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Ask for: Ruth Emberley  
Date: 13 May 2026

Dear Member

**GOVERNANCE AND AUDIT COMMITTEE - TUESDAY, 19 MAY 2026**

I am now able to enclose, for consideration at the next meeting of the Governance and Audit Committee on Tuesday 19 May 2026, the following report which was unavailable when the agenda was printed.

**Agenda Item No 7**

**External Audit Progress Report for Kent County Council (Inclusive of Kent Pension Fund) (Pages 1 - 18)**

Yours sincerely

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

Benjamin Watts  
Deputy Chief Executive

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# Kent County Council

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Audit progress report and sector updates

March 2026

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# Audit Progress Report

# Introduction



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This paper provides the Governance and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress as at May 2026

## Financial Statements Audit

### 2025/26 Audit – Kent County Council

We presented our audit plan for the 2025/26 Audit to the Governance and Audit Committee in March 2026. No changes have arisen since that point that would require a change to the audit plan.

We have completed a suite of advanced testing across income and expenditure, in order to reduce the level of work required to be completed during the final audit period.

Our audit will begin on 15 June, with a period of sample selection and digital analysis of the ledger, followed by audit fieldwork, to be concluded by September 2026. We are engaged with the finance team in building a project plan for the smooth delivery of the audit, in order to report to the September Governance and Audit Committee.

Our IT Audit team have been engaged to perform specific procedures on the data migration from Oracle EBS to Oracle Fusion, implemented by the Authority in August 2025. Their work is substantially complete, with no significant findings arising from the migration work. Both the IT audit team and the financial statement audit team are closely following the Internal Audit reviews on the Oracle Cloud Programme, to ensure there is no duplication of effort.

We continue to meet with the Chief Executive, Deputy Chief Executive, Monitoring Officer and Corporate Director Finance on a regular basis. We have also met with the Chair and Vice Chair of the Governance and Audit Committee since the last meeting, as part of good governance in audit.

### 2025/26 Audit – Kent Pension Fund

We presented our audit plan for the 2025/26 Audit to the Governance and Audit Committee in March 2026. No changes have arisen since that point that would require a change to the audit plan.

As part of our interim audit procedures, we have completed our triennial valuation testing. A sample of 50 items was selected, and testing has been substantially completed. A small number of follow-up queries remain outstanding and will be concluded during the next phase of the audit.

We also selected advance samples covering contribution data, benefit payments, and member data for the year. Testing on these samples is scheduled to commence from 15 June, providing an early start ahead of the main fieldwork phase and supporting a more efficient final audit.

Investment confirmation requests have been issued and shared with the Fund's investment managers. This approach allows sufficient time for confirmations to be returned and provides assurance that all investment confirmations will be available at the commencement of the main audit fieldwork.

In respect of IT arrangements, the Pension Fund and the Administering Authority (Kent County Council) operate on the same accounting system. Data migration presents a significant audit risk for the Pension Fund, consistent with the risk identified for the Council. Therefore, the update provided by the Council's external auditor in relation to data migration is equally applicable to the Pension Fund audit.

# Progress as at May 2026 (continued)

## Value for Money

We presented our audit plan for the 2025/26 Audit to the Governance and Audit Committee in March 2026. No changes have arisen since that point that would require a change to the audit plan.

Our initial assessment of the risks of significant weakness were as follows:

- Financial sustainability – Adult Social Care spend
- Financial sustainability – spend on High Needs Block of SEND
- Financial sustainability – foregoing full Council Tax flexibility in 2026/27 budget
- Governance – potential decision-making impacts of changes in the administration

We have held initial mobilisation and planning meetings with Officers, and our fieldwork will begin in earnest in June.

## Audit Fees

PSAA published their scale fees for 2025/26: [Auditor-Directory-for-Website-2025-2026-as-at-11-02-2026.xlsx](#).

For Kent County Council these fees are **£475,501** for the Authority audit and **£118,623** for the Pension Fund. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

We have not yet agreed a fee variation for the 2024/25 audit with PSAA, covering additional work for the implementation of IFRS 16 and the cost of additional technical advice on matters arising. The fee variation will be reported to the Governance and Audit Committee when it is agreed with PSAA and management.

## Events

We recently held a webinar for members of Audit Committees on 10 February 2026, to discuss best next steps to take “After the Backstop”. A recording for the webinar can be found here: [After the Backstop | Grant Thornton](#). While the Authority is not directly impacted by the backstop, it may provide useful information for Members, as the County heads towards Local Government Reorganisation.

# Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2025/26 financial statements.</p>	25 March 2026	Complete
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Governance and Audit Committee.</p>	10 September 2026	Not yet due
<p><b>Auditor's Report</b></p> <p>This includes the opinion on your financial statements.</p>	10 September 2026	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	10 September 2026	Not yet due

# Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Audit related deliverables	Planned Date	Status
<p><b>Teachers' Pensions Scheme – certification</b></p> <p>This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.</p>		

# Sector Updates

# Public Sector Finance Leaders' Barometer

Audit Committees can obtain new analysis of the issues public sector finance leaders most prioritise, and how it might affect their organisation, here:

[The Public Sector Finance Leaders Barometer | Grant Thornton](#)

## Background:

Grant Thornton's 2026 Public Sector Finance Leader's Barometer draws on the views of 100 s151 officers across local government in England to identify the top three strategic priorities, operational pressures and in-demand skills for public sector finance this year.

84% of those interviewed were confident that their medium-term financial strategies will hold, but there was consensus that the biggest risks those strategies face are largely outside the s151 officer's control: Growth in demand for statutory services; unfunded policy changes; and failure to deliver change programmes.

These risks highlight the need for better demand modelling, earlier horizon scanning, and disciplined delivery of change programmes. However, workforce shortages, recruitment challenges, and increasing complexity, mean there's simply not enough capacity to deliver transformation at the required pace.



**Interviews with 100 s151 officers identified for 2026:**

### The top three strategic priorities are:

- ❖ Digital transformation
- ❖ Talent attraction and retention
- ❖ Regulatory compliance

### The top three top operational pressures are:

- ❖ Rising operating costs
- ❖ Complexity of regulation
- ❖ Workforce and skills shortages

### The top three most in-demand skills are:

- ❖ Technical accounting
- ❖ Data analytics and business intelligence
- ❖ Change management

# SEND reform plans

## Key information for Audit Committees to be aware of:

- ❖ Local SEND Reform plans are going to require Department for Education approval before Councils can apply for up to 90% of SEND deficits to be covered by the new High Needs Stability Grant.
- ❖ To help local authorities develop their SEND reform plans, the government has promised to share “best practice” from the safety valve and delivering better value schemes and provide each area with “advisers to help ensure spending is effective, efficient and focused on improving outcomes for children and young people.”
- ❖ From 1st April 2028, future deficits will be met by the Department for Education.
- ❖ On 23rd February 2026, the policy paper “Every child achieving and thriving” made it clear that the focus will be on providing SEND support within mainstream settings going forward.
- ❖ The government described this as the first phase of the “transition to a reformed Send system”. System wide reform is widely recognized as essential and will be easier to leverage at central government level.

- ❖ Government data indicates that Local authorities stand to benefit by £5 billion if the full 90% of grant funding offered for 2026/27 is accessed. In addition, some £4 billion of funding for new school places (and family hubs) has been announced.

## Progressing your plan:

The Schools Week reports that ten days before Christmas, the Department for Education (DfE) and the NHS England had already written to Councils and health officials asking them to start work on a “local SEND reform plan” without waiting for any additional details about future funding. The plans were expected to reflect five core principles of future SEND provision needing to be early, local, fair, effective and shared.

## Audit Committees can help by asking:

- ❖ How far progressed is the planning we were asked to start before Christmas?
- ❖ Do we have any best practice examples of our own from safety valve or delivering better value experience?
- ❖ Have we agreed a timetable for planning, and are we on track?
- ❖ What plans are we making to close the remaining 10% of historic deficit that we will still be accountable for after the High Needs Stability Grant covers the rest?

# Local Outcomes Framework

Audit Committees should seek to understand how their organisation is implementing reporting against new local government Outcomes:

The Government published a new Local Outcomes Framework on 9th February 2026, setting out 16 national priority outcomes that central government and local government will work together in partnership to deliver:

[Local Outcomes Framework: Priority outcomes and metrics - GOV.UK](#)

Using the Outcomes Framework will be a radical shift in the way that the performance of local government is assessed. We will see a shift from process-heavy form filling by Councils for central government, to a clearer focus on what Councils are actually achieving at local level.

Prominent sector commentators such as [Solace](#) and the [Local Government Association](#) have reacted very positively.

The Outcomes in turn are supported by metrics that will be populated from robust, well known national data sources such as the Office for National Statistics; Government Departments for areas such as Health and Social Care, Education, Transport, and Work and Pensions; the Ministry of Justice; and Sport England.

## New local government Outcomes:

- ❖ Housing Supply
- ❖ Housing quality and safety
- ❖ Homelessness and rough sleeping
- ❖ Multiple disadvantage
- ❖ Best start in life
- ❖ Every child achieving and thriving
- ❖ Keeping children safe (children's social care)
- ❖ Health and wellbeing
- ❖ Adult social care – quality
- ❖ Adult social care – independence, choice and control
- ❖ Adult social care - neighbourhood health / integration
- ❖ Neighbourhoods
- ❖ Environment, circular economy and climate change
- ❖ Transport and local infrastructure
- ❖ Economic prosperity and regeneration – contextual outcome
- ❖ Child poverty

Audit Committees can help by asking how existing key performance indicator metrics will align with the new national metrics.

# Local Government Reorganisation and Devolution Update

## Latest Developments:

- ❖ **11th January 2026:** Consultation closed for four Devolution Priority Programme areas undergoing unitarisation. Decisions are expected in March 2026.
- ❖ **20th January 2026:** The English Devolution and Community Empowerment Bill moved to Committee stage.
- ❖ **5th February 2026:** New consultations were launched on local government reorganisation proposals for another 14 different areas across England. The consultations will run for seven weeks until Thursday 26th March 2026 and can be found here: [Local government reorganisation: Policy and programme updates - GOV.UK](#).
- ❖ **12th February 2026:** All areas in England without devolution can propose foundation strategic authority boundaries by 20th March 2026. [Written statements - Written questions, answers and statements - UK Parliament](#)

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- ❖ **12th February 2026:** Proposals for nine new foundation strategic authorities were announced at the same time as announcing new spatial development strategies [Areas for producing spatial development strategies - GOV.UK](#)
- ❖ **16th February 2026:** The Government confirmed that the local elections due in England on 7th May 2026 will go ahead for 30 councils where delays had previously been announced.

The [Institute for Government \(IFG\)](#) suggested in December 2025 that the government may have fundamentally misunderstood the scale of the local government reorganisation task it set itself.

For those trying to deliver the task, two sets of material from Grant Thornton may be useful:

- ❖ **March 2025 - [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)**
- ❖ **March 2025 - [Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)**



# Transport connectivity

Audit Committees in all local authorities can help their residents by asking:

- ❖ Is our Transport Strategy or Plan up to date?
- ❖ How well integrated is it with other Strategies and Plans?
- ❖ What assurance do we have over effective working with partners to deliver the transport plans?

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Background:

On 30th January 2026, the Institute for Government's latest [devo-lab-policy-briefing](#) highlighted that transport connectivity in much of England lags significantly behind Europe, and is innately unequal across our country:

..... approximately 39% of people can get into the centre of the city on public transport within 30 minutes, compared to 67% of people in comparably sized European cities.

Public transport connectivity in London is significantly higher than in any other region in England

The devo lab went on to explore three case studies from West Yorkshire, the Liverpool City Region, and Greater Manchester, to identify how mayoral strategic authorities are helping to improve transport connectivity in their areas.

The briefing identified drivers of success as:

- ❖ **Visible leadership** from mayors to help secure investment (Andy Burnham made the Bee Network a clear personal priority, for example);
- ❖ **Embedding transport plans within wider plans** for regeneration, infrastructure, growth, decarbonisation and spatial development;
- ❖ **Having the confidence** to recognise the benefits of bold decisions such as bus franchising to improve reliability; and
- ❖ **Using place-based business cases** instead of traditional cost benefit analysis to build a wider case for the social and health benefits of investment, which is consistent with a new wider government approach to place-based decision-making: [Green Book review: The six areas set to change | Grant Thornton](#).

For a full copy of the dev-lab findings, see [Learning from the DevoLab #3: How devolution can improve transport connectivity | Institute for Government](#).

# Maintaining local roads

## For information:

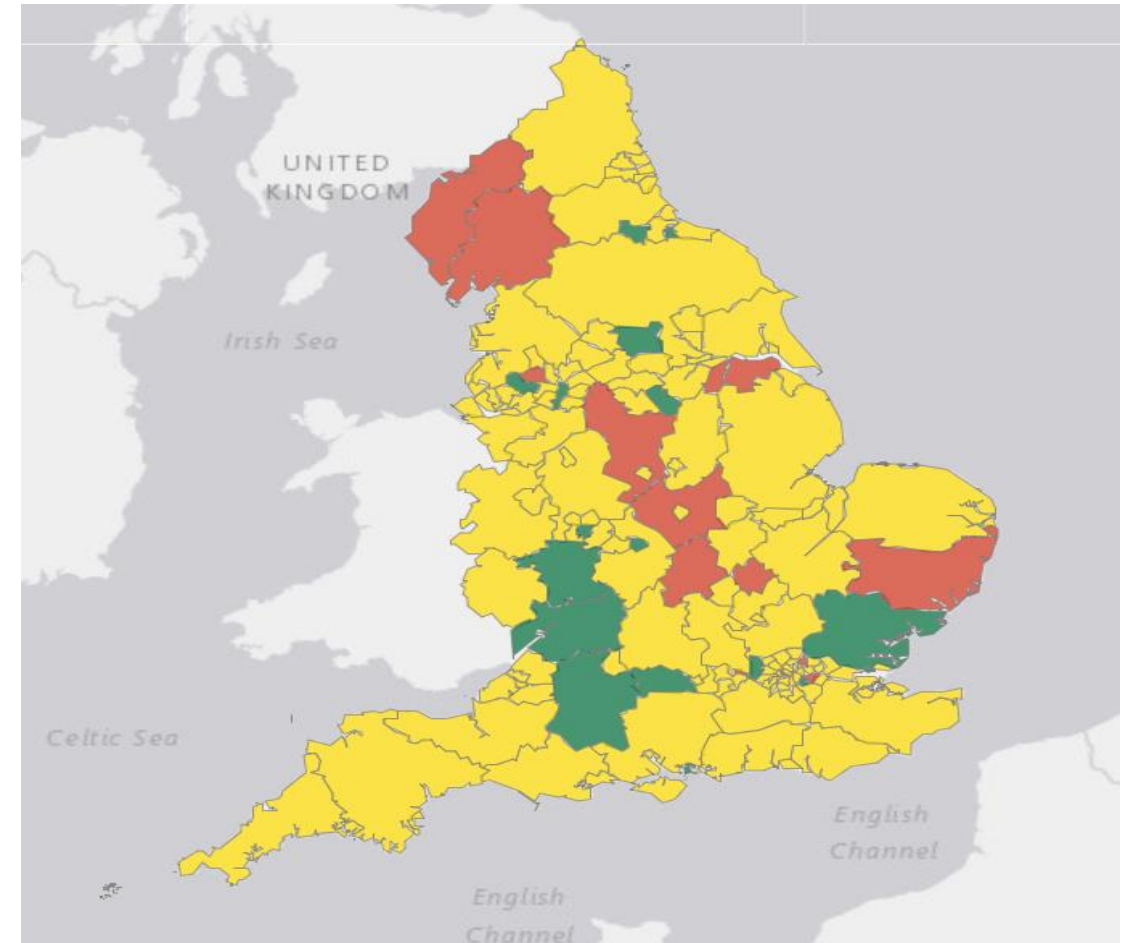
On 11th January 2026, the Department for Transport published a new interactive map with Red, Amber and Green ratings showing how effectively different local (highways) authorities are fixing potholes.

The map is publicly available and for the first time, people across England can now see how well their local Council is tackling potholes; resurfacing roads; investing in long term preventative measures; and, as [GOV.UK](#) says, “restoring pride to their local area”.

The new ratings - the first of their kind - grade 154 local highway and can be found here: [Road Maintenance Ratings: Local Authority Map](#).

The [RAC](#) estimated in January 2026 that UK drivers spent an average of £320 in between 2023 and 2024 on repairing pothole damage. From a survey of 1,855 members the RAC found that 5% spent more than £1,000 on repairs to damaged tyres, suspension, and steering, due to poor road conditions.

With comparative data now available to the public, there is a very strong incentive for Councils to be proactive about spending the new money announced in the Finance Settlement as effectively as they can.



# The Crisis and Resilience Fund

## Key information for Audit Committees:

- ❖ A new Crisis and Resilience Fund (CRF) will be introduced from 1st April 2026, replacing the Household Support Fund and providing a £1 billion annual government fund in England, until March 2029, to help low-income families if they suffer financial shock.
- ❖ Culturally, there will be a big difference between the new CRF and its predecessor, the Housing Support Fund (HSF). The CRF emphasises lasting support and resilience (into the long-term), while the HSF focused on immediate crisis response.
- ❖ The new CRF will have three main aims: Effective crisis support; improving the citizen's own financial resilience (ability to withstand financial shock); and bolstering local support networks in communities.

Updated guidance was provided by the Government on 21st January 2026 [Crisis and Resilience Fund: Guidance for local authorities in England \(1 April 2026 to 31 March 2029\) - GOV.UK.](#)



Audit Committees should ask how well prepared their organisation is for the new approach.

# Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>



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