% from 31% implementation as reported to the Governance and Audit Committee in January 2025.
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 (K)	Financial Sustainability	The Local Authority worked extensively with PwC over an extended period of time to work up a more robust set of savings options to underpin the 2025/26 budget (as well as manage 2024/25 pressures), including reviewing realistic timeframes for delivery. These appear to be having a degree of success, as at Quarter 1 forecasting there was less savings slippage than last year, but there is still a considerable forecast overspend, more as a result of increases demand and cost / complexity of packages. A different approach towards setting the ASCH budget for 2026/27 is currently being developed.

<p>The Council should take a holistic approach towards managing SEND demand and SEND financial management... (and)... focus on EHCP demand and approval processes... if it is to have a lasting impact on returning SEND services to a sustainable footing (K)</p>	<p>Financial Sustainability</p>	<p>The adequacy of reserves is covered in the Section 25 statement that accompanies the 2024/25 (and 2025/26) Revenue Budget considerations and setting. Where reserves have been drawn down to fund overspends these have been replenished in subsequent year's budgets. Initial Quarter 1 monitoring indicates that the budget is robust for all areas except for Adult Social Care.</p>
<p>Compliance with the Council's decision-making arrangements needs to be strengthened... An action plan for implementing recommendations both from CIPFA and from our own 2023 review of governance should be adopted (K)</p>	<p>Governance</p>	<p>Recommendation partly addressed, with further work ongoing in 2025/26.</p> <p>Progress was considerable within year, with priority being given to reviewing the relevant governance and training, assisted by Member decisions at the end of the financial year which committed support. The app has now completed its test phase and is being rolled out with a paper going to CMT in August 2025 to ensure full implementation by June 2026 on a rolling directorate and service basis. This was slightly delayed by the support required following election but is still on track for implementation by year end with dashboards of planned and taken decisions available for CEx, Leader, MO and s151 to provide oversight and challenge. A full refresh of Member training was conducted and the Member Development Sub Committee worked with officers to develop a new induction plan which resulted in over 30 separate training opportunities. All 81 Members were met by the Chief Exec and MO to explain</p>

		importance and value of governance and appropriate decision making. Three training sessions and an information session for the Cabinet have been run alongside surgery style support.
The Council should aim to maintain full implementation rates for Internal Audit findings and should complete its review of Internal Audit lessons learnt from the SEND transport re-procurement at pace (K)	Governance	<p>Substantial improvements have been made towards implementing audit recommendations and these have been reported to Governance & Audit committee in January 2025, March 2025 and at the July 2025 Committee meeting it was noted that Implementation rates for agreed management actions has improved from the previous reported figures to 62% from 31% implementation as reported to the Governance and Audit Committee in January 2025.</p> <p>The review of Internal Audit lessons learnt from the SEND transport re-procurement was completed. A report to the Governance and Audit Committee in February 2024 showed that there has been progress across the recommendations made.</p>
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 (K)	Improving economy, efficiency and effectiveness	<p>The Council developed an improvement plan and detailed information in relation to the relevant steps and actions taken is available at the following weblink:</p> <p>Kent improvement plan for special educational needs and disabilities (SEND) - Kent County Council</p>
Training around procurement strategy, policies and practice should be strengthened	Improving economy, efficiency and effectiveness	One of the in-flight activities around the Governance Review by Grant Thornton was the rewrite of the procurement

across the Council... Opportunities for value for money through procurements and contract management should be maximised. VEAT notices should be used when required (K)		<p>policy (Spending the Council's Money) which the Committee were involved in. The strengthening of knowledge and awareness followed this (in part through as a response to the Committee).</p> <p>This was promoted again in February 2024 and a dedicated intranet section on the Council's procurement policy and approaches is available.</p> <p>Training has also been rolled out by the Commercial and Procurement Team to directorate and divisional management teams with information and support also provided to managers across the Council.</p> <p>The Operating Standards, relaunched in August 2024 have provided clarity and a reminder of expectations of staff in this space.</p>
Sensitivity analysis should be adopted for the budget for 2024/25 and the Council should also explore this for in-year financial monitoring (I)	Financial Sustainability	<p>Recommendation addressed.</p> <p>The Authority included a sensitivity analysis in its Budget Setting Report for 2025/26, considered by County Council in February 2025 (see Section 8 of that report). At this point in time it does not see any major advantages in expanding this to include in-year financial monitoring (as the forecasts themselves reflect a degree of sensitivity analysis).</p>
The Council should reflect its share of the costs agreed with the Home Office for caring for unaccompanied asylum-	Financial Sustainability	The Council ultimately secured full cost recovery of these costs from the Home Office.

seeker children in the budget for 2024/25 (I)		
Delays on capital projects should be reviewed for common factors. Project management (including through schools and contract partners) and specialist skills should be reviewed (I)	Financial Sustainability	<p>Recommendation addressed, but the underlying re-phasing recurred in 2024/25.</p> <p>There are many reasons for re-phasing, "abnormals" found on sites (newts, slow worms etc.), delayed funding and sometimes optimism bias. The introduction of the 10 year programme and the potential projects pages aim to alleviate the optimism bias by encouraging a more realistic view on timescales. It is acknowledged that the re-phasing has not improved substantially in 2024/25. The response on repairs and maintenance can be found in IR2.</p>
<p>Staff should be reminded that (of) the Officer's Code of Conduct states that:</p> <ul style="list-style-type: none"> • The Council's financial regulations and anti-fraud and corruption strategy must be adhered to at all times; and • Officers are expected, through agreed procedures and without fear of recrimination, to bring to the attention of management any irregularity in the provision of service. <p>The role of finance business partners in explaining regulations and promoting good</p>	Governance	<p>Training from Internal Audit on these core issues continues to be offered across the organisation and the testing of assurance of this has been added to the Annual Governance Statement.</p> <p>Governance training for the T200 management group has been introduced.</p> <p>In addition to updates through management channels, a KNet Post titled "Our Financial Regulations apply to all of us" was published on 4 June 2024.</p> <p>Further resources on whistleblowing have been developed.</p>

practice should also be considered (I)		
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 (I)	Improving economy, efficiency and effectiveness	
A separate specific governance report was conducted and presented to the Governance and Audit Committee in October 2023.... For process improvements to have the impact they are aimed at, it will be important that the culture and behaviour and standard also keep at pace with improvement (K)	Financial Sustainability	

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