



Direct Dial/Ext:  
e-mail: Ruth.emberley2@kent.gov.uk  
Ask for: Ruth Emberley  
Date: 21 January 2026

Dear Member

**GOVERNANCE AND AUDIT COMMITTEE - WEDNESDAY, 28 JANUARY 2026**

I am now able to enclose for consideration at the next meeting of the Governance and Audit Committee, scheduled for Wednesday 28 January 2026, the following reports which were unavailable at the time the agenda was published.

**Agenda Item No**

**8 Internal Audit Progress Report (Pages 1 - 32)**

**9 A Review of the Statutory Accounts for Kent County Council's Wholly Owned Companies (Pages 33 - 60)**

Yours sincerely

Benjamin Watts  
Deputy Chief Executive

This page is intentionally left blank

By: Russell Smith – Interim Head of Internal Audit  
To: Governance and Audit Committee – 28 January 2026  
Subject: **INTERNAL AUDIT PROGRESS REPORT**  
Classification: Unrestricted

---

**Summary:**

This Progress Report details summaries of completed Audit reports between for the period September 2025 – January 2026.

**Recommendation:**

**The Governance and Audit Committee note the Internal Audit Progress Report for the period September 2025 to January 2026.**

**FOR ASSURANCE**

---

**1. Introduction**

- 1.1 Professional Internal Audit Standards require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period September 2025 to January 2026 together with the resulting conclusions, where appropriate.

**2. Recommendation**

- 2.1 Members are requested to note the Internal Audit Progress Report for the period September 2025 to January 2026.

**3. Background Documents**

Internal Audit Progress Report.

**Russell Smith, Interim Head of Internal Audit**

E: [russell.smith@kent.gov.uk](mailto:russell.smith@kent.gov.uk)

T: 03000 416707

This page is intentionally left blank

# **INTERNAL AUDIT PROGRESS REPORT**

## **GOVERNANCE AND AUDIT COMMITTEE**

### **28 January 2026**

The engagements included were conducted in conformance with the Global Internal Audit Standards and UK Public Sector Application Note

# 1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council’s ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Governance and Audit Committee and Management with 10 summaries of work undertaken between September 2025 and January 2026.

Page 4

## 2. Key Messages

- 10 audit summaries are included from ongoing and finalised work in the period reported. **Appendix A**
- 14 audits from the 2025-26 rolling Audit Plan are either in fieldwork, ongoing embedded assurance or reporting stage. **Appendix B**
- 16 audits either in planning or on hold. **Appendix B**
- **Section 4** of the report details the amendments to the Rolling Internal Audit Plan with the inclusion of 4 new audits relating to the Oracle Cloud Programme.
- The Team has to date, audited and certified 13 government grants. **Appendix C.**
- Implementation of management actions is broadly comparable to the previous period at 64% versus 62% previously further details can be found within section 6 of the report.

### Section Navigation

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

### 3. Resources

In accordance with the Global Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- There is one vacancy within the Internal Audit Team.
  - The Head of Internal Audit and Counter Fraud Service left the service at the beginning of September 2025 – interim arrangements are in place; an interim Head of Internal Audit and an Interim Head of Counter Fraud have been internally resourced until a recruitment exercise is undertaken to fill the post permanently.
- A Data Analyst has been recruited into the Internal Audit Team to enhance the use of Data Analytics and continuous auditing within the service.
- An additional Principal Auditor has been recruited into the service to support delivery.
- Audit Management software development and enhancements to Internal Audit processes are ongoing.
- There is adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi.
- The use of Artificial Intelligence is actively being explored to create efficiencies and enhance delivery.

## 4. 2025-26 Internal Audit Plan

The Rolling Internal Audit Plan has commenced later than typical audit years due to delay in taking the Internal Audit Plan to Governance and Audit committee for approval and, with the work required to be undertaken with the External Quality Assessment. Therefore the Rolling Internal Audit Plan is slightly behind with delivery however; sufficient coverage will be completed to provide an Annual Audit Opinion.

The Interim Head of Internal Audit has reviewed the current coverage of the Internal Audit Plan and identified revisions to the plan to support the organisation with its assurance needs relating to phase 2 of the Oracle Cloud Programme.

Discussions highlighted the following 4 additional audits for inclusion within the current Rolling Internal Audit Plan:

- Oracle Cloud Programme – Resources
- Oracle Cloud Programme – Security of Data Migration
- Oracle Cloud Programme – Communication
- Oracle Cloud Programme – Readiness for the New Payroll System

Based on the inclusion and reprioritisation of the above audits, it is proposed that the following 5 audits are deferred and re-assessed as part of preparing the 2026-27 Rolling Audit Plan:

- Economic Strategy
- New Contact Centre Contract
- Managers – People Management Responsibilities (Objective Setting and Performance Management)
- Education Health Care Plan (EHCP) Outcomes
- Recommissioning of TEP - Transition of Early years service back to KCC

The above audits were selected due to the level of risk, work of other assurance providers or delays in recommissioning arrangements.

### Section Navigation

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions



Table 2 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 28 January 2026			
No	Audit	Opinion	Prospects for Improvement
3	RB33-2026 – Health and Safety – Risk Profiling App	Substantial	Very Good
4	RB31-2025 - Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children's Homes	Substantial	Very Good
5	ICT01-2026 – Backups <i>EXEMPT</i>	Substantial	Very Good
6	RB36-2026 – Property Disposals	Substantial	Good
7	RB41-2026 – Utility Works on Kent Network – Process and Alignment of Utility Works	Adequate	Good
8	RB14-2026 – ASCH Information Governance	Substantial	Very Good
9	RB18-2025 – KCC Governance Improvement Plan*	Substantial	TBC
Embedded Assurance Updates			
	Audit	Opinion	Prospects for Improvement
10	RB05-2026 – Oracle Cloud Programme – Embedded Assurance <i>EXEMPT</i>	Embedded Assurance	N/A
11	RB40-2026 – Highways Term Maintenance Contract – Embedded Assurance	Embedded Assurance	N/A
12	RB56-2026 – Public Health Service Transformation Programme	Embedded Assurance	N/A

With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and issues; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so. This report also provides an update on the work completed between September 2025 and January 2026 which 10 audit summaries are provided at [Appendix A](#) covering completed work and updates on ongoing embedded assurance activity.

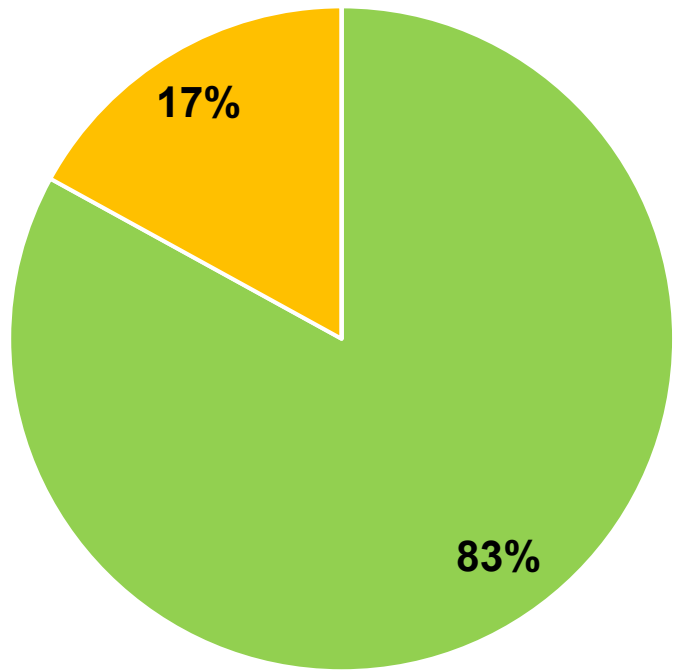
\*RB18-2025 – KCC Governance Improvement Plan was included in the 2024-25 Internal Audit Annual Opinion and therefore not included in the assurance levels for 2025-26.

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

# 2025-26 Audit Assurance Levels and Prospects for Improvement of Audits

Page 8

Assurance Levels 2025-26



Assurance Level	No	%
High	0	0%
Substantial	5	83%
Adequate	1	17%
Limited	0	0%
No	0	0%

Prospects for Improvement	No	%
Very Good	4	66%
Good	2	34%
Adequate	0	0%
Uncertain	0	0%

\*RB18-2025 – KCC Governance Improvement Plan was included in the 2024-25 Internal Audit Annual Opinion and therefore not included in the assurance levels for 2025-26.

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

## 5. Grant Certification Work

Internal Audit's work on grant certification provides an essential service for the Council. Although it is not audit opinion work, the Audit team's schedule of grant certifications is an ongoing commitment of Internal Audit resources which requires adherence to strict timescales for the certification of claims submitted.

Grant work is also completed by the Internal Audit team in respect of validating expenditure of various UK Government Grants awarded for activities such as Public Health, Highways, Environment, Travel Demand Management and Bus Service Operators Grant. In 2025-26, the Team has to date, audited and certified 13 government grants with a value of **£76,135,002**.

Details of all certifications for 2025-26 can be seen at **Appendix C**.

## 6. Issue Implementation

Details of the current position on the ‘Implementation of Agreed Management Actions’ is set out at **Appendix D**. This section of the report details the current position on the ‘Implementation of Agreed Management Actions’. There were 96 management actions due for implementation for the current period.

Implementation rates are broadly comparable to July 2025 (62% Implementation) to the current period 64%. Therefore, there is a maintained level of implementation which is positive and particularly due to the volume of issues followed up for January as this is significantly higher than that of the last period (96 issues vs 37 issues previously).

For 96% of actions that have been determined as “in progress” Internal Audit found that reasonable progress had been made to address the management action with only partial actions remaining to fully implemented these. For the 4% (relating to 1 management action) implementation the rationale for delay is reasonable.

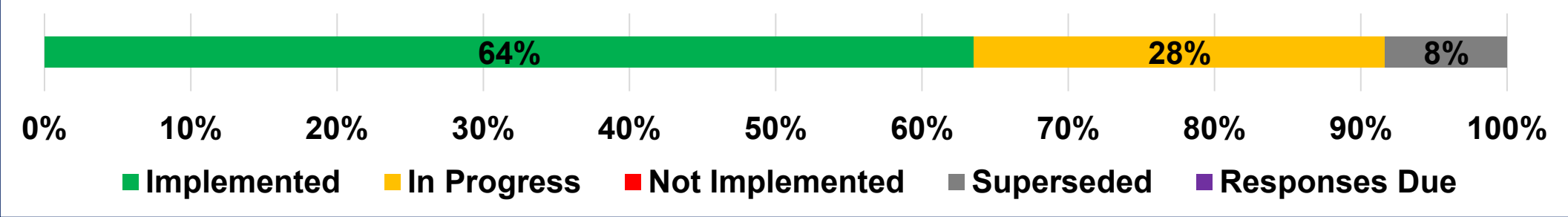
The status of implementation agreed actions is summarised below:

### Summary of Issue Implementation

Page 10

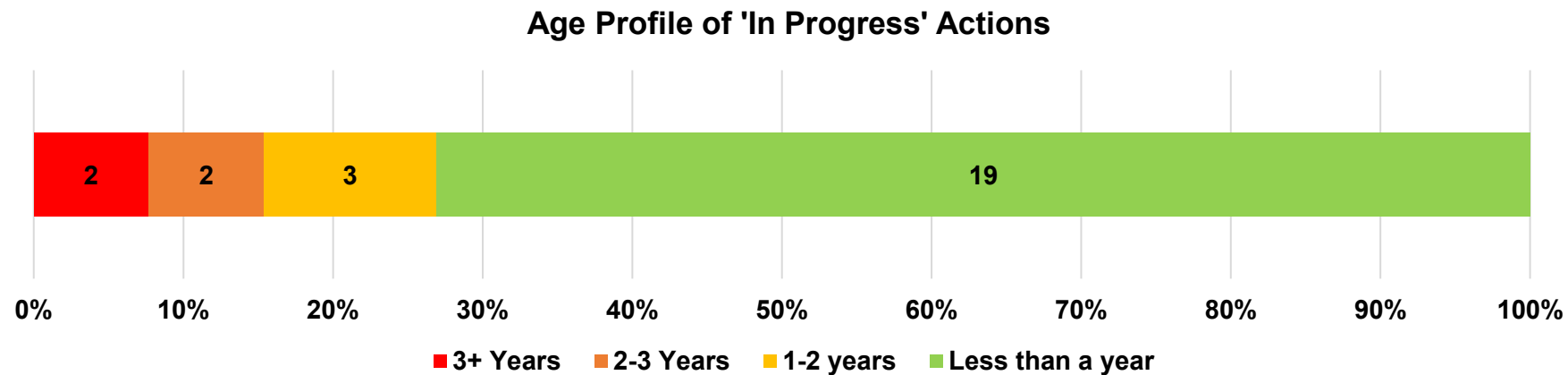
	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	41	55	24	37	13	14	0	0	4	4
Total %			59%	67%	32%	24%	0%	2%	9%	7%

### KCC IMPLEMENTATION



Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

Progress on issues for the period found that 26 issues remain “in progress”. Of which 1 High and 1 medium priority are longstanding issues which have remained open past their original implementation date for over 3 years and updates and revised implementation dates are detailed below.



Page 11

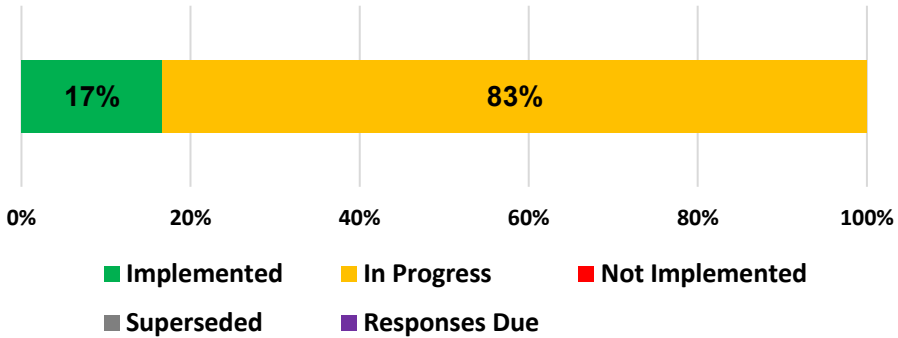
Ref	Audit	Priority	Original Date	Revised Date
CA03-2021	Records Management Issue 2 - The Information Asset Register is overdue for review	High	28/02/2022	Ongoing
CA03-2021	Records Management Issue 4 - Services may retain paper records beyond their statutory timescale	Medium	31/05/2022	Ongoing
Update - A discussion paper is to be brought to CMT in January 2026 which will lead to the implementation of the long-standing issues.				

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

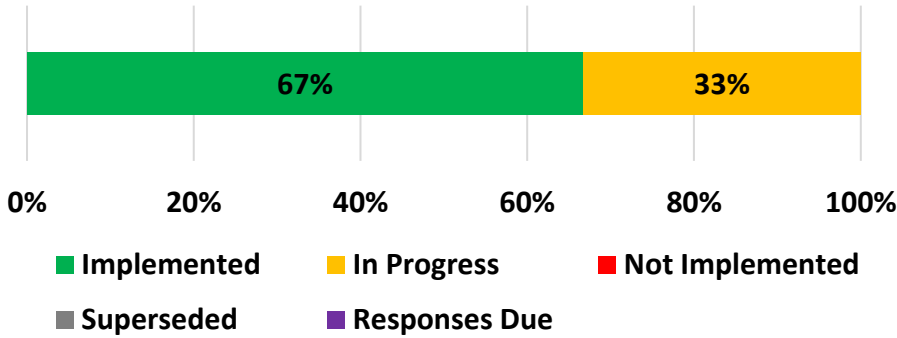
Directorate	Age	Due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
		High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
ASCH	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	1	1	0	0	1	1	0	0	0	0
	1-2 years	2	0	1	0	1	0	0	0	0	0
	Less than a year	6	2	1	0	5	2	0	0	0	0
CYPE	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	0	0	0	0	0	0	0	0	0	0
	1-2 years	1	0	1	0	0	0	0	0	0	0
	Less than a year	4	4	2	3	2	1	0	0	0	0
CED	3+ Years	1	0	1	0	0	0	0	0	0	0
	2-3 Years	1	1	1	1	0	0	0	0	0	0
	1-2 years	0	4	0	2	0	1	0	0	0	1
	Less than a year	10	13	10	13	0	0	0	0	0	0
DCED	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	0	0	0	0	0	0	0	0	0	0
	1-2 years	2	6	2	5	0	0	0	0	0	1
	Less than a year	8	16	5	10	2	6	0	0	1	0
GET	3+ Years	0	0	0	0	0	0	0	0	0	0
	2-3 Years	2	0	0	0	0	0	0	0	2	0
	1-2 years	1	3	0	3	1	0	0	0	0	0
	Less than a year	1	2	0	0	0	0	0	0	1	2
CMT	3+ Years	1	1	0	0	1	1	0	0	0	0
	2-3 Years	0	0	0	0	0	0	0	0	0	0
	1-2 years	0	0	0	0	0	0	0	0	0	0
	Less than a year	0	2	0	0	0	2	0	0	0	0
Total		41	55	24	37	13	14	0	0	4	4

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

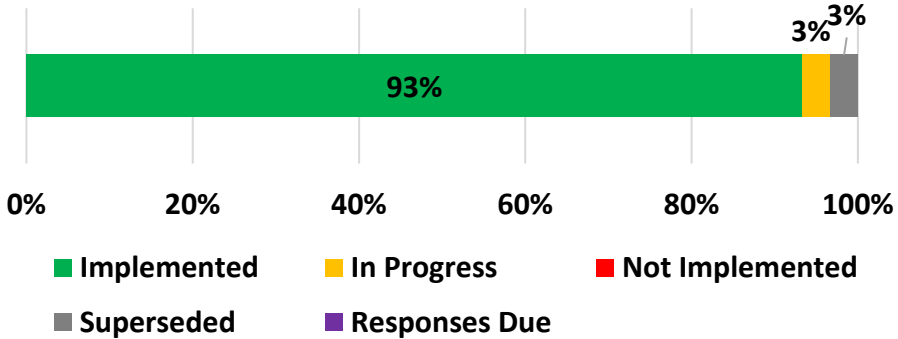
ASCH IMPLEMENTATION



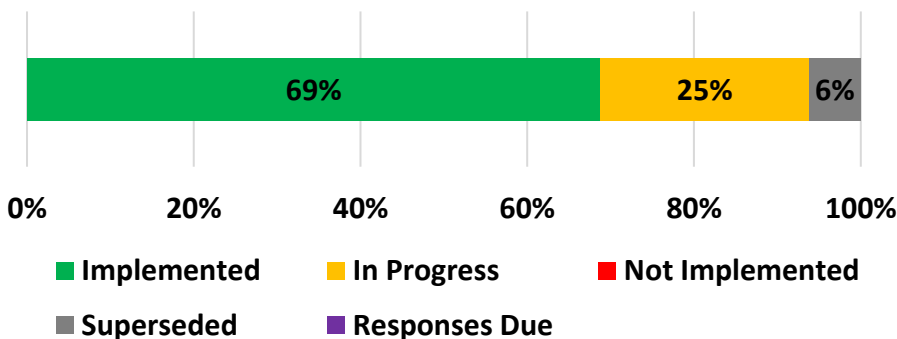
CYPE IMPLEMENTATION



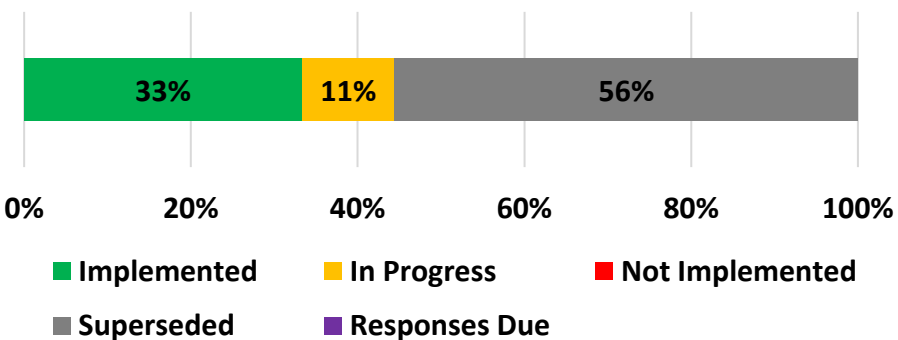
CED IMPLEMENTATION



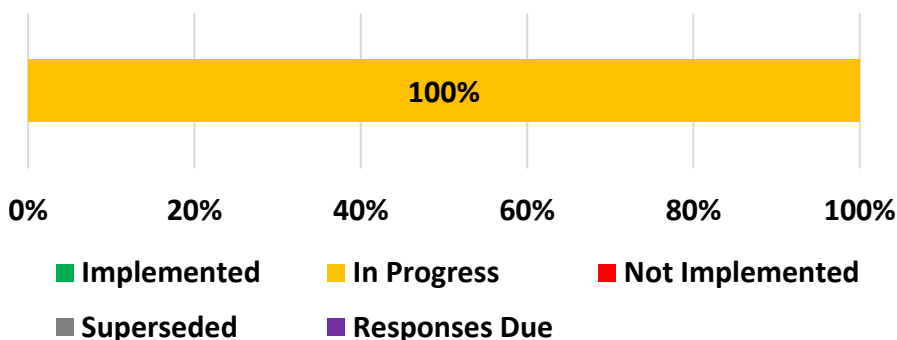
DCED IMPLEMENTATION



GET IMPLEMENTATION



CMT IMPLEMENTATION



Section Navigation

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

3. RB33-2025 – Health & Safety – Risk Profiling App

Audit Objective	As part of the 2025/26 Internal Audit Plan, it was agreed that Internal Audit would review the effectiveness of the health and safety Risk Profiling Application. This review included an analysis of the utilisation of the Risk Profiling App across directorates, highlighting key differences in usage and evaluation of the risk profiles within the application. Further to this, data validation and evidence of mitigation actions were reviewed.
-----------------	--

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Substantial	Very Good	High	0	0	0
		Medium	1	1	0
		Low	2	2	0

Key Strengths

Use of Risk Profiling App	<ul style="list-style-type: none"><li>✓ The Risk Profiling App is being utilised with 2674 risk profiles created, with 93% up to date with a review completed in the past 12 months, however there is variation in use between directorates</li><li>✓ Directorates have continued to produce new risk profiles where necessary across financial years since 2023/24.</li></ul>
Training & Awareness	<ul style="list-style-type: none"><li>✓ E-Learning has been created on risk assessments to address and identified gaps in learning and development.</li><li>✓ Templates and guidance for accurately utilising the Risk Profiling Application have been created by Health and Safety, and these have been communicated to management via multiple channels.</li></ul>
Monitoring & Reporting	<ul style="list-style-type: none"><li>✓ There are automated reminders to managers in directorates regarding updating risk profiles following 12 months.</li><li>✓ Reporting and Monitoring is completed to the HS Group and HS Committee and Annual Report, however only HS Group has been confirmed and documented due to audit timings.</li></ul>
Risk Profiling App Implementation	<ul style="list-style-type: none"><li>✓ The design of the Risk Profile Application was completed utilising prioritisation methods to determine key aspects of the project in collaboration with the Centre of Excellence, these have been confirmed as present within the application.</li></ul>

Audit Scope and Scope Limitations	
Areas Covered	
Use of Risk Profiling App	
Training & Awareness	
Monitoring & Reporting	
Risk Profiling App Implementation	
Scope Limitations	None

Areas For Development

Low	<b>Issue 1 – Underutilisation of the Risk Profiling Application</b> <ul style="list-style-type: none"><li>• Overall, CED and DCED have significantly lower risk profiles created on the risk profiling app, only contributing 4% for CED and 7% for DCED towards overall risk profiles. Further to this DCED have 66% of their profiles overdue for review which highlights underutilisation of the application.</li></ul>
Medium	<b>Issue 2 – Mandatory Training</b> <ul style="list-style-type: none"><li>• Training on Risk Assessment available on Delta has only been completed by 32 officers so far for 24/25 and there is currently no mandatory training requirement for management regarding risk assessment</li></ul>
Low	<b>Issue 3 – Risk Profiling Application Reporting</b> <ul style="list-style-type: none"><li>• Reporting procedures are new and therefore only one example of evidence can be provided. There are considerations for future reporting to be considered</li></ul>

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions



4. RB31-2025 – Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children’s Homes

Audit Objective

The audit aimed to provide assurance that:

- KCC has effective governance and operational controls to manage UASC care provision risks.
- The service complies with statutory requirements and Ofsted registration standards.
- Emergency and contingency planning is robust and responsive to changing demand.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Substantial	Very Good	High	0	0	0
		Medium	1	1	0
		Low	0	0	0

Key Strengths	
Capacity Constraints	<div>✓ Clear alignment with statutory duties and Ofsted registration.</div> <div>✓ Strong safeguarding and incident escalation processes.</div> <div>✓ Positive feedback from young people and professionals.</div> <div>✓ Structured Independent Living Programme supporting resettlement.</div>
Workforce Instability	<div>✓ Clear staffing structure and role distribution across centres.</div> <div>✓ Comprehensive induction and training programme aligned to UASC needs.</div> <div>✓ Strong compliance with mandatory and specialist training.</div>
Reputational Risk	<div>✓ High volume of media enquiries handled with consistent messaging</div> <div>✓ Clear escalation and approval protocols for public statements</div> <div>✓ Structured stakeholder engagement with published minutes</div>
Financial Mismanagement	<div>✓ Multi-layered financial controls across cash, cards, and procurement – sampling reviewed to validate compliance.</div> <div>✓ Competitive recruitment with documented evaluation.</div> <div>✓ Structured capital planning and cost tracking.</div>
Safeguarding Vulnerabilities	<div>✓ Live risk registers and structured risk matrices used to assess threats.</div> <div>✓ Multi-agency engagement (Prevent, Kent Police, Channel Panel).</div>

Audit Scope and Scope Limitations	
Areas Covered	
Capacity Constraints	
Workforce Instability	
Reputational Risk	
Financial Mismanagement	
Safeguarding Vulnerabilities	
Scope Limitations	None

Areas For Development	
Medium	<div><b>Issue 1 – Declaration of interests</b></div> <div>While declarations are monitored, compliance is inconsistent, especially for agency staff. The service is working with Human Resources (HR) to improve reporting and centralised record keeping.</div>

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

Audit Objective		The aim of the audit was to assess the adequacy and effectiveness of the property disposals process. In forming our conclusions, the sale of 10 properties within the last year (ranging from £190k to £6m) were assessed against the requirements of the Council's constitution and property disposal policy.			
Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Substantial	Good	High	0	0	0
		Medium	1	1	0
		Low	1	1	0
Key Strengths					
Disposal Process Page 16	<ul style="list-style-type: none"><li>✓ Independent pre-disposal valuations are carried out to determine open market value and help ensure the Council achieves best value.</li><li>✓ Properties are advertised on the open market to support transparency and ensure that the Council gets maximum value.</li></ul>				
Authorisation	<ul style="list-style-type: none"><li>✓ The minimum reserve price is agreed by the delegated authority before auction to prevent artificially low offers.</li><li>✓ Progress on the property disposal programme is regularly reported to the Deputy Leader for scrutiny and challenge on behalf of Members.</li><li>✓ Two property disposals fetching in excess of £1m unexpectedly at auction were reported to elected members retrospectively.</li></ul>				
Capital Receipts	<ul style="list-style-type: none"><li>✓ The capital receipts target for 2025/26 from property disposals is on track to be achieved, up to £20.5m is expected, compared to the target of £16 million.</li><li>✓ Proceeds from all disposals in the sample were fully recorded in the Council's financial management system.</li></ul>				

Audit Scope and Scope Limitations	
Areas Covered	
Disposal Process	
Authorisation	
Capital Receipts	
Scope Limitations	None
Areas For Development	
Low	<div><b>Issue 1 – Outdated Valuation Reports</b></div> <div>Valuation reports used for decision-making were outdated, on average, 330 days old.</div>
Medium	<div><b>Issue 2 – Post Completion Tasks</b></div> <div>Post-completion tasks to remove 6 out of 10 disposals from ongoing asset management obligations were not consistently completed.</div>

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

7. RB41-2026 – Utility Works on Kent Network – Process and Alignment of Utility Works

**Audit Objective**

The aim of the audit was to provide assurance on the adequacy and effectiveness of the controls in place to mitigate the risks relating to an “increased volume of utility works taking place on the Kent network and backlog of works, and an increased work stack across all works promoters, including developers, utilities, and H&T’s own work action”.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Adequate	Good	High	1	1	0
		Medium	1	1	0
		Low	2	2	0

Key Strengths	
Coordinate and prioritise permits and planned works	<ul style="list-style-type: none"><li>✓ There was a comprehensive Power BI dashboard, maintained by the Street Works Data Team, for monitoring key metrics, including the number of permits processed according to statutory timeframes.</li><li>✓ In the 2-month period September 2025–October 2025, 4 applications of 18,853 were considered "deemed" (elapsed), i.e. 0.02%. This represents that 99.98% of applications were responded to on time.</li><li>✓ Permit applications, decisions, and changes were recorded in Street Manager for transparency and coordination.</li></ul>
Capacity and capability	<ul style="list-style-type: none"><li>✓ Coordinators and inspectors receive accredited street works qualifications.</li></ul>
Complaints	<ul style="list-style-type: none"><li>✓ Complaints handling was largely effective, with an agreed 20-day Service Level Agreement between Marketing and Resident Experience (MRX) and H&amp;T to process complaints on time, though H&amp;T were currently slightly under target (average issue closure of 80% compared to a target of 85% for September 2025 – October 2025).</li><li>✓ MRX send performance statistics to H&amp;T regarding complaints handling and these were used by Street Works Managers to track complaints performance.</li><li>✓ Contact details for permit queries and complaints were readily accessible via Kent County Council’s (KCC) website.</li></ul>

Audit Scope and Scope Limitations	
Areas Covered	
Coordinate and prioritise permits and planned works	
Capacity and capability	
Complaints	
Scope Limitations	None
Areas For Development	
High	<b>Issue 1 – Kent Permit Scheme Requires Review</b> KCC last conducted a review of the Kent Permit Scheme in 2021, but under Regulation 16A of The Traffic Management Permit Scheme (England) Regulations 2007, authorities must evaluate their permit scheme every three years; having not had a review for 4 years, KCC risks breaching this regulation.
Medium	<b>Issue 2 – Training Monitoring Gaps</b> There was no formal mechanism to track who holds Street Works Qualifications Register (SWQR) cards and when these require renewal. The training status of 19 of 50 staff is unknown; of the remaining staff, there were 16 members of staff whose qualifications expired over 6 months ago.
Low	<b>Issue 3 - Fixed Penalty Notices not actioned within 91 calendar days</b> There were 2 proposed fines in the Mayrise system relating to breach of permit conditions (Regulation 20) that had not been actioned in over 91 days. These fines would now be outside of the prescribed window and would be unenforceable
Low	<b>Issue 4 – Complaints Monitoring Gaps</b> 2 of 4 Street Works Managers were not receiving the complaints performance data (Street Works East and Street Works West Central), and for Street Works West Central, complaints were being sent to an individual member of staff rather than the shared team mailbox, meaning that complaints might get missed.

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

Audit Objective

The audit objective was to confirm that existing controls were appropriately designed and operating as intended. Conclusions were based on compliance with internal policies and procedures, including the KCC Information Governance (IG) Policy and Framework.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Substantial	Very Good	High	0	0	0
		Medium	2		
		Low	0	0	0

Key Strengths

<div> <div>Freedom of Information</div> <div>Page 18</div> </div>	<ul style="list-style-type: none"> <li>✓ Strong governance oversight through the Governance &amp; Audit Committee, which reviews quarterly FOI compliance reports, challenges exceptions, and ensures accountability for statutory performance.</li> <li>✓ Sample testing requests met statutory deadlines; exemptions correctly applied.</li> </ul>
<div> <div>Training &amp; Support</div> </div>	<ul style="list-style-type: none"> <li>✓ Mandatory training policy and guidance in place; resources accessible via Delta and KNet.</li> <li>✓ Escalation routes documented; IG Leads and Data Protection Officer (DPO) oversight.</li> <li>✓ Compliance consistently meets the 95% benchmark across ASCH, supported by accurate Delta reporting and governance monitoring.</li> </ul>
<div> <div>Subject Access Requests</div> </div>	<ul style="list-style-type: none"> <li>✓ Procedures documented, current, and version controlled.</li> <li>✓ Identity verification and redaction steps clearly defined.</li> </ul>
<div> <div>Privacy Notices</div> </div>	<ul style="list-style-type: none"> <li>✓ Privacy Notices were compliant with GDPR/DPA, accessible, and version controlled.</li> <li>✓ Roles for drafting, review, and publication were clearly defined</li> </ul>
<div> <div>Provider Contracts</div> </div>	<ul style="list-style-type: none"> <li>✓ Contracts include IG clauses, breach notification requirements (providers must immediately notify KCC of any data loss or breach), GDPR obligations, and provisions requiring providers to cooperate with KCC in completing and updating DPIAs, alongside audit rights for compliance checks.</li> </ul>

<b>Audit Scope and Scope Limitations</b>	
<b>Areas Covered</b>	
Freedom of Information	
Training & Support	
Subject Access Requests	
Privacy Notices	
Provider Contracts	
Scope Limitations	None

<b>Areas For Development</b>	
Medium	<b>Issue 1 – Insufficient timeliness of SAR responses</b> Although SAR procedures were robust and extensions were documented, timeliness performance was low, with only 52% of SARs completed within statutory time limits, 29% completed late, and 6% still overdue. This increases the risk that compliance failures may persist and affect service users.
Medium	<b>Issue 2 - Insufficient ongoing assurance over third party provider compliance</b> Although provider contracts include IG clauses and breach notification requirements, ongoing compliance monitoring was limited to annual self-assessment questionnaires and ad-hoc DPIA updates. There was no documented, structured process for periodic IG compliance or assurance reviews within contract management, increasing the risk that non-compliance may go undetected.

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

**Audit Objective**

As part of the 2024/25 Audit Plan, it was agreed that Internal Audit would undertake a review of progress against the Council's governance improvement action plan. Internal Audit held discussions with key members of staff and examined supporting documentation to determine whether the agreed governance improvement actions have been implemented.

Audit Opinion	Prospects for Improvement	Actions	Number	Agreed	Risk Accepted
Adequate	Good	High	0	0	0
		Medium	2	2	0
		Low	0	0	0

Key Strengths	
Governance improvement actions - Progress updates for scrutiny and challenge, and assurance.	<ul style="list-style-type: none"><li>✓ GRIP is also available on the Governance and Audit Committee's Microsoft Teams site, allowing Members to monitor progress throughout the year.</li><li>✓ Governance Recommendations Improvement Plan (GRIP) is in place to track and monitor findings or recommendations arising from governance reviews.</li><li>✓ Members, through the Governance and Audit Committee, receive at least an annual progress update, providing an opportunity to scrutinise, challenge, and gain assurance on improvements to governance issues.</li></ul>
Governance improvement actions - Sufficient and appropriate evidence.	<ul style="list-style-type: none"><li>✓ Sufficient and appropriate evidence is retained to support the completion of each governance improvement action.</li><li>✓ The majority of findings and recommendations from the three governance reviews within the scope of this audit have been implemented.</li></ul>

Audit Scope and Scope Limitations	
Areas Covered	
Governance improvement actions - Assigned owners, defined success criteria, and target completion dates.	
Governance improvement actions - Progress updates for scrutiny and challenge, and assurance.	
Governance improvement actions - Timescales and/or priorities.	
Governance improvement actions - Sufficient and appropriate evidence.	
Scope Limitations	None

Areas For Development	
Medium	<b>Issue 1 – Ownership and Accountability</b> The Governance Recommendations Improvement Plan (GRIP) lacks action owners, deadlines, and predefined measure of success.
Medium	<b>Issue 2 - Action Implementation - Medium</b> 6 out of the 25 governance issues requiring action have not been fully addressed.

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions



# 11. RB40-2026 – Highways Term Maintenance Contract Embedded Assurance

**Introduction**

The aim of the Highways Term Maintenance contract (HTMC) project was to ensure KCC procured a new HTMC which was fit for purpose, held the latest industry specifications, offered value for money and was innovative. The options analysis of delivery models helped to achieve this.

Internal Audit provide ongoing embedded assurance with the objective to provide an independent opinion on the adequacy and effectiveness of the governance and risk management of the project.

In line with our agile audit approach to provide timely assurance Internal Audit have provided a formal update to senior management in November 2025 and this will be reported through to Governance and Audit Committee in January 2026. The status update and Internal Audit key observations are summarised below:

**Procurement Status:**

- Final stage completed; letters issued to three contractors on **7th November 2025**.
- Ringway Infrastructure Services** was identified as preferred bidder.
- Standstill period ended 18th November**; no legal challenges received so contract has been signed.
- Mobilisation period has now started and contract go-live **1st May 2026**.

**Mobilisation Status**

- Governance log and risk register has been compiled; workstream leads have been identified for demobilisation and mobilisation.
- Office space secured at **Worrell House, Kings Hill** for co-location with Ringway.
- A Project Initiation Document (PID) for mobilisation in progress; HTMC Programme Board will continue with updated Terms of Reference.
- Service Performance Measures to be discussed with **Ringway Infrastructure Services**.
- The newly constructed mobilisation risk register **could be improved** by ensuring it is fully complete, risk status is captured, risk descriptions improved, and more focused actions or controls captured.

**Governance Assurance**

- The Project Development Report contains all the details of the commissioning process over the last 2+ years and demonstrates due process through the whole commissioning cycle.
- There were suitable internal governance arrangements in place for the procurement phase of the HTMC.
- Governance and confidentiality were maintained throughout (delegated authority, declarations signed).
- There were clear programme roles and responsibilities.
- Timely reporting arrangements in place to support decision making.
- Good engagement, support and challenge at Programme Board Meetings was observed. For example, in October 2025 good use of internal legal expertise to help navigate the communication and contract award phase.
- Risk register was used effectively and was regularly monitored.

**Financial Position:**

- Original budget: **£1.2m over three years for Project Management support**. Total spend to date: **£1.8m**, including consultancy, legal, QS, and project management costs. The adjusted budget of £1.8m was due to an underestimation of commissioning support required to support the project.
- Approx. **50 staff** contributed; **4 seconded full-time**. Large-scale procurement required approximately **28 months** and significant internal/external support.
- Actual costs covered by Highways budget across service areas (legal, procurement, infrastructure, depot leases).

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

12. Public Health Service Transformation Programme

Introduction

Kent County Council (KCC) Public Health is leading a Public Health Services Transformation Programme (PHSTP) to improve service delivery to communities, particularly targeting underserved communities. The transformation work aims to ensure that new service models are efficient, evidence-based and deliver Public Health outcomes for best value.

It was subsequently agreed that Internal Audit would continue to provide advice as the PHSTP progressed. An advisory, embedded assurance approach was agreed with a focus on a selection of specific projects being recommissioned within the PHSTP. The projects reviewed were selected by the Public Health Service and were:

- Sexual Health;
- Therapeutic Support Services; and
- NHS Health Checks.

These were selected as they were procured through different routes: Direct award, open procurement, and in-sourcing, respectively.

It was agreed that Internal Audit would initially review three areas; Cost management, project resources, and time management. In the course of completing fieldwork, it was identified that the suggested scope area for cost management was not yet applicable to these services which were in the process of being recommissioned, and as such the review looked more broadly at the financial considerations being taken during the recommissioning of the given services.

Scope Limitations

To avoid duplication with RB15-2025 Public Health service Transformation, Internal Audit has focused its review on activity since the initial report was published.

Conclusion

Internal Audit reviewed time management, resource allocation and financial oversight across the three commissioning projects: Sexual Health Services, CYP Therapeutic Support and NHS Health Checks.

Overall, the audit found that projects are being delivered effectively, with no evidence of significant missed milestones or negative outcomes. Roles and responsibilities were generally well understood, escalation routes were clear, and budgets had been verified by the Strategic Financial Advisor and incorporated into future planning.

While approaches varied slightly between teams—reflecting their small size and resource constraints—these differences did not adversely affect delivery. There are, however, opportunities to strengthen consistency and resilience through proportionate improvements, such as ensuring project plans are regularly refreshed, and embedding key financial risks into RAID logs. These enhancements will provide greater assurance, improve visibility for governance bodies and help teams manage future workload peaks without introducing unnecessary administrative burden.

Section Navigation

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

# Appendix B – 2025-26 Rolling Internal Audit Plan Status

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB01-2026	Fulfilling Best Value Statutory Duty	Planning			
	RB02-2026	Future Operating Environment – Local Government Reorganisation Implementation	Ongoing			
	RB03-2026	New Contact Centre Contract	Deferred			
	RB04-2026	Ongoing Review of Identified Actions	Ongoing	Follow-up	N/A	January 2026 GAC
10	RB05-2026	Oracle Cloud Programme - Embedded Assurance	Ongoing	Embedded Assurance	N/A	January 2026 GAC
1	RB06-2026	Oracle Cloud Programme - Programme Management – Follow up	Complete	Follow-up	N/A	September 2025 GAC
	RB07-2026	Payment Card Industry Data Security Standards (PCI DSS) Follow up	Not Started			
Page 22	RB08-2026	Annual Governance Statement – Directorate Action Plans	Not Started			
	RB09-2026	Contract Management & Monitoring	Not Started			
	RB10-2026	Achievement of Savings ASCH – Securing Kents Future	Draft Report			
	RB11-2026	Adult Social Care Debt Recovery	Planning			
	RB12-2026	Commissioning and Transformation – Embedded Assurance	Ongoing			
	RB13-2026	Direct Payments including Follow up	Fieldwork			
8	RB14-2026	Information Governance - ASCH	Draft Report	Substantial	Very Good	January 2026 GAC
	RB15-2026	ASCH Contract Management and Future Planning of Contracts	Planning			
	RB16-2026	MOSAIC Pay Portal	Planning			
	RB17-2026	Safeguarding – Protecting adults at risk	On Hold			
	RB18-2026	ASCH Provider Management	Not Started			
	RB19-2026	Public Substance Misuse Health Campaigns	Not Started			
	RB20-2026	Budget Management	Not Started			
	RB21-2026	Post-Implementation Review of Commissioning	Not Started			
	RB22-2026	Personal Data - Invicta Law (combined with GCSG)	Planning			

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions



No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB23-2026	Core Financial Controls	Planning			
	RB24-2026	No Purchase Order No Pay	Ongoing			
	RB25-2026	Process review of SEND Payments	Planning			
	RB26-2026	Recommissioning of TEP - Transition of Early years service back to KCC	Removed			
	RB27-2026	CYPE Assurance Map	Planning			
	RB28-2026	Education Health Care Plan (EHCP) Outcomes	Deferred			
	RB29-2026	All Pay (Replacement of Kent Card) - Card Payments	Planning			
	RB30-2026	Essential Living Allowances - Follow-up	Fieldwork			
	RB31-2026	Elective Home Education	Fieldwork			
	RB32-2026	Business Continuity Planning	Planning			
3	RB33-2026	Health and Safety	Complete	Substantial	Very Good	January 2026 GAC
	RB34-2026	Managers - People Management Responsibilities (Objective Setting and Performance Management)	Deferred			
	RB35-2026	Restructures	Planning			
6	RB36-2026	Property Disposals	Complete	Substantial	Good	January 2026 GAC
	RB37-2026	Economic Strategy	Deferred			
	RB38-2026	Emissions Trading Scheme	Fieldwork			
2	RB39-2026	Helping Hands Follow up	Complete	Follow-up	N/A	September 2025 GAC
11	RB40-2026	Highways Term Maintenance Contract – Embedded Assurance	Ongoing	Embedded Assurance	N/A	January 2026 GAC
7	RB41-2026	Utility Works on Kent Network – Process and Alignment of Utility Works	Complete	Adequate	Good	January 2026 GAC
	RB42-2026	Commercial & Procurement Oversight Board (CPOB)	Ongoing			
5	ICT01-2026	Backups	Complete	Substantial	Good	January 2026 GAC
	ICT02-2026	Legacy IT Works	Not Started			
	ICT03-2026	Cyber Security Topical Requirements	Planning			
	ICT04-2026	Laptops – Asset Management	Fieldwork			

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

No	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
	RB43-2026	Oracle Cloud Programme – Resources	Not Started			
	RB45-2026	Oracle Cloud Programme – Communication & Training	Planning			
	RB44-2026	Oracle Cloud Programme – Security of Data Migration	Planning			
	RB46-2026	Oracle Cloud Programme - Readiness for the New Payroll System	Planning			
12	RB56-2026	Public Health Service Transformation Programme	Complete	Embedded Assurance	N/A	January 2026 GAC
4	RB31-2025	Unaccompanied Asylum-Seeking Children (UASC) Reception Centres and Registered Children's Homes	Complete	Substantial	Very Good	January 2026 GAC

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

# Appendix C – Grant Certification

Grant Type	Description	Amount	Current Status
Department for Transport	Bus Service Operators Grant (BSOG) - Annual grant to support local bus services (reported previously)	£1,100,000	Complete
Department for Transport	Integrated Transport & Maintenance Block (reported previously)	£47,000,000	Complete
Department for Transport	Local Transport Block Funding - Pothole Fund (reported previously)	£4,300,000	Complete
Department for Transport	Bus Service Operator Grant for Walmer in Dover	£2,000,000	Complete
Sport England	Sport England 23-24	£900,000	Complete
Department of Health	Supplementary Substance Misuse Treatment & Recovery (SSMTRG) 24-25 (mid-year & end of year review)	£2,200,000	Complete
Department of Health	SSMTR - Housing Support Fund 24-25 (mid-year & end of year review)	£809,000	Complete
Department for Health	Inpatient Detoxification Treatment (IPD) 24-25 (mid-year and end of year review)	£814,000	Complete
Department of Health	Individual Placement Support (IPS) 24-25 (mid-year and end of year review)	£257,000	Complete
Department of Health	Rough Sleeping Drug & Alcohol Treatment 24-25(mid-year and end of year review)	£586,000	Complete
Department for Transport	Core Growth Hub - Midyear review	£200,000	Complete
Department for Transport	Local Transport Capital Funding - PotHole Fund	£15,137,000	Complete
Department for Culture Media & Sport	Sport England Grant	£832,002	Complete
Total		£76,135,002	

Section Navigation

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

## Appendix D - Definitions

### Audit Opinion

**High**

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

**Substantial**

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

**Adequate**

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

**Limited**

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

**No Assurance**

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

Section Navigation

Introduction & Key Messages

Resources

2025-26 Internal Audit Plan

Grant Certification

Issue Implementation

Appendix A - Summaries

Appendix B – 2025-26 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate Page 27	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

Section Navigation
Introduction & Key Messages
Resources
2025-26 Internal Audit Plan
Grant Certification
Issue Implementation
Appendix A - Summaries
Appendix B – 2025-26 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



APRIL 24-MARCH 25

# Annual Report

Page 33

Supporting the delivery of better public  
services to help people live, learn and thrive.





# Introduction from the Chair



**Philip Dearing**  
Chair, Board of Directors

## Welcome to Commercial Services Group's Annual Report – we hope you find it an interesting read!

The 2024/25 financial year has arguably witnessed our best-ever performance across many important metrics including growth, productivity, profitability and, most importantly, dividends paid to our principal shareholder, Kent County Council, and our joint venture partners; it is these dividends that help support essential public services.

The achievements of the past year, many of which are referred to in more detail in the coming pages by Matt, our CEO, are due to the unique operating model of our business. Commercial Services Group is essentially a company owned by the public sector but operated as a private business, governed by a Board comprising independent Non Executive Directors drawn from the business community, Executive Directors with private equity commercial experience and Officer Directors from Kent County Council; it is this blend of skills and expertise which harnesses entrepreneurial spirit and translates it into the provision of relevant and cost-effective products and services resulting in not just a meaningful financial return but a positive social impact for the communities we serve.

While 2024/25 has been a very successful year, and the Board are confident of further progress in 2025/26, there are some significant financial challenges ahead. In common with many other businesses the size and scale of Commercial Services Group, the November 2024 Budget, with its increase to National Insurance contributions and lowering of thresholds, will adversely impact profitability and hiring intentions. In the meantime, Local Government reorganisation plans, as yet relatively undefined for Kent, inevitably cause some uncertainty albeit equally presenting some opportunities. Despite the foregoing the Board remain confident that the 2025/26 Business Plan forecasts will be fully met and that investment decisions to support further commercial growth and productivity gains will remain unaffected.

Finally, and as ever, the Board would like to thank our many supply chain and other partners for their support across a successful year. Most of all though sincere thanks must go to the 1,800+ team of colleagues, whose commitment, loyalty and contribution has been pivotal in ensuring not just a great past year but a sustainable future. Thank you!

A handwritten signature in blue ink, appearing to read 'P. Dearing', with a stylized flourish at the end.

# Contents

01	Group CEO Summary	14	People, Culture & Communications Function
02	Highlights	16	Financial Analysis
03	Brand Structure 2025	17	Portfolio Summary 2024/25
04	Executive Board Structure	18	Corporate Governance
05	Non-Executive Board Structure	19	Maturing  Governance Function
06	Performance – Energy & Environment	20	Governance in Numbers 24/25
08	Performance – Procurement & Partnerships	21	Board Membership and Attendance
10	Performance – Children & Education	22	Final Word
12	Performance – People & Talent		



# Group CEO Summary



Matt Johnson  
Group CEO

I am proud to reflect on the 2024/25 financial year as one of great strategic and operational success for Commercial Services Group.

We have enjoyed many highlights between April 2024 and March 2025, including the acquisitions of Landscapes for Learning and WF Education Group, which, when combined with our existing educational resources interests across KCS and CES Holdings, has created one of the largest and most comprehensive service providers in Europe – one of the key strategic projects in delivering our growth strategy.

We continued to drive the innovative and highly successful joint venture model, launching new partnerships with Dorset Council and Halton Borough Council, with yet another collaboration launching later in 2025, this time with the London Borough of Hackney, taking the aggregated revenue of these joint venture partnerships to over £170m per annum.

We have continued to acquire new customers and retain key existing customers in both the UK and overseas, taking our total customer base to over 22,000 entities. With the support of thousands of supply chain partners, the dedication of our 1,800 staff, and the support of key industry stakeholders, we have continued to drive positive impact and social purpose that supports local economies and local communities across the many regions we serve.

This growth has once again been delivered in a well-governed and assured operating environment. We have retained gold status as an Investor in People (IIP) employer and, for the second consecutive year, and been awarded a 'substantial' internal audit opinion, further enhanced by an unmodified external audit opinion.

However, despite these successes and the commitment of our people, we are not immune to market and national challenges. The ever-declining financial security of the UK public sector continues to create difficult market conditions, which are increasing competition and driving down margins. Structural changes across the sector, ranging from academisation in education through to local government reorganisation and devolution in local authorities, is creating uncertainty and slowing decision-making. Government policy changes will have a significant financial impact on the Commercial Services Group, leading to a multi-million-pound increase in national insurance contributions and minimum wage commitments. These changes will take effect from April 1st and will inevitably affect short-term profitability growth.

The year ahead will be challenging, but with incredible opportunities. Changes across the UK to local government administrations will bring fresh perspectives and drive for improvements, and we are expertly positioned to support these demands. We will continue to focus on building our ambitious growth strategy to maximise shareholder value through ongoing dividend growth and a rising enterprise value, whilst driving support for the local economies and communities we serve. The four values that underpin Commercial Services Group – commercial growth, customer experience, social and sustainable value, and empowered workforce – will remain the core principles on which growth is delivered in the year ahead.

Matt

# Highlights

£707.1m

gross revenue  
(including JV's)

(£185.4m net revenue)

£9.45m

profit after tax

(PYR £8.246m)

£10m

contributed to KCC

22,000

active customers  
in 87 countries

1,800

colleagues across  
50+ global offices  
and sites

16,000

suppliers  
4,000+ are Kent based

32

trading brands

Substantial

Internal  
audit opinion

# Brand Structure 2025



# Executive Board Structure



**Matt Johnson**  
Group CEO



**John Doherty**  
Divisional CEO  
Children & Education  
and People & Talent



**Nicola Monk**  
Divisional CEO  
Energy & Environment and  
Procurement & Partnerships



**Rob Boyles**  
Group Chief  
Financial Officer



**Sally Richards**  
Chief Operating Officer

Page 40



# Non-Executive Board Structure



**Philip Dearing**  
Independent  
Non-Executive Chairman



**Ceri Richards**  
Senior Independent  
Non-Executive Director



**Catherine Ward**  
Independent  
Non-Executive Director



**David Whittle**  
Shareholder  
Non-Executive Director



**Simon Pleace**  
Shareholder  
Non-Executive Director



**Robin Dargue\***  
Independent  
Non-Executive Director

Page 41

\*Robin Dargue term ended March 2025

# Performance – Energy & Environment



Nicola Monk  
Divisional CEO Energy &  
Environment and Procurement  
& Partnerships

Page 42

This has been a standout year for our Energy and Environment Division. We’ve delivered record growth—finishing the year nearly £1.2m ahead of budget—and achieved some truly exceptional milestones.

Highlights include retaining 100% of our energy framework, launching LASER’s new Education Team, and opening Kings Hill Solar Park and the Dunbrik Waste Transfer Station in Sevenoaks. We’ve invested in new depots and cutting-edge machinery for Landscape Services and delivered outstanding customer satisfaction across the board.

I’m incredibly proud to lead a division that’s driving real value for local communities across Kent and the wider public sector. But what I’m proudest of is our investment in our people. From adopting the Real Living Wage for our frontline teams to growing our apprenticeship programme, enhancing technical and leadership training, and launching our People’s Forums. Our people are central to everything we do. Their commitment drives our success—and will remain the foundation of our future growth and impact.



Employees	
Total	254

Sectors and Trading Brands			
Energy & Carbon		Community Services	
→ LASER		→ Commercial Services Group	
		Managing Waste	
→ Lumina		→ Landscape Services	
→ Zero Carbon Future			

# Performance – Energy & Environment

## Major Contract Wins 24/25

**E&C** City of London  
(Managed Service upsell)

**E&C** Walsall (Energy win)

**E&C** ValueMatch Partnership  
(x4 MATs)

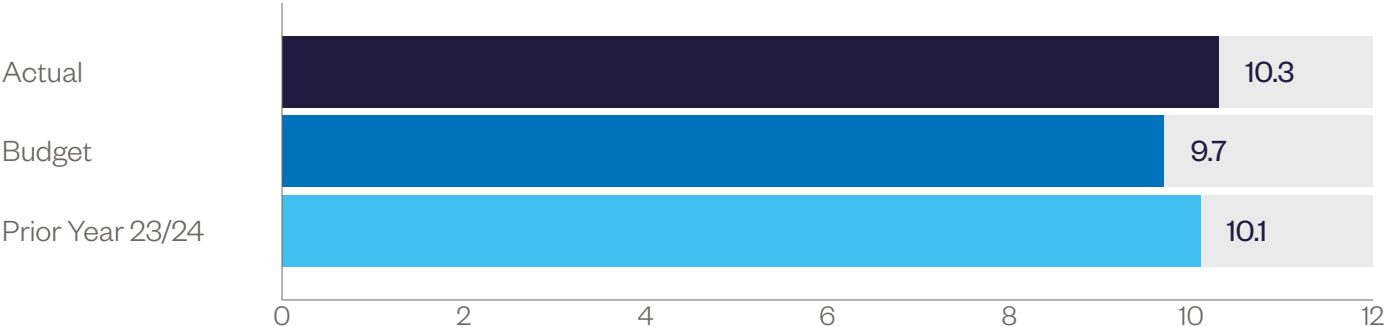
**E&C** Suffolk County Council  
(Solar Carport)

**E&C** Cambridgeshire County  
Council (PPA)

**CS** Tonbridge & Malling  
Borough Council

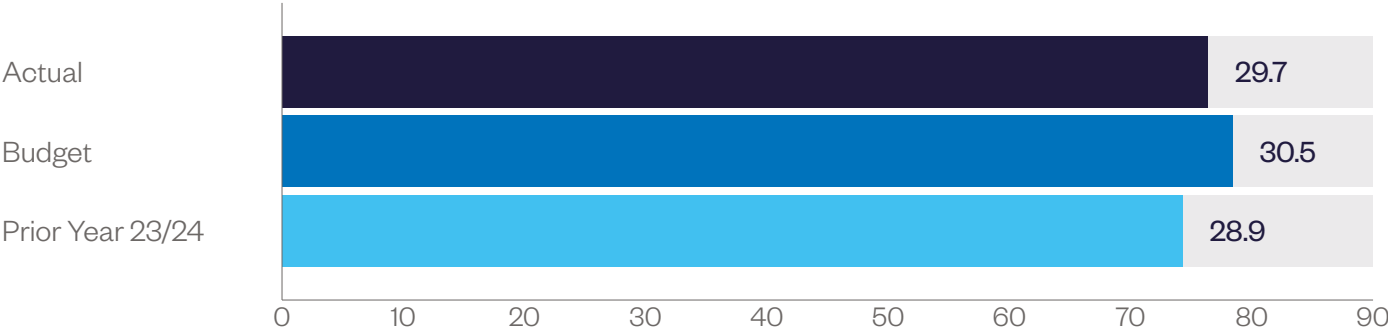
## Energy & Environment – Net EBITDA

NET EBITDA – a comparison of Actual Figures to Budget and Previous Year (£m)



## Energy & Environment – Net Revenue

NET REVENUE – a comparison of Actual Figures to Budget and Previous Year (£m)



# Performance – Procurement & Partnerships



Nicola Monk  
Divisional CEO Energy &  
Environment and Procurement  
& Partnerships

Page 44

This has been a landmark year for the Procurement and Partnerships Division—one defined by growth, innovation, and strong collaboration with our partners across the public sector.

We’ve significantly expanded our procurement frameworks business, launched new strategic frameworks and introduced our Procurement Managed Services offer—all designed to create greater value, flexibility and efficiency for our customers. We’ve also established two new joint ventures with Dorset and Halton Councils to deliver agile, localised contingent labour solutions.

We were especially proud to welcome Hackney Council—our largest customer win to date—and to integrate Cantium, our ICT business, into the Division, further strengthening the digital services we provide to Kent County Council and Commercial Services Group.

Above all, our people continue to make the difference. Their expertise, commitment and award-winning performance have helped position us as trusted advisers and thought leaders. We’re proud of what we’ve achieved together—and excited about the opportunities ahead to deliver even more for our partners and the communities we serve.



## Employees

Total	442
-------	-----

## Sectors and Trading Brands

Recruitment <b>R</b>	Procurement <b>P</b>
Connect2Kent	Procurement Services
Connect2Surrey	Lifecycle
Connect2Hampshire	
Connect2Luton	Cantium Business Solutions <b>C</b>
Connect2Dudley	
Connect2Dorset	
Connect2Halton	
Connect2Hackney (launched summer 2025)	

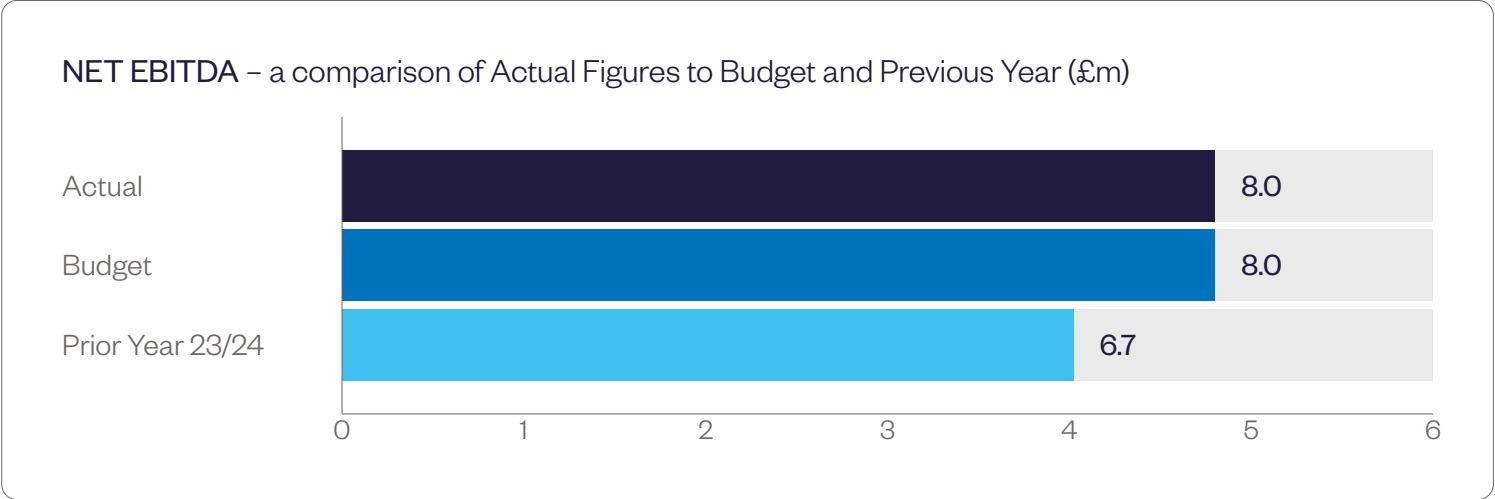
# Performance – Procurement & Partnerships

Page 45

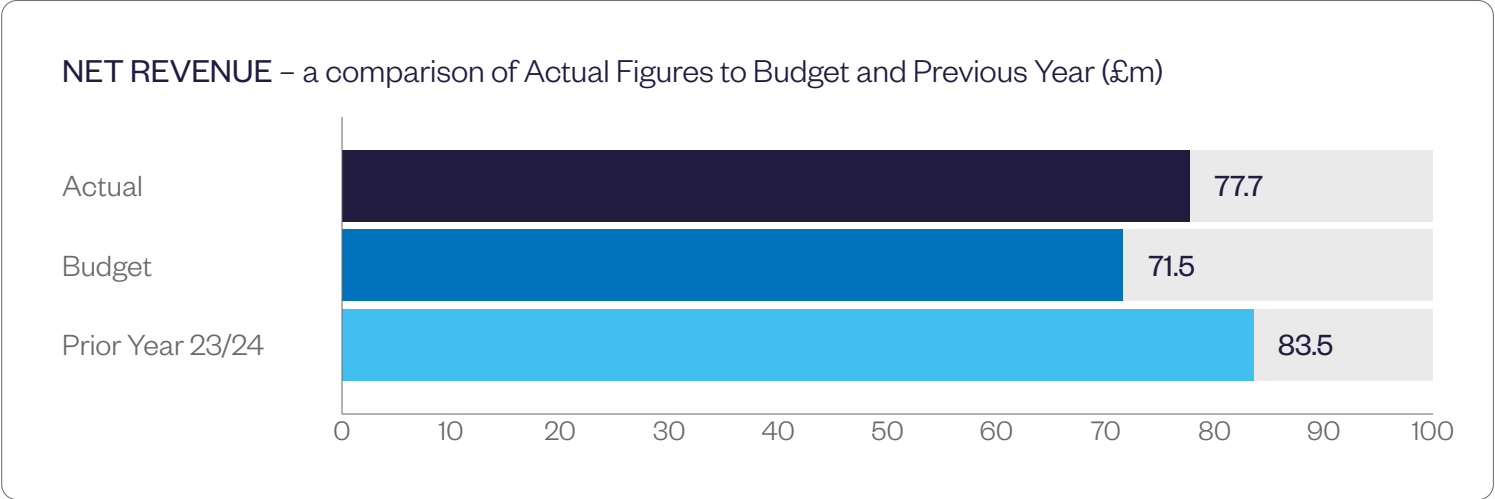
## Major Contract Wins 24/25

R	Hackney Joint Venture (Connect2Hackney)
P	Hull University Teaching Hospitals NHS Trust (Contract Management)
P	Liverpool University Hospitals NHS Foundation Trust (Leasing)
P	Bournemouth, Christchurch & Poole Council (Software Framework)
P	P North Yorkshire Council (ICOE Framework)
P	The Tedd Wragg Multi-Academy Trust (Digital)

## Procurement & Partnerships – Net EBITDA



## Procurement & Partnerships – Net Revenue



# Performance – Children & Education



**John Doherty**  
Divisional CEO Children & Education and People & Talent

I am delighted and proud to reflect on an exceptional year for our Children & Education division. Through the efforts of 741 members of staff, the division delivered £6.5m of EBITDA in 2024/25, a huge increase on the £2.9m delivered during the previous year.

We have substantially increased the scale of our business over the past 12 months through the acquisitions of Landscapes for Learning and WF Education Group, bringing material inorganic growth in revenue, active customers, and product range. We have seen the re-launch of EIS following its strategic separation from Cantium, ensuring schools once again have a specialist provider of ICT services. And material contract wins in both Invicta Law and The Education People have ensured the division enters the 2025/26 financial year with exciting opportunities to continue this performance trajectory.



Page 46

Employees	
Total	741

Sectors and Trading Brands	
IT Services	IT
EIS	
Education Management	EM
The Education People	
Legal Services	LS
Invicta Law	
International School Projects	ISP
CES	
Education Supplies	ES
KOS	
OES	
Landscapes for Learning	
Gresswell	
Maudesport	
TSL	
Timstar	

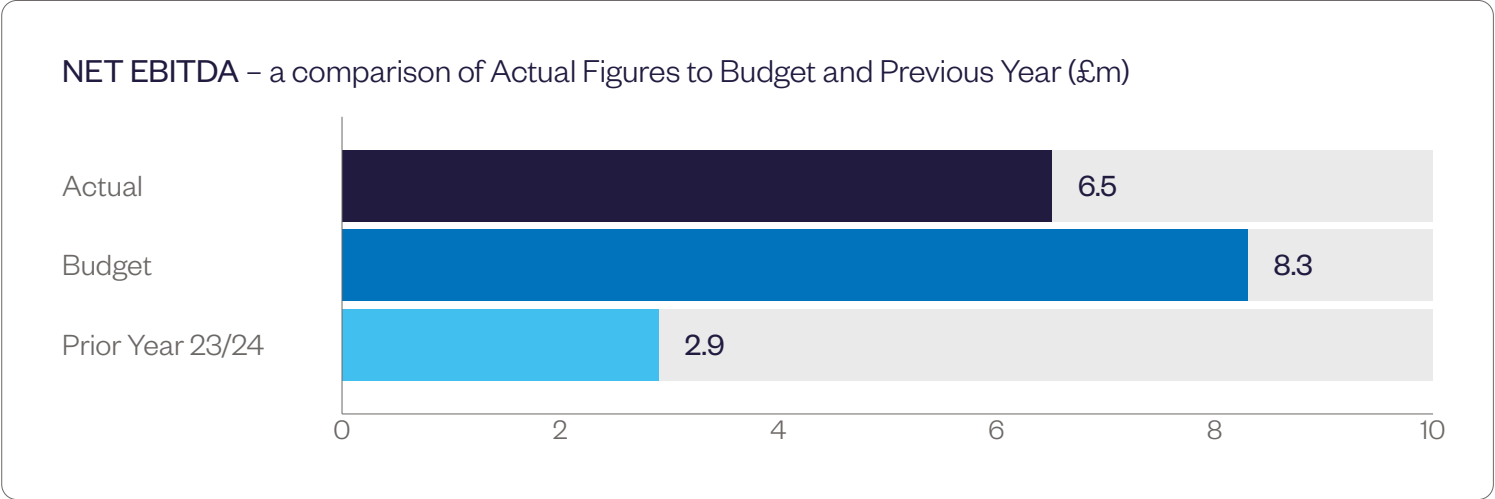
# Performance – Children & Education

Page 47

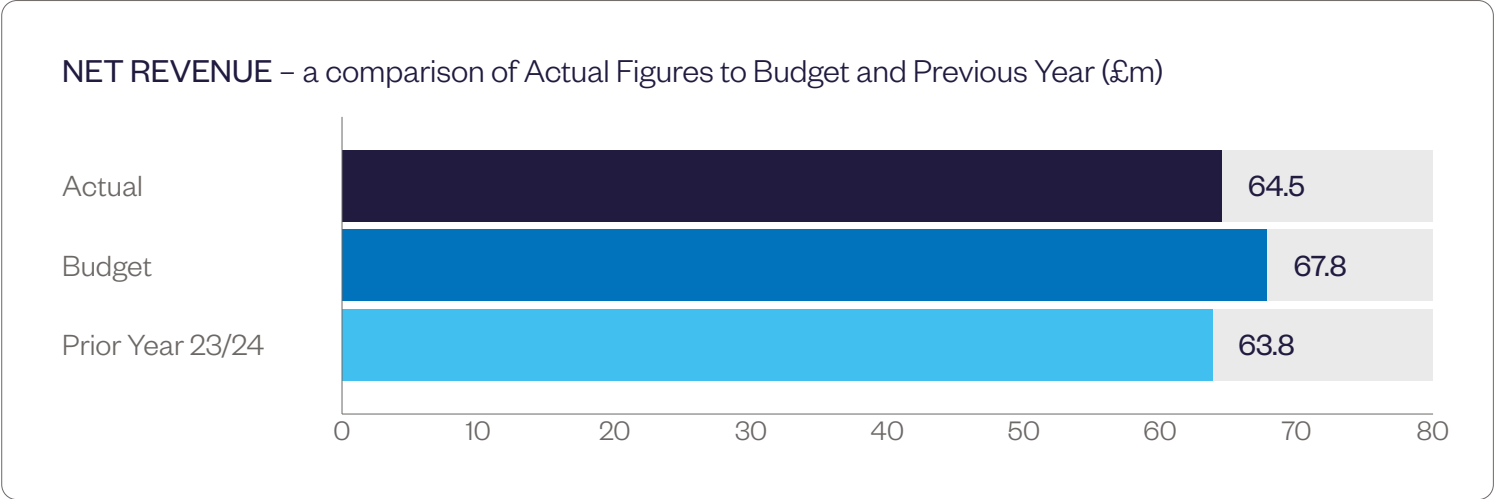
## Major Contract Wins 24/25

- ES** Successful Acquisition of Wall Family Education brands
- ES** Successful Acquisition of Landscapes for Learning
- IT** EIS Re-Launch to Kent Schools
- ES** KOS Punch-Out extension delivered for customers
- ISP** International Launch of KOS NPD Range
- GES** Extension of RSP contract – signed MOU
- EM** Duke of Edinburgh service launched
- EM** Delivery of £1.2m efficiencies for KCC OYPE Directorate

## Children & Education – Net EBITDA



## Children & Education – Net Revenue



# Performance – People & Talent



**John Doherty**  
Divisional CEO Children &  
Education and People & Talent

I am excited to share the continued success of our People and Talent division, which continues to deliver fully compliant and trusted HR services with a strong people-focused approach.

Through our dedicated brands, our expert teams specialise in supporting organisations of all sizes, having honed our expertise in the Education and Public Sectors.

We are proud to be trusted by over 1,000 customers nationwide, including Schools, Academies, Multi-Academy Trusts (MATs), Local Authorities, NHS Trusts, and private businesses. Our commitment to excellence and our tailored approach ensure that we meet the unique needs of each client, providing first-class HR solutions that drive success and foster growth.

Page 48

Employees	
Total	210

Sectors and Trading Brands	
HR Services	HR
HR Connect	
Staff Care Services	
Kent-Teach	
Employment Check	
Prospects Payroll	
Specialist Recruitment	R
Connect2Socialwork	

HRConnect

EmploymentCheck✓

StaffCareServices

ProspectsPayroll

KENT-TEACH.COM

connect*i*socialwork®



# Performance – People & Talent

## Major Contract Wins 24/25

HR

Achieved **Safe Effective Quality Occupational Health Service (SEQOHS)** Accreditation.

HR

Awarded a fully **Managed Payroll and Pension Administration Service** with the Swale Academy Trust.

HR

Implemented a **Career Pathway** across both recruitment brands.

HR

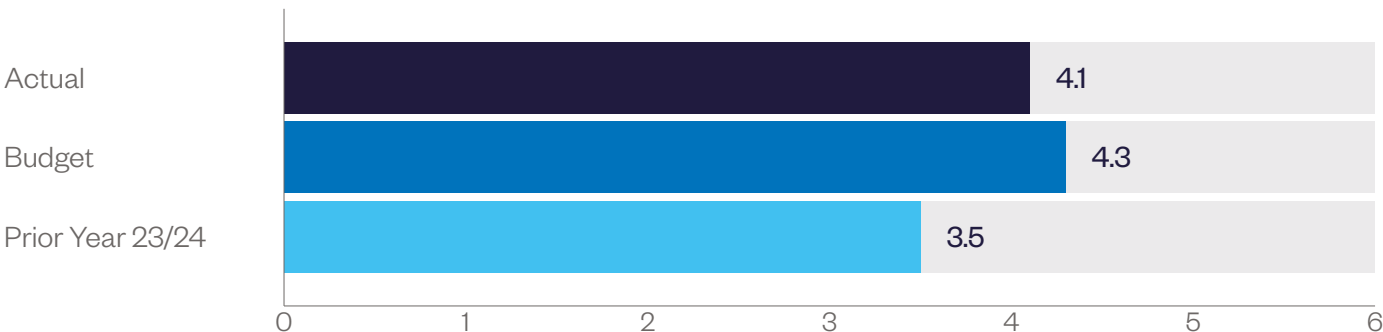
Launch of the expanded **SupportLine Service** to Schools.

HR

Successful migration of school's customers from Oracle to iTrent.

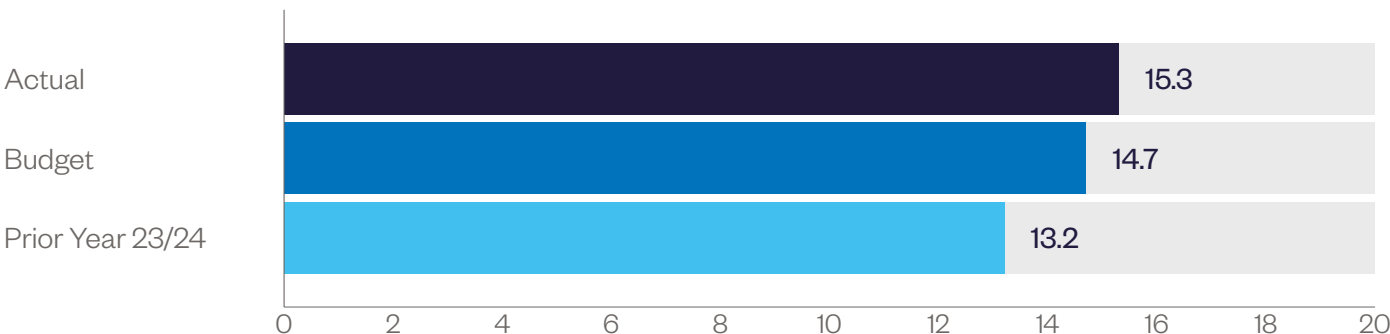
## People & Talent – Net EBITDA

**NET EBITDA** – a comparison of Actual Figures to Budget and Previous Year (£m)



## People & Talent – Net Revenue

**NET REVENUE** – a comparison of Actual Figures to Budget and Previous Year (£m)



# People, Culture & Communications Function



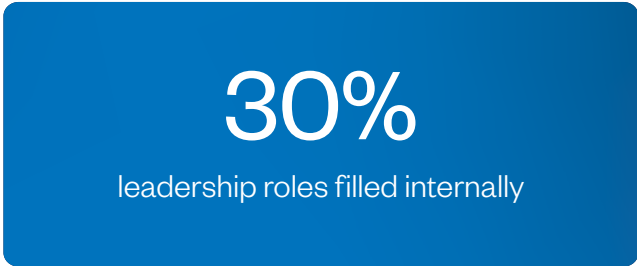
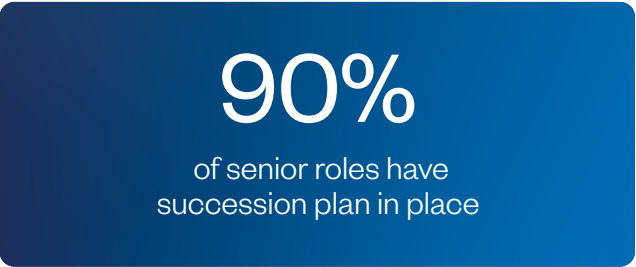
Jess Jones  
Associate Director of People

In FY24/25, the People, Culture & Communications (PCC) team made significant strides in shaping a unified, inclusive, and high-performing culture across Commercial Services Group. A key milestone was the development and launch of the organisation’s first People Strategy – co-created with leaders and colleagues – to support our culture.

The strategy focuses on enhancing employee engagement and experience through inclusive practices, data-driven decision-making, and proactive talent and culture initiatives, with the ultimate aims of driving performance, talent retention and talent attraction. To bring this strategy to life, we introduced our new structures, strengthened our Centres of Excellence, established a programme of delivery, and reset the People Partner model to support businesses better locally while enabling consistency for everyone.

Page 50

## PCC in Numbers



# People, Culture & Communications Function

## Key Achievements

- People Strategy Launch: Delivered our first People Strategy following consultation and engagement, with a structured programme to drive delivery.
- Careers Advisory Service: Introduced a dedicated service to support internal career progression, directly shaped by employee feedback.
- PCC Team Development: Recruited a new HR Operations Manager and reset the People Partner model to increase impact, consistency, and business alignment.
- Employee Voice: Ran our first Employee Engagement Survey and launched People Forums to embed listening and dialogue.
- Policy Alignment & Simplification: Commenced the consolidation of HR policies across Commercial Services Group, with consultation ensuring relevance and alignment.
- Learning Culture: Expanded our development offer through apprenticeships, mentoring, and in-person learning, supporting a culture of growth.

## In Progress

- Performance & Recognition: Developing a new approach to performance appraisals focused on growth, feedback, and frequent recognition.
- Building Culture & Enabling Communication: Building community across Commercial Services Group via the launch of our new intranet, Loop.
- People Insights: Enhancing our data capability to better measure impact and support decision-making.
- Culture & Values: Embedding inclusive values and responding to engagement feedback to evolve our employee experience.
- Policy & Process Efficiency: Continuing to harmonise and future-proof people policies in line with business needs and legislative change.
- Growth & Talent: Launching Commercial Services Group's Capability & Behaviour Framework, leadership development offers, and internal talent management strategies.
- Reward Strategy: Initiating a comprehensive review of pay, benefits, and employment terms across Commercial Services Group to shape a future-fit reward approach.

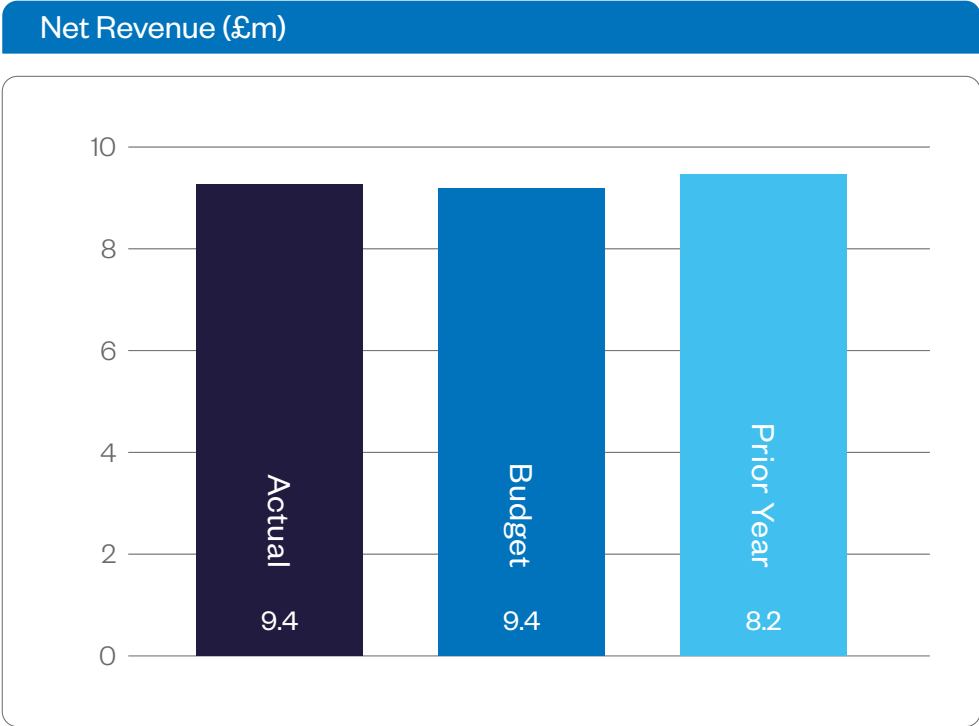
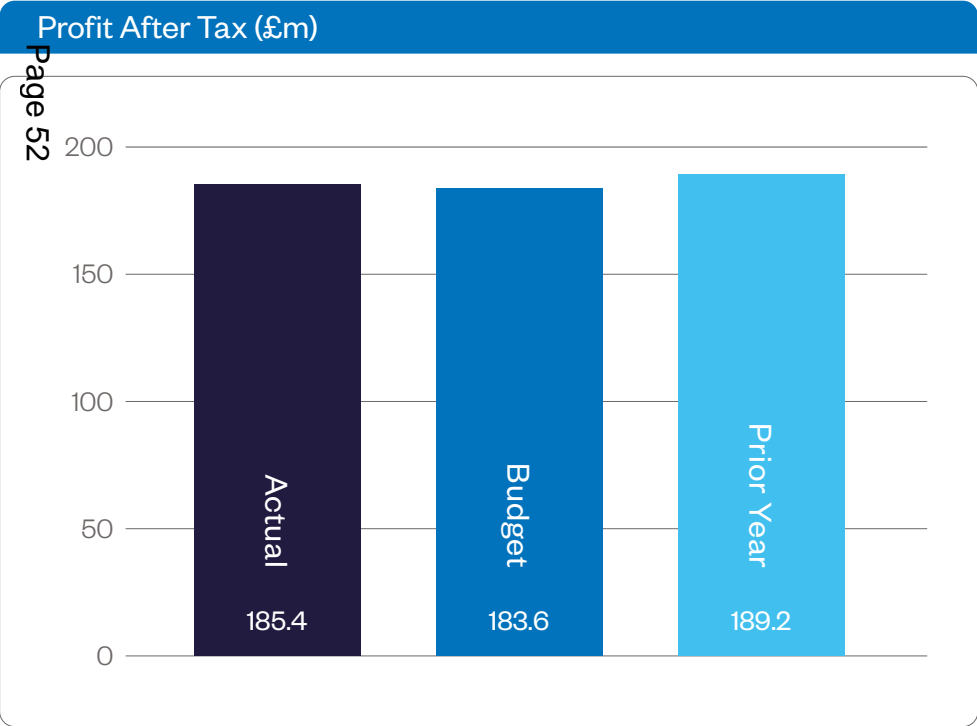
# Financial Analysis



The business generated net revenue of £185.4m in the financial year, not including revenue pass through or non-consolidated joint ventures.

Net profits increased by 14% to a record £9.450m, allowing Commercial Services Group to declare record dividends of £10m (24/25) to its Shareholder, Kent County Council. The business is budgeting for further underlying growth in the year ahead after taking into consideration the material increase in National Insurance rates.

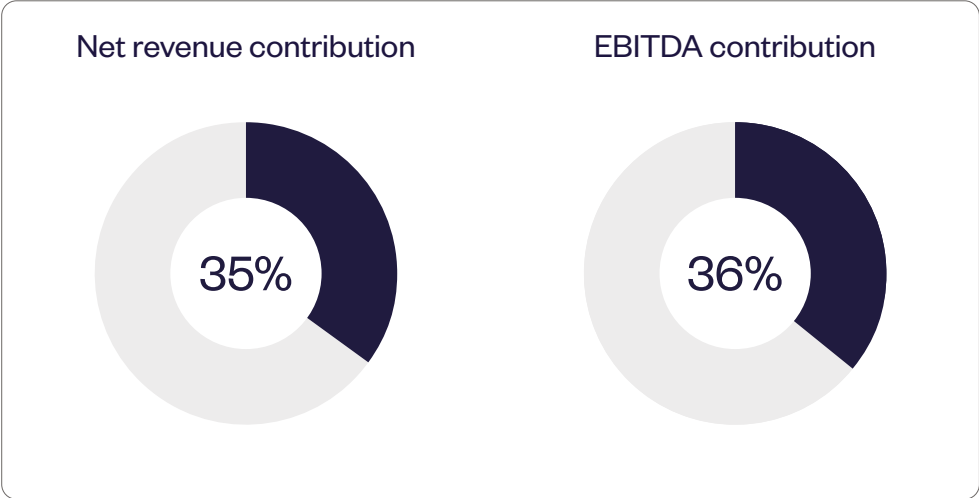
Rob Boyles Group Chief Financial Officer



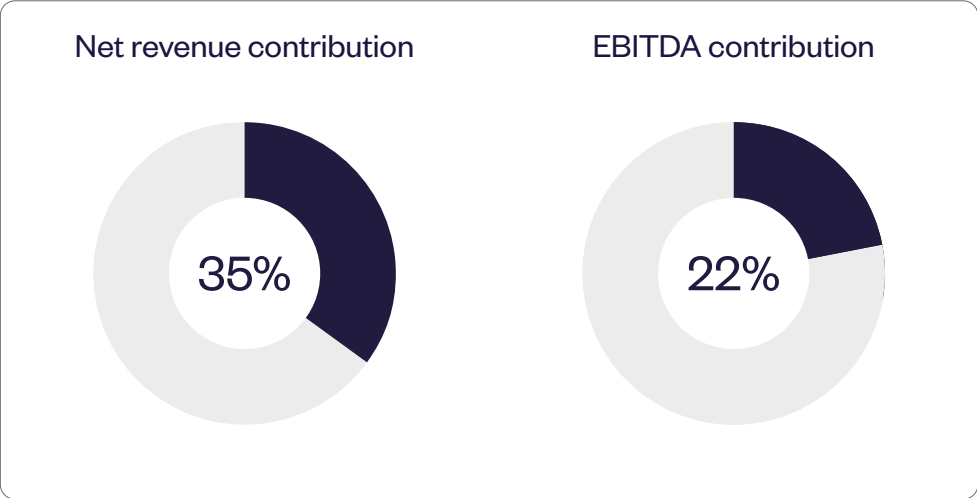
# Portfolio Summary 24/25

Page 53

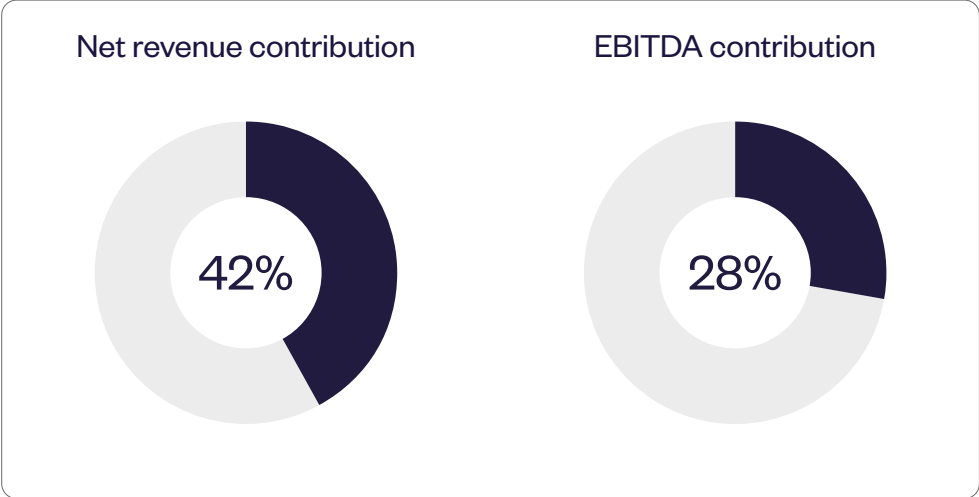
## Energy & Environment



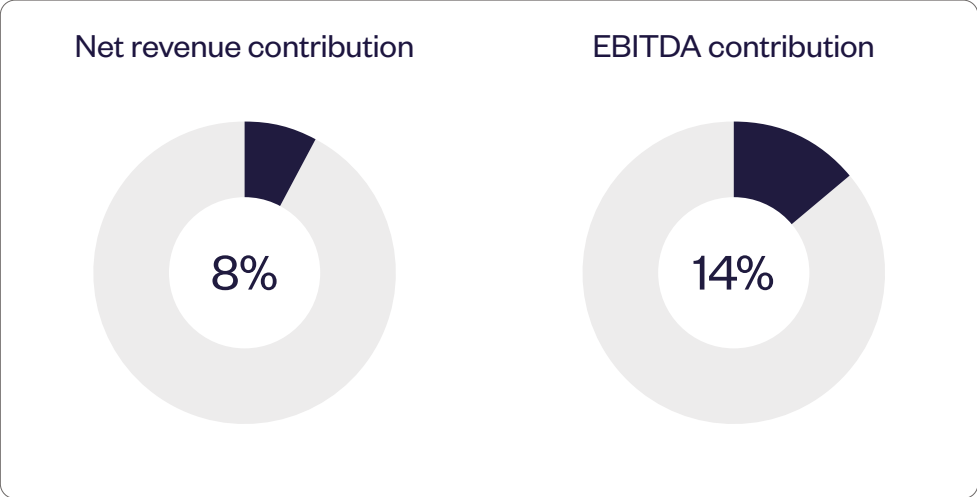
## Children & Educations



## Procurement & Partnerships



## Procurement & Partnerships



Remaining 7% of workforce assigned to Corporate Services.

# Corporate Governance



24/25 has been a year of further developing the support services provided by our corporate teams to enable the business to make smarter decisions, supporting commercial agility whilst continuing to keep Commercial Services Group safe.

Sally Richards, Chief Operating Officer

## Governance

Our governance reporting improved to expand Horizon risk and opportunity identification, plus enhancement of our policy suite to include AI, Data Retention, FOI and Information Security.

- We have risk management software implementation.
- Enhanced fraud awareness training, e-learning modules and in-person training.
- Our DPO has managed 70 SARs, 44 FOI requests.
- We retained the ISO 9001, 14001 accreditations .
- Accreditation retained in ISO27001 (CBS).
- Cyber Essentials Plus (CBS) Cyber Essentials (CSKL & Invicta Law).



## Audit

Working with KOC internal audit team, we have successfully completed 16 audits with an overall rating of **Substantial**.

## H&S

We have reported **396** near misses/incidents across Commercial Services Group with the increase in our safe reporting from the field teams. All incidents have investigations carried out and mitigating actions implemented, with the ongoing control framework being well-managed and controlled.

## 16

Supplier payment days average over a full year.

# Maturing our Governance Function

## Corporate Governance

- ✓ Established team and communities of practice.
- ✓ Rolling ARC deep dive program in place.
- ✓ Our internal audit plan matured.
- ✓ Procurement, HSEQ, Data Protection and Business Continuity policies.
- ✓ Implemented new safety management system and QR code incident/near miss reporting.
- ✓ Consolidated to single DPO.
- ✓ Review of mandatory training via our Learning Academy.

## Our Capability

- ✓ Investment Value Review Committee launched.
- ✓ Our assessment and response to the Procurement Act.
- ✓ Launched Delta e-tendering portal.
- ✓ We have centralised our HSEQ provision and extended out of hours coverage.
- ✓ Consolidated ISO certifications into ISO Business Management System for Commercial Services Group.
- ✓ Rolled-out our approach to BCP, undertaking five tests.

## Strategic Risk Management

- ✓ Strategic risk themes and appetite aligned with our Business Plan.
- ✓ Horizon risk rata reported to Board, Executive and ARC.
- ✓ Supported with due diligence and onboarding of new JVs and acquisitions.
- ✓ Security Steering Group implemented.

## Key Initiatives for 24/25

- ESG, Wates and AGS statements.
- Financial KRIs.
- Insurance brokerage and policy review.
- Supplier chain resilience and assurance.

- Fraud risk assessment and training programme.
- Strategic commissioning model.
- ISO27001:2013 transition to 2022.
- Leverage BI to automate and shift from information to actionable insights.

- Key strategic risk assurance maps.
- Data protection reform readiness.
- ISMS policies and controls.
- Procurement act readiness.
- Mature horizon scanning.

# Governance in Numbers 24/25



16

Internal Audits completed



250+

H&S site visits conducted



300+

H&S risk assessments and method statements

29

H&S Audits



25

Emergency First Aid at Work training delegates



1524

H&S incident/near miss reports investigated



70

SARs

44

FOI requests

396

Data Protection incident/near miss reports



23

Data Protection impact assessments reviewed



16

Insurance policies managed



11

Dynamic Purching Systems

1042

submissions

457

agreements



23

Frameworks published

120+

awarded suppliers

85+

SME's awarded



# Board Membership and Attendance

Director	Commercial Services Group (inc/ CSKL, CSTL, KCT)	Remuneration Committee	Audit & Risk Committee
Philip Dearing Independent Non-Executive Chairman	11/11		
Ceri Richards Senior Independent Non-Executive Director	10/11		4/4
Catherine Ward (started April 2024) Independent Non-Executive Director	11/11	3/3	
Robin Dargue (term ended March 2025) Independent Non-Executive Director	9/11	3/3	
David Whittle Shareholder Non-Executive Director	11/11	3/3	
Simon Pleace Shareholder Non-Executive Director	10/11		4/4
Matt Johnson Group CEO	11/11		
Rob Boyles Group Chief Financial Officer	10/11		2/4
Marcus Yarham (resigned October 2024) Group Finance Director	5/5		3/3

# Final Word

Thank you for taking the time to read our annual report.

We hope it provided a valuable insight and that you now have a better understanding of Commercial Services Group, a business we take pride in.

At Commercial Services Group, we are immensely proud of the service, support and financial contribution we provide to support frontline services, a genuine example of profit with a purpose.

Philip Dearing, Chair of the Board of Directors



1 Abbey Wood Road, Kings Hill, West Malling ME19 4YT  
[commercialservices.org.uk](http://commercialservices.org.uk)