

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 25th January, 2018

10.30 am

Darent Room, Sessions House, County Hall, Maidstone

There will be a training session for Members of the Committee on Risk Management at 10.00 am on the morning of the Committee meeting.





AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 25th January, 2018, at 10.30 am
Darent Room, Sessions House, County Hall,
Maidstone

Ask for: **Andrew Tait**
Telephone: **03000 416749**

Tea/Coffee will be available 15 minutes before the start of the meeting

Membership (10)

Conservative (7) Mr N J D Chard (Chairman), Mr R A Marsh (Vice-Chairman),
Mrs R Binks, Mr G Cooke, Mrs S V Hohler, Mr M J Horwood,
Miss C Rankin and Vacancy

Liberal Democrat (1): Mr R H Bird

Labour (1) Mr D Farrell

Independents (1): Mr M E Whybrow

Webcasting Notice

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

By entering the meeting room you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If you do not wish to have your image captured then you should make the Clerk of the meeting aware.

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Introduction/Webcasting
2. Substitutes
3. Declarations of Interest in items on the agenda for this meeting
4. Minutes - 1 November 2017 (Pages 5 - 10)

5. Committee Work and Member Development Programme (Pages 11 - 14)
6. Corporate Risk Register (Pages 15 - 58)
7. Review of KCC's Risk Management Policy and Strategy (Pages 59 - 78)
8. Treasury Management six month review 2017-18 (Pages 79 - 90)
9. Debt Management (Pages 91 - 98)
10. Update on Savings Programme (Pages 99 - 100)
11. Customer Feedback - Local Government Ombudsman Decisions 2016/17 in depth (Pages 101 - 128)
12. Effectiveness of Internal and External Audit Liaison (Pages 129 - 136)
13. External Audit Update (Pages 137 - 154)
14. External Auditor Appointment from 2018/19 (Pages 155 - 156)
15. Internal Audit and Counter Fraud Progress Report (Pages 157 - 208)
16. Other items which the Chairman decides are urgent
17. Motion to exclude the public

That under Section 100A of the Local Government Act 1972 the public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Schedule 12A of the Act.

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the public)

18. Internal Audit and Counter Fraud Progress Report - Exempt Items (Pages 209 - 212)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 17 January 2018

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

TERMS OF REFERENCE

Governance and Audit Committee

10 Members

Conservative: 7; Liberal Democrat: 1; Labour: 1; Independent: 1.

The purpose of this Committee is to:

1. ensure the Council's financial affairs are properly and efficiently conducted, and
2. review assurance as to the adequacy of the risk management and governance framework and the associated control environment.

On behalf of the Council this Committee will ensure the following outcomes:

- (a) Risk Management and Internal Control systems are in place that are adequate for purpose and effectively and efficiently operated.
- (b) The Council's Corporate Governance framework meets recommended practice (currently set out in the CIPFA/SOLACE Good Governance Framework), is embedded across the whole Council and is operating throughout the year with no significant lapses.
- (c) The Council's Internal Audit function is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of the work to be carried out is appropriate.
- (d) The appointment and remuneration of External Auditors is approved in accordance with relevant legislation and guidance, and the function is independent and objective.
- (e) The External Audit process is effective, taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit.
- (f) The Council's financial statements (including the Pension Fund Accounts) comply with relevant legislation and guidance and the associated financial reporting processes are effective.
- (g) Any public statements in relation to the Council's financial performance are accurate and the financial judgements contained within those statements are sound.
- (h) Accounting policies are appropriately applied across the Council.

- (i) The Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit.
- (j) The Council monitors the implementation of the Bribery Act Policy to ensure that it is followed at all times.

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Wednesday, 1 November 2017.

PRESENT: Mr N J D Chard (Chairman), Mr R A Marsh (Vice-Chairman), Mr P C Cooper (Substitute for Miss C Rankin), Mrs T Dean, MBE (Substitute for Mr R H Bird), Mr D Farrell, Mrs S V Hohler, Mr M J Horwood, Mr S C Manion (Substitute for Mr G Cooke) and Mr M E Whybrow

ALSO PRESENT: Miss S J Carey and Mrs M E Crabtree

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance), Mr D Shipton (Head of Finance (Policy, Planning and Strategy)), Mr L Manser (Insurance Manager), Mr B Watts (General Counsel), Mr R Patterson (Head of Internal Audit), Ms S Buckland (Audit Manager), Mrs A Beer (Corporate Director Engagement, Organisation Design & Development), Ms D Trollope (Head of Engagement and Consultation) and Mr A Tait (Democratic Services Officer)

ALSO PRESENT were Mr A Conlan and Mr P Dossett from Grant Thornton LLP.

UNRESTRICTED ITEMS

39. Membership
(Item 2)

The Committee noted the appointment of Mr D Farrell in place of Mr T Dhesi.

40. Minutes - 19 July 2017
(Item 5)

RESOLVED that the Minutes of the meeting held on 19 July 2017 are correctly recorded and that they be signed by the Chairman.

41. Committee Work and Member Development Programme
(Item 6)

(1) the head of Internal Audit provided an update on the forward Committee Work and member development programme following best practice guidance in relation to Audit Committees.

(2) RESOLVED that approval be given to the forward Committee Work programme and Member Development programme set out in the report.

42. KCC Insurance Overview

(Item 7)

(1) The Insurance Manager summarised insurance activity in the 2016/17 financial year.

(2) RESOLVED that the report be noted for assurance.

43. Treasury Management Update

(Item 8)

(1) The Head of Finance (Planning, Policy and Strategy) introduced a summary of Treasury Management activity.

(2) The Committee asked for future reports to identify the weighting of the various sectors within the Investment Portfolio.

(3) RESOLVED that the report be noted for assurance.

44. External Audit Annual Audit Letter 2016/17

(Item 9)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced a summary of the most important findings from the external audit work in respect of the 2016/17 audit year. He explained that the objections from local electors in relation to the accounts were of a relatively low cost which he would aim to analyse for the next meeting of the Committee. He confirmed that the outcome of these objections would not alter the unqualified opinion issued.

(2) RESOLVED to note: -

(a) the Annual Audit Letter for assurance; and that

(b) the requirement of the External Auditors to prepare and issue the Annual Audit Letter to the County Council has been met.

45. External Audit Update

(Item 10)

(1) The Committee received a report on recent updates and information from the External Auditor, Grant Thornton UK LLP. It noted that the procurement of external audit services nationally was expected to exceed a reduction of £6 m in fees payable by local bodies.

(2) RESOLVED that the report be noted for assurance.

46. KCC Annual Customer Feedback Report 2016/17
(Item 11)

(1) The Corporate Director for Engagement Organisation Design and Development and the Head of Engagement and Consultation Strategy introduced a summary of complaints recorded by the County Council. This included statistics relating to customer feedback and a sample of complaints considered by the Local Government Ombudsman.

(2) The Committee requested a more detailed report on SEN Ombudsman cases to be presented to its next meeting.

(3) RESOLVED that:-

(a) the report be noted for assurance; and

(b) a further report be submitted to the next meeting of the Committee presenting greater detail on SEN Ombudsman cases.

47. Internal Audit and Counter Fraud Progress Report
(Item 12)

(1) The Head of Internal Audit summarised the outcome of Internal Audit and Counter Fraud activity for the 2017/18 financial year to date. He confirmed that further details on Cloud Navigator would be submitted to the next meeting of the Committee.

(2) RESOLVED to note:-

(a) progress and outcomes against the 2017/18 Audit Plan and the outcomes within it;

(b) progress and outcomes in relation to Counter Fraud activity;

(c) minor amendments to the Anti Money Laundering Policy references; and

(d) the proposed amendments to the Audit and Counter Fraud Plan following consultation with Corporate Directors.

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By: Nick Chard, Chairman of Governance and Audit Committee
Robert Patterson, Head of Internal Audit

To: Governance and Audit Committee – 25th January 2018

Subject: **COMMITTEE WORK & MEMBER DEVELOPMENT PROGRAMME**

Classification: Unrestricted

Summary: This report provides an update on the forward Committee Work programme following best practice guidance in relation to Audit Committees.

FOR DECISION

Introduction and background

1. In December 2013, CIPFA published updated best practice guidance on the function and operation of audit committees in Local Government. The guidance recommends that this Committee's work programme is designed to ensure that it can fulfil its terms of reference and that adequate arrangements are in place to support the Committee with relevant briefings and training.
2. This paper is a standing item on each agenda to allow Members to review the programme for the year ahead, and provide Members with the opportunity to identify any additional items that they would wish to include.

Current Work Programme

3. Appendix 1 shows the latest programme of work for the Committee, up to October 2018. The content of the programme is matched to the Committee Terms of Reference and aims to provide at least the minimum coverage necessary to meet the responsibilities set out. This does not preclude Members asking for additional items to be added during the course of the year.

Member Development Programme

4. It is good practice for the Committee to embrace a Member development programme through a series of pre-meeting briefings, focusing on areas that are of specific relevance to this Committee.
5. Before the start of today's meeting a presentation was given on risk management. The following training has been scheduled for subsequent meetings
 - Internal and external audit planning and sources of assurance (April)

6. Members can request alternative or additional training if they wish, via the Chairman.

Recommendations

7. It is recommended that Members approve the forward Committee Work Programme (***Appendix 1***)

Robert Patterson
Head of Internal Audit (03000 416554)

Committee Work Programme

Appendix 1

Category Item	Owner	Jan-18	Apr-18	Jul-18	Oct-18	Jan-19
Secretariat						
Minutes of last meeting	Andrew Tait	✓	✓	✓	✓	✓
Work Programme	Robert Patterson	✓	✓	✓	✓	✓
Member Development Programme	Robert Patterson	✓	✓	✓	✓	✓
Risk Management and Internal Control						
Corporate Risk Register	Mark Scrivener	✓		✓		✓
Review of the Risk Management Strategy, Policy and Programme	Mark Scrivener	✓				✓
Report on Insurance and Risk Activity	Lee Manser				✓	
Treasury Management quarterly report/six monthly review	Alison Mings	✓	✓		✓	✓
Treasury Management Annual Review	Alison Mings			✓		
Ombudsman Complaints	Pascale Blackburn-Clarke				✓	
Annual Complaints & Customer Feedback Report	Pascale Blackburn-Clarke				✓	
Update on Savings Programme / Transformation Programme	Andy Wood	✓		✓		✓
Annual report on 'surveillance' activities carried out by KCC	Mark Rolfe			✓		
Corporate Governance						
Update on Development of Management Guides	David Whittle					
Annual review of Terms of Reference of G & A	Robert Patterson		✓			✓
Debt Management	Alison Mings	✓		✓		✓
Annual review of the Council's Code of Corporate Governance	Benjamin Watts					
LATCo Policies (When required)	Andy Wood					

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Committee Work Programme

Appendix 1

Category Item	Owner	Jan-18	Apr-18	Jul-18	Oct-18	Jan-19
Internal Audit and Counter Fraud						
Internal Audit and Counter Fraud Progress Report	Robert Patterson	✓	✓		✓	✓
Schools Audit Annual Report	Yvonne King			✓		
Internal Audit and Counter Fraud Annual Report	Robert Patterson			✓		
Internal Audit Strategy and Annual Plan	Robert Patterson		✓			
Internal Audit Benchmarking Report	Robert Patterson				✓	
Review of the Anti-Fraud and Corruption Strategy (part of progress report)	Robert Patterson				✓	
Review of Anti-Money Laundering Policy (part of progress report)	Robert Patterson				✓	
External Audit (provided by Grant Thornton)						
External Audit Update	Robert Patterson	✓	✓	✓	✓	✓
External Audit Findings Report/Value for Money and Annual Audit Letter	Robert Patterson			✓	✓	
Pension Fund Audit Findings Report	Robert Patterson			✓		
External Audit Certification of Claims and Returns Report	Robert Patterson		✓			
Effectiveness of Internal and External Audit Liaison	Robert Patterson	✓				✓
External Audit Plan	Robert Patterson		✓			
External Audit Pension Fund Plan	Robert Patterson		✓			
External Audit Fee letter and / or procurement arrangements	Robert Patterson	✓	✓			✓
External Audit Fraud, Law & Regulations & Going Concern Considerations	Andy Wood		✓			
Financial Reporting						
Statement of Accounts & Annual Governance Statement	Andy Wood			✓		
Revised Accounting Policies	Cath Head		✓			
Review of Financial Regulations	Emma Feakins		✓			

By: Susan Carey, Customers, Communication and Performance
David Cockburn, Corporate Director Strategic & Corporate Services and Head of Paid Service

To: Governance and Audit Committee – 25th January 2018

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary:

Governance & Audit Committee receives the Corporate Risk Register every six months for assurance purposes. The register is presented to the Committee along with an overview of the changes since last presented and an outline of the ongoing process of monitoring and review.

FOR ASSURANCE

1. Introduction and background

1.1 The Corporate Risk Register is maintained by the Corporate Risk Team on behalf of Cabinet and the Corporate Management Team. The register is formally reviewed annually each autumn, but is a 'living document' and is reviewed and updated in-year to reflect any significant new risks or changes in risk exposure that may arise due to internal or external events; and to track progress against mitigating actions.

2. Corporate Risk Register

2.1 The latest version of the Corporate Risk Register is attached at appendix 1. It has been refreshed to reflect key themes arising from meetings with individual Corporate Management Team, Cabinet Members and Directorate Management Teams during the autumn, as well as the Chair of the Governance & Audit Committee. Comments arising from presentation of corporate risks to Cabinet Committees and the Governance & Audit Committee during the year have also been taken into account. It was presented to Cabinet on 11th December 2017.

2.2 The meetings during the autumn demonstrated a strong consensus on what are seen as the main risks for KCC, both in relation to respective portfolios / directorates and wider KCC concerns. There remains a strong correlation between these views and risks already captured on directorate registers or the corporate risk register, which would indicate that the current risk management process is robust. However, as always, the context of the risks continually changes, and as a result the corporate risk register has been revised to reflect the points made.

2.3 The Corporate Risk Register contains seventeen risks. This includes two new corporate risks that previously featured in aspects of other corporate risks, but which it was felt deserved more specific attention. Changes since the register was last reported to Governance & Audit Committee in July 2017 are summarised as follows:

- CRR0001: Safeguarding – protecting vulnerable children. The risk score has reduced from 20 (High) to 15 (Medium) after the independent Ofsted inspection in spring 2017. However, all CMT and Cabinet Members were clear that there can be no room for complacency and there is ongoing commitment to continuous improvement.
- CRR0010: Unaccompanied Asylum seeking children (UASC). This risk had previously been reduced to its target level and while there are still some financial concerns associated with the 'legacy' cohort, it is being removed from the corporate register to be managed at directorate level and will be escalated back up if required.
- CRR0005: Kent and Medway Sustainability and Transformation Partnership. This risk has been significantly updated after comments from CMT and Cabinet Members. This risk is multi-faceted, with a number of different risk events highlighted. It will be necessary to review the controls listed and identify more in due course.
- CRR0011: Evolution of KCC's Strategic Commissioning approach. This risk previously contained a number of broader elements relating to the management of change, but now focuses more specifically on the strategic commissioning 'journey'. The risk is initially scored as 'medium'.
- NEW RISK – Opportunities and risks associated with alternative service delivery models. This was previously included as part of the broader Strategic Commissioning Authority risk. However, it was felt that with KCC having started up several new wholly-owned companies with more working towards start-up, it is sensible to have a specific risk as part of the corporate risk profile.
- NEW RISK – Maintaining a healthy and effective workforce through significant change. Several CMT and Cabinet Members felt that there should be more prominence to workforce risk, which was previously featured as part of a wider managing change risk.

2.3.1 The significant majority felt that opportunities and risks related to BREXIT would, on balance, be best covered by feeding them into the corporate or directorate risks of most relevance as they arise, rather than as a standalone risk. However, this stance is subject to regular review. Key local issues raised related to borders and customs matters; ensuring local businesses are supported to adapt and explore international trading opportunities; wanting further clarity around immigration, employment status for EU nationals and the likely impact on labour markets to aid local planning; and the opportunity for local authorities to gain greater control and freedoms to reform public services.

2.3.2 As referred to above, several risks have also been updated as part of usual practice, to reflect contextual changes, new controls or new risk owners.

2.3.3 A number of risks are owned by the Corporate Directors for Adult Social Care and Health, and Children, Young People and Education. They will be reviewed

again in the coming months as the two recent / new post holders have had time to further formulate a view of these risks and their management.

- 2.4 Out of the seventeen risks there are ten areas of risk currently rated as 'high' and seven rated as 'medium', which compares with thirteen 'high' rated risks last year. The high risks relate to resourcing implications arising from increasing complex adult social care need; integration of Early Help and Preventative Services and Specialist Children's Services to improve outcomes and manage demand; managing and working with the social care market; safeguarding of vulnerable adults; Kent and Medway Sustainability and Transformation Partnership; delivery of in-year savings within agreed budgets; the medium term financial and operating environment for local government; cyber threats and their implications; delivery of new school places being constrained by capital budget pressures and dependency on the Education and Skills Funding Agency; access to resources to aid economic growth and infrastructure. All risks have mitigating actions in place that aim to achieve a target residual rating of 'medium' or 'low'.
- 2.5 Further details of these risks, including controls and mitigating actions, are contained in appendix 1.
- 2.6 The Corporate Risk Team supports directorates to ensure that the Corporate Risk Register is underpinned by directorate and divisional / service risk registers, from which risks will be escalated in accordance with KCC's Risk Management Policy.

3. Monitoring, Review and Reporting

- 3.1 There is a particular focus on ensuring that key mitigating actions are identified and progress monitored. The risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported quarterly to Cabinet via the Quarterly Performance Report. Updates against actions due for review or completion in quarter 3 of 2017/18 have been requested from action owners and will be reported in the next Quarterly Performance Report presented to Cabinet on 26th March 2018.
- 3.2 In addition, the corporate risks relevant to each Cabinet Committee are reported in the spring round of Committees each year along with directorate risk registers, allowing for discussion of these risks with the relevant Risk Owners and responsible Cabinet Members.

4. Recommendations

- 4.1 The Governance and Audit Committee is asked to:
 - a) NOTE the assurance provided in relation to the development, maintenance and review of the Corporate Risk Register.

Report Author:

Mark Scrivener
Corporate Risk Manager
mark.scrivener@kent.gov.uk
Tel: 03000 416660

Relevant Director:

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance
David.whittle@kent.gov.uk
Tel: 03000 416833



KCC Corporate Risk Register

For presentation to Governance and Audit Committee for assurance – 25/01/18

Corporate Risk Register - Summary Risk Profile

Low = 1-6
Medium = 8-15
High =16-25

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since July 2017
CRR0001	Safeguarding – protecting vulnerable children	15	15	↓
CRR0002	Safeguarding – protecting vulnerable adults	20	15	↔
CRR0003	Access to resources to aid economic growth and enabling infrastructure	16	12	↔
CRR0004	Civil Contingencies and Resilience	12	8	↔
CRR0005	Kent and Medway Sustainability and Transformation Partnership	16	9	↔
CRR0006	Resourcing implications arising from increasing complex adult social care need	20	12	↔
CRR0007	Integration of Early Help and Preventative Services and Specialist Children's Services to improve outcomes and manage demand	20	12	↔
CRR0008	Potential implications associated with significant migration into Kent	12	9	↔
CRR0009	Future financial and operating environment for local government	16	12	↔
CRR0011	Evolution of KCC's strategic commissioning approach	9	6	**
CRR0013	Delivery of in-year savings within agreed budgets	16	6	↔
CRR0014	Cyber-attack threats and their implications	16	12	↔
CRR0015	Managing and working with the social care market	20	9	↔
CRR0016	Delivery of new school places is constrained by capital budget pressures and dependency on the Education and Skills Funding Agency	20	12	↔
CRR0039	Information Governance – Introduction of General Data Protection Regulations	12	8	↔
CRR0040	Opportunities and risks associated with Alternative Service Delivery Models	9	4	NEW
CRR0041	Maintaining a healthy and effective workforce through significant change	8	8	NEW

*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore there will be some 'gaps' between risk IDs.

** Context of the risk has been changed, hence direct comparison of score not applicable.

NB: Current & Target risk ratings: The 'current' risk rating refers to the current level of risk taking into account any mitigating controls already in place. The 'target residual' rating represents what is deemed to be a realistic level of risk to be achieved once any additional actions have been put in place. On some occasions the aim will be to contain risk at current level.

Risk ID	CRR0001	Risk Title	Safeguarding – protecting vulnerable children				
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	Target Residual Likelihood	Target Residual Impact
The Council must fulfil its statutory obligations to effectively safeguard vulnerable children. In addition, the Government's "Prevent Duty" requires the Local Authority to act to prevent people from being drawn into terrorism, with a focus on the need to safeguard children at risk of being drawn into terrorism.	Its ability to fulfil this obligation could be affected by the adequacy of its controls, management and operational practices or if demand for its services exceeded its capacity and capability. Failure to recruit and retain suitably experienced and qualified permanent staff. Failure to meet the requirements of the new "Prevent Duty" placed on Local Authorities.	Serious impact on vulnerable people. Impact on ability to recruit the quality of staff critical to service delivery. Serious operational and financial consequences. Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities. Incident of serious harm or death of a vulnerable child.	Matt Dunkley Corporate Director Children, Young People and Education (CYPE) Responsible Cabinet Member(s): Roger Gough Children, Young People and Education Mike Hill (Lead Member for PREVENT)	Possible (3)	Major (5)	Possible (3)	Major (5)
Control Title				Control Owner			
Consistent scrutiny and performance monitoring through Divisional Management Team, District 'Deep Dives' and audit activity				Sarah Hammond, Interim Director Specialist Children's Services			
Independent scrutiny by Kent Safeguarding Children Board				Independent Chair Kent Safeguarding Children Board			
Manageable caseloads per social worker and robust caseload monitoring. Social work vacancies monitored with action taken to address as required.				Sarah Hammond, Interim Director Specialist Children's Services			
Active strategy in place to attract, recruit and retain social workers through a variety of routes with particular				Sarah Hammond, Interim			

emphasis on experienced social workers.	Director Specialist Children's Services / Amanda Beer, Corporate Director Engagement, Organisational Design & Development (EODD)
Multi-agency public protection arrangements in place	Patricia Denney, Assistant Director Safeguarding and Quality Assurance
Extensive staff training – Specialist Children's Services and Early Help and Preventative services are adopting the 'Signs of Safety' model of intervention, a standardised child-focused model of risk analysis, risk management and safety planning.	Sarah Hammond, Interim Director of Specialist Children's Services / Stuart Collins, Interim Director of Early Help Services
Regular reporting on safeguarding takes place quarterly for Directors and Cabinet Members, with an annual report for elected Members, to allow for scrutiny of progress.	Matt Dunkley, Corporate Director, CYPE
Prevent Duty Delivery Board (chaired by KCC) oversees the activity of the Kent Channel Panel, co-ordinating Prevent activity across the County and reporting to other relevant strategic bodies in the county (including reporting route to the Kent Safeguarding Children Board)	Anu Singh, Corporate Director, Adult Social Care and Health (ASCH)
Kent Channel Panel (early intervention mechanism providing tailored support to people who have been identified as at risk of being drawn into terrorism) in place.	Nick Wilkinson, Prevent and Channel Strategic Manager
Multi-agency risks, threats and vulnerabilities group focuses on PREVENT, gangs, Modern slavery, human trafficking and online safeguarding matters	Nick Wilkinson, Prevent and Channel Strategic Manager
Safeguarding and Quality Assurance Unit conducts audits, reviews of practice and provides challenge.	Sarah Hammond, Interim Director of Specialist Children's Services
Education Safeguarding Team in place	Graham Willett, Interim Director Education Quality & Standards
A revised Elective Home Education policy approved that includes interaction with children where there are welfare concerns and where other agencies have been involved with the family. Awareness raising taking place with other practitioners	Keith Abbott, Director Education Planning & Access/ Scott Bagshaw, Head of Admissions & Transport

Children's Development Plan, jointly owned by Specialist Children's Services, Early Help and Preventative Services and Children's Commissioning team, in place and updated to address recommendations arising from Child Sexual Exploitation (CSE) themed inspection and actions identified during a recent external review.	Sarah Hammond, Interim Director Specialist Children's Services	
Multi-function officer group helping to define key steps and approach to aid any future inquiries or investigations that may arise relating to alleged historical abuse	Matt Dunkley, Corporate Director, CYPE	
Multi-agency Crime and Sexual Exploitation Panel (MACSE) established to provide a strategic, county-wide, cross-agency response to CSE.	Matt Dunkley Corporate Director, CYPE (KCC lead)	
Three year PREVENT training strategy approved by the Corporate Management Team	Nick Wilkinson, Prevent and Channel Strategic Manager	
Action Title	Action Owner	Planned Completion Date
Implementation of actions set out in the Ofsted Practice Development Plan.	Sarah Hammond, Interim Director Specialist Children's Services	January 2018 (review)
Preparation for new multi-agency safeguarding arrangements in response to Children & Social Work Act requirements	Sarah Hammond, Interim Director Specialist Children's Services	March 2018
Preparatory work to ensure detailed understanding of requirements for Joint Targeted Area Inspections	Sarah Hammond, Interim Director Specialist Children's Services	January 2018

Risk ID	CRR0002	Risk Title	Safeguarding – protecting vulnerable adults			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The Council must fulfil its statutory obligations to effectively safeguard vulnerable adults.	Its ability to fulfil this obligation could be affected by the adequacy of its controls, management and operational practices or if demand for its services exceeded its capacity and capability.	Serious impact on vulnerable people.	Anu Singh Corporate Director Adult Social Care and Health (ASCH)	Likely (4)	Major (5)	
The change from 'safeguarding alerts' to 'safeguarding enquiries' has led to a significant increase in the number of safeguarding concerns received.	Failure to meet the requirements of the new "Prevent Duty" placed on Local Authorities.	Serious impact on ability to recruit the quality of staff critical to service delivery.	Responsible Cabinet Member: Graham Gibbens, Adult Social Care Mike Hill (Lead Member for PREVENT)	Target Residual Likelihood Possible (3)	Target Residual Impact Major (5)	
In addition, the Government's "Prevent Duty" requires the Local Authority to act to prevent people from being drawn into terrorism.		Serious operational and financial consequences.				
		Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities.				
		Incident of serious harm or death of a vulnerable adult.				
Control Title				Control Owner		
Multi agency public protection arrangements in place				Annie Ho, Acting Head of Adult Safeguarding		
Kent & Medway Safeguarding Adults Board in place with key agencies. The Board is now on a statutory footing following implementation of the Care Act.				Anu Singh, Corporate Director ASCH		
Consistent scrutiny and performance monitoring through divisional management teams, 'deep dives' and audit activity.				Divisional Directors / Annie Ho, Acting Head of Adult Safeguarding		
Regular reporting on safeguarding takes place for Directors and elected Members to allow for scrutiny of progress.				Anu Singh Corporate Director ASCH		

Safeguarding improvement plans in place for Older People and Physical Disability and Disabled Children, Learning Disability and Mental Health services	Anne Tidmarsh, Director OPPD / Penny Southern, Director DCLDMH	
Prevent Duty Delivery Board (chaired by KCC) oversees the activity of the Kent Channel Panel, co-ordinating Prevent activity across the County and reporting to other relevant strategic bodies in the county	Anu Singh, Corporate Director ASCH	
Multi agency risks, threats and vulnerabilities group focuses on PREVENT, gangs, modern slavery, human trafficking and online safeguarding matters.	Nick Wilkinson, Prevent and Channel Strategic Manager	
Kent Channel Panel (early intervention mechanism providing tailored support to people who have been identified as at risk of being drawn into terrorism) in place.	Nick Wilkinson, Prevent and Channel Strategic Manager	
Three year PREVENT training strategy approved by the Corporate Management Team	Nick Wilkinson, Prevent and Channel Strategic Manager	
Management Action Plan arising from recent internal audit – progress monitored regularly and reported to County Safeguarding Adults Group	Annie Ho, Acting Head of Adult Safeguarding	
Capability framework for safeguarding and the mental capacity act introduced	Annie Ho, Acting Head of Adult Safeguarding	
Kent and Medway Safeguarding Adults Board Learning and Development Competence Framework is reviewed annually	Annie Ho, Acting Head of Adult Safeguarding	
Action Title	Action Owner	Planned Completion Date
Plan to commission further independent audits of case files across all client categories to complement internal reviews and audits.	Annie Ho, Interim Head of Adult Safeguarding	June 2018
New framework for safeguarding practice being developed as part of the <i>Your Life, Your Wellbeing</i> transformation programme	Divisional Directors / Annie Ho, Acting Head of Adult Safeguarding	April 2018 (review)

Risk ID	CRR0003	Risk Title	Access to resources to aid economic growth and enabling infrastructure			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The Council seeks access to resources to develop the enabling infrastructure for economic growth, regeneration and health.	Inability to secure sufficient contributions from development to support growth.	Key opportunities for growth missed.	Barbara Cooper, Corporate Director Growth, Environment and Transport (GET)	Likely (4)	Serious (4)	
However, in parts of Kent, there is a significant gap between the costs of the infrastructure required to support growth and the Council's ability to secure sufficient funds through s106 contributions, Community Infrastructure Levy and other growth levers to pay for it. At the same time, Government funding for infrastructure is limited and competitive and increasingly linked with the delivery of housing and employment outputs.	Funders do not recognise Kent priorities for investment.	The Council finds it increasingly difficult to fund KCC services across Kent (e.g. schools, waste services) and deal with the impact of growth on communities.		Target Residual Likelihood	Target Residual Impact	
It is currently unknown what, if any, sources of funding there may be to replace EU funding streams in the longer term.	Lack of resources to continuously shape and determine bids.	Kent becomes a less attractive location for inward investment and business.	Responsible Cabinet Member(s): Mark Dance, Economic Development	Possible (3)	Serious (4)	
		Our ability to deliver an enabling infrastructure becomes constrained.	Matthew Balfour, Planning, Highways, Transport & Waste			
		Reputational risk.				
Control Title			Control Owner			
Growth and Infrastructure Framework for Kent and Medway published, setting out the infrastructure needed to deliver planned growth			Katie Stewart, Director Environment Planning & Enforcement (EPE)			
Environment Planning & Enforcement and Economic Development teams working with each individual District on composition of infrastructure plans including priorities for the CIL and Section 106 contributions, from which gaps can be identified			David Smith, Director Economic Development / Katie Stewart, Director EPE			

Coordinated approach in place between Development Investment Team and service directorates	David Smith, Director Economic Development	
Dedicated team in Economic Development in place, working with other KCC directorates, to lead on major sites across Kent.	David Smith, Director Economic Development	
Infrastructure Funding Group established and receives regular performance reports, potential issues for resolution and highlights funding gaps etc.	Barbara Cooper, Corporate Director, Growth, Environment and Transport	
Strong engagement of private sector through Kent and Medway Economic Partnership (KMEP), Business Advisory Board and Kent Developer Group	David Smith, Director Economic Development	
Strong engagement with South East LEP and with central Government to ensure that KCC is in a strong position to secure resources from future funding rounds	Dave Hughes, Head of Business and Enterprise	
Continued coordinated dialogue with developers, Districts and KCC service directorates	Nigel Smith, Head of Development	
KCC is actively engaged in preparation of local plans across Kent and Medway, responding to all consultations.	Tom Marchant, Head of Strategic Planning & Policy	
Local Transport Plan 4 produced and approved by County Council	Tom Marchant, Head of Strategic Planning & Policy	
Organisation Development plan is targeting gaps in resources to support bids.	GET Directorate Management Team	
Action Title	Action Owner	Planned Completion Date
Growth & Infrastructure Framework – interim refresh being conducted including reviewing key actions arising from the framework	Tom Marchant, Head of Strategic Planning & Policy	December 2017 (review)
Contribute to refresh of Strategic Economic Plan	Barbara Cooper, Corporate Director Growth, Environment and Transport	February 2018
Engage with stakeholders to draw up an agreed Enterprise & Productivity Strategy 2018-2050	David Smith, Director Economic Development	April 2018

Risk ID	CRR0004	Risk Title	Civil Contingencies and Resilience			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
<p>The Council, along with other Category 1 Responders in the County, has a legal duty to establish and deliver containment actions and contingency plans to reduce the likelihood, and impact, of high impact incidents and emergencies.</p> <p>This includes responses associated with the Counter-terrorism and Security Act 2015 (CONTEST).</p> <p>The Director of Public Health has a legal duty to gain assurance from the National Health Service and Public Health England that plans are in place to mitigate risks to the health of the public including outbreaks of communicable diseases e.g. Pandemic Influenza.</p> <p>Ensuring that the Council works effectively with partners to respond to, and recover from, emergencies and service interruption is becoming increasingly important in light of recent national and international security threats, severe weather incidents and the increasing threat of 'cyber attacks' (see risk CRR 0014).</p>	<p>Failure to deliver suitable planning measures, respond to and manage these events when they occur.</p> <p>Critical services are unprepared or have ineffective emergency and business continuity plans and associated activities.</p> <p>Lack of resilience in the supply chain hampers effective response to incidents.</p>	<p>Potential increased harm or loss of life if response is not effective.</p> <p>Serious threat to delivery of critical services.</p> <p>Increased financial cost in terms of damage control and insurance costs.</p> <p>Adverse effect on local businesses and the Kent economy.</p> <p>Possible public unrest and significant reputational damage.</p> <p>Legal actions and intervention for failure to fulfil KCC's obligations under the Civil Contingencies Act or other associated legislation.</p>	<p>On behalf of CMT</p> <p>Barbara Cooper, Corporate Director Growth, Environment & Transport (GET)</p> <p>Responsible Cabinet Member(s):</p> <p>Mike Hill, Community & Regulatory Services</p>	<p>Possible (3)</p> <p>Target Residual Likelihood</p> <p>Unlikely (2)</p>	<p>Serious (4)</p> <p>Target Residual Impact</p> <p>Serious (4)</p>	

Control Title	Control Owner
Legally required multi-agency Kent Resilience Forum in place, with work driven by risk and impact based on Kent's Community Risk Register. Includes sub-groups relating to Health and Severe Weather	Mike Overbeke, Head of Public Protection (for Kent Resilience Team Activity)
The Director of Public Health works through local resilience fora to ensure effective and tested plans are in place for the wider health sector to protect the local population from risks to public health.	Andy Scott-Clark, Director of Public Health
Management of financial impact to include Bellwin scheme	Cath Head, Head of Finance (Operations)
Implementation of Kent's Climate Adaptation Action Plan	Carolyn McKenzie, Head of Sustainable Business and Communities
Local multi-agency flood response plans in place for each district / borough in Kent, in addition to overarching flood response plan for Kent	Mike Overbeke, Head of Public Protection
Winter Resilience Planning Group & action plan in place.	Mike Overbeke, Head of Public Protection
On-going programme of review relating to ICT Disaster Recovery and Business Continuity arrangements.	Michael Lloyd, Head of Technology Commissioning & Strategy
Kent Resilience Team in place bringing together personnel from KCC, Kent Police and Kent Fire and Rescue Service in an integrated and co-located team to deliver enhanced emergency planning and business continuity in Kent	Mike Overbeke, Head of Public Protection
Multi-Agency recovery structures are in place at the Strategic and Tactical levels & working effectively.	Katie Stewart, Director Environment Planning & Enforcement (EPE)
KCC and local Kent Resilience Forum partners have tested preparedness for chemical, biological, radiological, nuclear and explosives (CBRNE) incidents and communicable disease outbreaks in line with national requirements.	Andrew Scott-Clark, Director Public Health
Emergency planning training rolled out at strategic, tactical and operational levels. KCC Resilience Programme in place to deliver further training opportunities and exercises regularly conducted to test different elements of KCC emergency and business continuity arrangements with partners (e.g. Exercise 'Loki' and exercise 'Surge').	Katie Stewart, Director EPE

Senior Management on-call rota devised and agreed	Katie Stewart, Director EPE	
KCC Business Continuity Management Policy and overarching Business Continuity Plan in place, underpinned by business continuity plans at service level.	Katie Stewart, Director EPE	
Prevent Duty Delivery Board established to oversee the activity of the Kent Channel Panel, co-ordinate Prevent activity across the County and report to other relevant strategic bodies in the county	Anu Singh, Corporate Director ASCH	
Kent Channel panel (early intervention mechanism providing tailored support to people who have been identified as at risk of being drawn into terrorism) established at district and borough level.	Nick Wilkinson, Prevent and Channel Strategic Manager	
New Quality Assurance approach introduced for business continuity plans to emphasise service accountability. This includes the testing of interdependencies between KCC business continuity plans and those of 3 rd parties.	Katie Stewart, Director EPE	
Fire Safety Guidance provided by KCC reviewed and updated	Flavio Walker, Head of Health & Safety	
Local procedures have been and are being continually reviewed and refined for occasions the national threat level increases to critical. This includes an update of the Corporate Business Continuity Plan.	Katie Stewart, Director EPE	
Corporate Board is prioritising funding of essential works to improve security as part of the modernising of our estate	Rebecca Spore, Director of Infrastructure	
ICT resilience improvements are embedded as part of the ICT Transformation Programme.	Michael Lloyd, Head of ICT Commissioning & Strategy	
Action Title	Action Owner	Planned Completion Date
Exercise the procedures for a move in national threat level	Katie Stewart, Director EPE	April 2018
Implementation of new approach to Business Continuity Governance arrangements to enable increased focus on directorate Issues	Katie Stewart, Director EPE	January 2018
Contribute to the Kent Resilience Forum Local Authorities Emergency Planning group's updating of mutual aid arrangements with District Councils other councils across the region.	Fiona Gaffney, Head of Resilience and Emergency Planning and Kent Resilience Team Manager (KCC)	March 2018
Implementation of a more formalised team structure across the council for emergency planning, ensuring it is embedded as part of the corporate responsibilities of managers.	Barbara Cooper, Corporate Director GET / Amanda Beer, Corporate Director EODD	January 2018

Risk ID	CRR0005	Risk Title	Kent and Medway Sustainability and Transformation Partnership			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
<p>The health & social care 'system' is under extreme pressure to cope with increasing levels of demand and financial constraints.</p> <p>National government policy for integration of health and social care as part of how to meet these challenges.</p> <p>NHS national policy is for health commissioners and providers to come together and develop place based plans. KCC is part of the Kent and Medway Sustainability and Transformation Partnership (STP). Sub-STP local planning and delivery arrangements are being developed through Accountable Care Partnerships (ACP).</p> <p>Development of NHS standard contract for Accountable Care Partnerships that could include public health and social care.</p> <p>Major NHS policy announcements made every 12-18 months.</p>	<p>Failure to maximise opportunities for appropriate health & social care integration and ensure changes achieve maximum benefit.</p> <p>Pressures within the acute health sector result in repercussions for social care and threaten successful implementation of joint working arrangements.</p> <p>Improved Better Care Fund monies earmarked for social care geared to addressing pre-determined NHS targets and priorities.</p> <p>Lack of 'system' leadership with unclear governance and decision-making arrangements around STPs ACPs.</p> <p>Inappropriate level of Local Authority involvement. STPs have no formal role for local authorities, except by local agreement.</p> <p>No changes to primary legislation. Current statutory responsibilities and duties remain and cannot be delegated, and are</p>	<p>Further deterioration in the financial and service sustainability of Health and Social Care system in Kent and Medway.</p> <p>Additional budget pressures transferred to social care as system monies are used to close acute and primary care service gaps.</p> <p>Legal challenge/judicial review of decisions and decision-making framework for integrated decisions.</p> <p>De facto transfer of LA commissioning and budgetary decisions to joint vehicles with NHS without appropriate safeguards. Existential challenge.</p> <p>Social care and public health service priorities determined by NHS, not KCC.</p> <p>Capitated provider contracts dominated by NHS budgets and</p>	<p>Anu Singh, Corporate Director Adult Social Care & Health (ASCH)</p> <p>Vincent Godfrey, Strategic Commissioner</p> <p>Responsible Cabinet Member(s): Paul Carter Leader of the Council</p> <p>Peter Oakford, Cabinet Member for Strategic Commissioning</p> <p>Graham Gibbens, Cabinet Member for Adult Social Care</p>	<p>Likely (4)</p> <p>Target Residual Likelihood Possible (3)</p>	<p>Serious (4)</p> <p>Target Residual Impact Significant (3)</p>	

inconsistent with LA statutory responsibilities. Failure to meet statutory duties around the sufficiency of the care market, care quality and safeguarding. Opportunity cost from spending time and resources on STP and system design which is subject to change from NHS England. Comprehensive plans to reform health services entail KCC Cabinet support for substantial variations of service in the NHS. Lack of understanding within KCC of NHS policy and regulatory environment; and vice versa, lack of understanding of local authority legislative, policy and democratic environment in NHS.

targets.
Focus on STP and ACP workstreams prevents more local and agile improvements/joint working being undertaken. Erosion of long-term working relationships between NHS and local government. Reputational damage to either KCC or NHS or both in Kent.

Control Title	Control Owner
KCC has a designated Cabinet Member Portfolio for Health Reform and Cabinet Member for Strategic Commissioning	Paul Carter, Leader of the Council
Regular internal STP co-ordination meetings chaired by the Leader	Paul Carter, Leader of the Council
Establishment of a Health Reform and Public Health Cabinet Committee to provide non-executive member oversight and input of KCC involvement in the STP	Ben Watts, General Counsel
Senior KCC political and officer representation on the STP Programme Board	Anu Singh, Corporate Director ASCH

Senior KCC level officer representation on the East Kent ACP, and emerging West, North and Medway ACP	Anu Singh, Corporate Director ASCH	
Senior KCC level officer representation across STP workstreams	Anu Singh, Corporate Director ASCH	
Action Title	Action Owner	Planned Completion Date
Paper to County Council providing a framework decision for KCC engagement in STP and assurances around future decision-making relating to STP issues	Ben Watts General Counsel/David Whittle, Director SPRCA	December 2017
Development of a joint KCC and Medway Health and Wellbeing Board for STP related matters/issues	David Whittle, Director SPRCA	January 2018
Engagement with the new NHS Strategic Commissioner for Kent and Medway and alignment of strategic commissioning intentions with KCC Strategic Commissioner	Vincent Godfrey, Strategic Commissioner	April 2018

Risk ID	CRR0006	Risk Title	Resourcing implications arising from increasing complex adult social care need			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
Adult social care services across the country are facing growing pressures. Overall demand and cost for adult social care services in Kent continues to increase due to the complexity of presenting need, including increasing numbers of young adults with long-term complex care needs. This is all to be managed against a backdrop of reductions in Government funding, implications arising from the implementation of the Care Act, increases in Deprivation of Liberty Assessments and longer term demographic pressures.	Council is unable to manage and resource to future demand and its services consequently do not meet future statutory obligations and/or customer expectations.	Customer dissatisfaction with service provision. Increased and unplanned pressure on resources. Decline in performance. Legal challenge resulting in adverse reputational damage to the Council. Financial pressures on other council services.	Anu Singh, Corporate Director Adult Social Care and Health (ASCH) Responsible Cabinet Member(s): Graham Gibbens, Adult Social Care	Likely (4)	Major (5)	
				Target Residual Likelihood	Target Residual Impact	
				Possible (3)	Serious (4)	
Control Title			Control Owner			
Regular analysis and refreshing of forecasts to maintain the level of understanding of volatility of demand, which feeds into the relevant areas of the MTFP and the business planning process			Anu Singh, Corporate Director ASCH			
Continued drive to maximise the use of Telecare as part of the mainstream community care services			Anne Tidmarsh, Director OPPD/ Penny Southern, Director DCALDMH			
Continued support for investment in preventative services through voluntary sector partners			Anu Singh, Corporate Director ASCH / Vincent Godfrey, Strategic Commissioner			
Public Health & Social Care ensures effective provision of information, advice and guidance to all potential and existing service users, promoting self-management to reduce dependency			Andrew Scott-Clark, Director Public Health/ ASCH Divisional Directors			

Best Interest Assessments (BIA) training package in place to be delivered as part of a rolling programme twice yearly	Annie Ho, Acting Head of Adult Safeguarding	
Continual review and monitoring of demand in relation to Deprivation of Liberty assessments (DoLs) with external resources brought in as necessary.	Annie Ho, Acting Head of Adult Safeguarding	
Targeted use of additional social care monies received from Government	Anu Singh, Corporate Director ASCH	
Action Title	Action Owner	Planned Completion Date
Implementation of Kent Integration and Better Care Fund plan	Anu Singh, Corporate Director ASCH	September 2018 (review)
Implementation of 'Your Life Your Wellbeing' projects that deliver a whole pathway transformation: Safeguarding, Social Work, Purchasing, Pathways to Preventative Services (Promoting Wellbeing), Integrated Rehabilitation (Promoting Independence) and Outcomes Based Homecare (Supporting Independence).	Anu Singh, Corporate Director ASCH	June 2018 (review)

Risk ID	CRR0007	Risk Title	Integration of Early Help and Preventative Services and Specialist Children's Services to improve outcomes and manage demand			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
Local Authorities continue to face increasing demand for specialist children's services due to a variety of factors, including consequences of highly publicised child protection incidents and serious case reviews, and policy/legislative changes.	Failure to maximise opportunities offered by integration of EHPS and SCS where appropriate	Children's services performance declines as demands become unmanageable.	Matt Dunkley, Corporate Director CYPE	Likely (4)	Major (5)	
At a local level KCC is faced with additional demand challenges such as those associated with significant numbers of Unaccompanied Asylum Seeking Children (UASC). There are also particular 'pressure points' in several districts.	High volumes of work flow into early help and preventative services and specialist children's services leading to unsustainable pressure being exerted on them (recognising seasonal spikes such as end of term)	Failure to deliver statutory obligations and duties or achieve social value.	Responsible Cabinet Member(s): Roger Gough Children, Young People and Education	Target Residual Likelihood Possible (3)	Target Residual Impact Serious (4)	
These challenges need to be met as early help and preventative services and specialist children's services face increasingly difficult financial circumstances and operational challenges.		Additional financial pressures placed on other parts of the Authority at a time of severely diminishing resources.				
		Ultimately an impact on outcomes for children, young people and their families.				
Control Title			Control Owner			
The Early Help and Preventative Services Programme is working to ensure that vulnerable families can access the right support through intensive work in Early Help Units and Step Down Panels, open access services or through targeted casework.			Stuart Collins, Interim Director Early Help and Preventative Services			
Intensive focus on ensuring early help to reduce the need for specialist children's support services.			Matt Dunkley, Corporate Director CYPE			
Scoping of diagnostic work for children's services with aid of efficiency partner has been completed			Sarah Hammond, Interim Director Specialist Children's			

		Services
Early Help & Preventative Services have outlined priorities for service development and change, including ambitious targets to improve outcomes for children, young people and families		Stuart Collins, Interim Director Early Help & Preventative Services
Kent Safeguarding Children Board 'threshold' document outlines the criteria required by partners when making a referral and have been working with partners to promote aid appropriate application.		Mark Janaway, Programme and Performance Manager
Action Title	Action Owner	Planned Completion Date
Children and Young People's Service Integration Programme – implementation of integration pilots	Stuart Collins, Interim Director of Early Help and Preventative Services / Sarah Hammond, Interim Director Specialist Children's Services	June 2018
Implementation of Front Door Integration Project to better manage 'front door' referrals.	Sarah Hammond, Interim Director Specialist Children's Services	March 2018
Assess potential implications arising as a result of the Children and Social Work Act regulations e.g. increase in provision of support for care leavers up to 25	Sarah Hammond, Interim Director Specialist Children's Services	April 2018 (review)

Risk ID	CRR0008	Risk Title	Potential implications associated with significant migration into Kent			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
Migration to Kent is not a new phenomenon and is an inevitable outcome of being a London-peripheral authority, symptomatic of differentials in housing markets across the country and the desirability of living in the county.	Arrival of significant numbers of vulnerable households into the county, particularly if migration is into concentrated areas.	Potential impact on community cohesion in parts of the county.	On behalf of CMT Matt Dunkley, Corporate Director CYPE	Possible (3)	Serious (4)	
Welfare reform policy changes combined with an overheating London housing market continues to drive London residents to more affordable temporary and permanent accommodation in Kent.	London Boroughs, utilising higher per-capita funding and large capital/reserve budgets to procure sites in Kent to ease their overspends on housing/homelessness.	Additional pressure on KCC services e.g. school admissions, demand for adults and children's social care, community safety, public health	Anu Singh, Corporate Director ASCH	Target Residual Likelihood Possible (3)	Target Residual Impact Significant (3)	
Over the past year, a number of London Boroughs have procured large sites to place residents in temporary accommodation into Kent	Failure of KCC to plan with partners (Districts, Police, Health) to deal appropriately with potential consequences on Kent services.	Impact on availability of accommodation for Kent residents, placing more pressure on services such as Kent Support and Assistance Service (KSAS), and/or displacing them outside of the county.	Responsible Cabinet Member(s): Graham Gibbens, Adult Social Care			
KCC needs to be prepared to manage the impact on local communities, and any significant additional pressure on KCC services.	Failure of London Boroughs to provide information about incoming vulnerable households e.g. those known to children's social services in accordance with statutory requirements and agreed protocols.		Mike Hill, Community & Regulatory Services Roger Gough, Children, Young People and Education			
Control Title				Control Owner		
Welfare reform - ongoing analysis and tracking of impacts conducted by Strategy, Policy, Relationships & Corporate Assurance and Strategic Business Development & Intelligence teams plus external partners to give an indication of scale of implications of reforms, feeding into a multi-agency Welfare Reform Task & Finish Group (sub-group of the Joint Kent Chiefs) to direct any necessary co-ordinated action/response.				Vincent Godfrey, Strategic Commissioner/David Whittle, Director Strategy, Policy, Relationships and Corporate Assurance (SPRCA)		

Kent Support and Assistance Service operating as the County's local welfare assistance scheme	Emma Hanson, Head of Strategic Commissioning Community Services	
A Steering Group consisting of Council Leaders, senior officers and housing leads from across all tiers of Local Government in Kent and Medway has been established to coordinate activity in response to London Boroughs' procurement of large sites for significant placements, including submitting amendments to the Homelessness Reduction Bill (now an Act), liaising with London Councils in aspiration of better collaboration, engaging with Kent MPs for them to take this issue forward at Government level, and exploring any potential for active market intervention / disruption.	Paul Carter, Leader of the Council (KCC Lead)	
Meeting held with Steering Group and Kent MPs in Westminster	David Whittle, Director SPRCA	
Revised Advice note to be issued to member associations by London Councils is to include the mass placements issue.	Chair of Housing sub-group, London Councils	
Action Title	Action Owner	Planned Completion Date
Key local stakeholders, including KCC, are meeting with London councils to discuss issues relating to 'bulk' placements into Kent, to build understanding and outline expectations from London and Kent perspectives.	David Whittle, Director SPRCA	December 2017
Work with local partners to understand and monitor potential local implications arising from implementation of the Homelessness Reduction Act.	Debra Exall, Strategic Relationships Adviser	April 2018 (review)

Risk ID	CRR0009	Risk Title	Future financial and operating environment for Local Government			
Source / Cause of risk	Risk Event	Consequence	Risk Owner (s)	Current Likelihood	Current Impact	
<p>The operating environment for local government is likely to continue to change during the coming years, presenting both opportunities and risks for the Council and its partners / service providers.</p> <p>Government funding is set to continue reducing over the medium term, especially in 2018/19 and 2019/20 in the final years of the current spending review and four year settlement. Thereafter there is more uncertainty and the 100% business rate retention scheme due to be implemented by 2020 may present opportunities but also threat to the Council.</p> <p>Continuing budget challenges will necessitate difficult decisions being made regarding the future of services.</p> <p>Limits on our ability to levy additional council tax without a referendum are also likely to remain for the foreseeable future.</p> <p>The Local Government, Cities and Devolution Act could have wide-ranging implications, including the potential for significant Local Government reorganisation.</p>	<p>Additional unfunded spending demands and continued public sector austerity measures threaten financial sustainability of KCC, its partners and service providers.</p> <p>In order to set a balanced budget the council is likely to have to continue to make significant year on year savings. This will only add to the unprecedented era of real term spending reductions which councils have faced since 2010.</p> <p>Quality of KCC commissioned / delivered services suffers as financial situation continues to worsen.</p> <p>Insufficient Government Grant available to provide sufficient number of school places.</p>	<p>Unsustainable financial situation.</p> <p>Potential for partner or provider failure – including sufficiency gaps in provision.</p> <p>Reduction in resident satisfaction and reputational damage.</p>	<p>On behalf of CMT</p> <p>Andy Wood, Corporate Director Finance</p> <p>Responsible Cabinet Member (s): All Cabinet Members</p>	<p>Likely (4)</p> <p>Target Residual Likelihood Possible (3)</p>	<p>Serious (4)</p> <p>Target Residual Impact Serious (4)</p>	

The EU referendum result in 2016 and June 2017 General Election result has added additional uncertainty to the environment, meaning major legislative change is unlikely.		
Control Title	Control Owner	
Robust budgeting and financial planning in place via Medium Term Financial Planning (MTFP) process, including stakeholder consultation.	Andy Wood, Corporate Director Finance	
Processes in place for monitoring delivery of savings and budget as a whole.	Andy Wood, Corporate Director Finance	
KCC Strategic Statement 2015-2020 and annual report outline key strategic outcomes that the Authority aims to achieve during this period.	Paul Carter, Leader of the Council	
KCC Quarterly Performance Report monitors key performance and activity information for KCC commissioned or delivered services. Regularly reported to Cabinet.	Richard Fitzgerald, Performance Manager	
Ongoing oversight of implications relating to proposed Local Authority pension fund changes	Nick Vickers, Business Partner (external funding)	
Support being provided to the Leader of KCC in his role as Chair of the County Councils Network (CCN).	David Whittle, Director SPRCA	
Financial analysis conducted after each budget statement	Dave Shipton, Head of Finance(Policy, Planning & Strategy)	
Engagement with CCN, other local authorities and Government of potential opportunities and issues around devolution and public reform	David Whittle, Director SPRCA	
Action Title	Action Owner	Planned Completion Date
Work proactively with Government regarding how the new business rate retention scheme can be most effectively implemented	Dave Shipton, Head of Finance (Policy, Planning & Strategy)	December 2017 (review)
Engage with Government for a fair-funding needs formula for Grant distribution and tariffs/top ups under business rate retention	Andy Wood, Corporate Director Finance	January 2018 (review)
Engage with Government for a fair Basic Need allocation to meet the demand for school places	Keith Abbott, Director, CYPE	Up to March 2018

Risk ID	CRR0011	Risk Title	Evolution of KCC's Strategic Commissioning Approach			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The Authority is developing a strategic commissioning approach, as it looks to transform and respond to the challenging local government environment.	Insufficient management capacity and / or capability in key skill areas to support sustained change.	Potential to fall short of achieving benefits if changes introduced are not fully embedded.	In collaboration with CMT: Vincent Godfrey, Strategic Commissioner	Possible (3)	Significant (3)	
It is a journey in changing the systems, culture and approach the organisation takes to achieving its strategic outcomes.	Lack of clarity over which activities that can be defined as strategic commissioning as distinct from the specification of service outcomes			Target Residual Likelihood Unlikely (2)	Target Residual Impact Significant (3)	
The approach aims to meet the need for comprehensive, professional strategic commissioning advice to all directorates across the Authority and requires a whole council ethos, as well as clarity of responsibility and accountability.	Lack of buy-in to whole-council ethos to support the changes required.		Responsible Cabinet Member: Peter Oakford, Deputy Leader and Cabinet Member for Strategic Commissioning and Public Health			
Control Title				Control Owner		
Senior role of Strategic Commissioner appointed, reporting to the Head of Paid Service, to oversee the delivery of strategic commissioning expertise				David Cockburn, Head of Paid Service		
Building capacity and capability in commissioning is a key area of KCC's Organisation Development action plan				Julie Cudmore, Head of Organisation Development		
Cabinet Member role for Strategic Commissioning created				Paul Carter, Leader of the Council		

Rolling programme of reviews of contract management arrangements for major contracts embedded into Business as Usual and reported on regularly	Vincent Godfrey, Strategic Commissioner	
<i>Commissioning Success</i> : A strategy to improve lives by ensuring every pound spent in Kent is delivering better outcomes for Kent's residents, communities and businesses through successful commissioning developed as part of the co-design process	Vincent Godfrey, Strategic Commissioner	
KCC Commissioning Framework introduced to establish several core commissioning principles in everything we do as an authority	Vincent Godfrey, Strategic Commissioner	
A co-design approach has been taken to develop the Strategic Commissioning division and the way it works, with active involvement of stakeholders.	Vincent Godfrey, Strategic Commissioner / Amanda Beer, Corporate Director EODD	
KCC has established a Strategic Commissioning Division to strengthen commissioning capability, and lead and shape commissioning activity	Vincent Godfrey, Strategic Commissioner	
Action Title	Action Owner	Planned Completion Date
Restructure of the Strategic Commissioning division to develop a vehicle for achievement of business strategy	Vincent Godfrey, Strategic Commissioner	April 2018

Risk ID	CRR0013	Risk Title	Delivery of in-year savings within agreed budgets			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The ongoing difficult public finances situation and economic uncertainty continue to mean significant reductions in funding to the public sector and Local Government in particular, at a time when spending pressures on councils are increasing.	Robust plans to achieve the required savings are not developed in time to enable implementation and realisation of benefits.	Urgent alternative savings need to be found which could have an adverse impact on service users and/or residents of Kent.	On behalf of CMT: Andy Wood, Corporate Director Finance	Likely (4)	Serious (4)	
KCC has already made significant cost savings and still needs to make significant ongoing year-on-year savings in order to “balance its books”.	Plans are not aligned with Cabinet Member priorities.	Potential adverse impact on council transformation plans. Reputational damage to the council.	Responsible Cabinet Member(s): John Simmonds, Finance	Target Residual Likelihood Possible (3)	Target Residual Impact Moderate (2)	
Control Title				Control Owner		
Robust budgeting and financial planning in place via Medium Term Financial Planning (MTFP) process				Andy Wood, Corporate Director Finance		
Process for monitoring delivery of savings is in place, including a Budget & Programme Delivery Board to scrutinise progress.				Andy Wood, Corporate Director Finance		
Robust monitoring and forecasting of arrangements in place relating to the KCC budget as a whole				Andy Wood, Corporate Director Finance		
Procedures for appropriate consultation in place when decisions relating to changes in services are being considered				Diane Trollope, Head of Engagement & Consultation		
Controls and mechanisms remain robust				Andy Wood, Corporate Director Finance		
Indicative cash limits and savings targets allocated to Corporate Directors to allow early planning.				Corporate Directors and Director Group		
Six monthly update reports on progress against budgeted savings presented to Governance & Audit Committee				Corporate Directors and Director Group		

Continued engagement with the Home Office for a fair settlement for Unaccompanied Asylum Seeking Children (UASC), particularly Care Leavers

Matt Dunkley, Corporate Director, CYPE

Action Title

Action Owner

Planned Completion Date

NOTE: Level of risk is expected to decrease during the year by effective operation of existing controls.

Risk ID	CRR0014	Risk Title	Cyber-attack threats and their implications			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner(s)	Current Likelihood	Current Impact	
<p>The Council has a duty to protect personal and other sensitive data that it holds on its staff, service users and residents of Kent.</p> <p>KCC repels a high number of cyber-attacks on a daily basis, although organisations across all sectors are experiencing an increasing threat in recent times and must ensure that all reasonable methods are employed to mitigate them (within resource constraints), both in terms of prevention and preparedness of response in the event of any successful attack.</p> <p>KCC's ICT Strategy will move the Authority's technology to cloud based services. It is important to harness these new capabilities in terms of both IT security and resilience, whilst emerging threats are understood and managed.</p> <p>In information terms the other factor is human. Technology can only provide a level of protection. Our staff must have a strong awareness of their responsibilities in terms of IT and information security.</p>	<p>Successful cyber-attack (e.g. 'phishing' scam) leading to loss or unauthorised access to sensitive business data.</p> <p>Significant business interruption caused by a successful attack.</p>	<p>Data Protection breach and consequent Information Commissioner's Office (ICO) sanction.</p> <p>Damages claims</p> <p>Reputational Damage</p> <p>Potential significant impact on business interruption if systems require shutdown until magnitude of issue is investigated.</p>	<p>Amanda Beer, Corporate Director Engagement, Organisational Design & Development.</p> <p>Ben Watts, General Counsel and Senior Information Risk Owner (SIRO)</p> <p>Rebecca Spore, Director Infrastructure</p> <p>Responsible Cabinet Member(s): Eric Hotson, Corporate & Democratic Services</p>	<p>Likely (4)</p> <p>Target Residual Likelihood Possible (3)</p>	<p>Serious (4)</p> <p>Target Residual Impact Serious (4)</p>	

Control Title	Control Owner	
Systems are configured in line with best practice security controls proportionate to the business information being handled. Systems are risk assessed and reviewed to ensure compliance is maintained	Kathy Stevens, ICT Compliance and Risk Manager	
Staff are required to abide by IT policies that set out the required behaviour of staff in the use of the technology provided. These policies are reviewed on an annual basis for appropriateness.	Kathy Stevens, ICT Compliance and Risk Manager	
Continual awareness raising of key risks amongst the workforce and manager oversight	Internal Communications function / Michael Lloyd, Head of Technology Commissioning and Strategy // All Managers	
Electronic Communications User Policy, Virus reporting procedure and social media guidelines in place	Michael Lloyd, Head of Technology Commissioning and Strategy	
External reviews of the Authority's security compliance are carried out to maintain accreditation and confirm best practice is applied.	Kathy Stevens, ICT Compliance and Risk Manager	
Persistent monitoring of threats, network behaviours and data transfers to seek out possible breaches and take necessary action	Kathy Stevens, ICT Compliance and Risk Manager	
Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly.	Ben Watts, General Counsel	
Further training introduced relating to cyber-crime, cyber security and social engineering to raise staff awareness and knowledge	Michael Lloyd, Head of Technology Commissioning and Strategy	
Messages to encourage increased awareness of information security amongst staff are to be communicated to align with key implementation milestones of the ICT Transformation Programme.	Diane Trollope, Head of Engagement and Consultation	
Action Title	Action Owner	Planned Completion Date
Implementation of ICT Transformation Programme includes actions to further strengthen ICT resilience, with systems and software compliance with various UK Standards.	Michael Lloyd, Head of Technology Commissioning and Strategy	March 2018
Ensure robust procedures are in place to address breaches, including a retained specialist capability.	Kathy Stevens, ICT Compliance and Risk Manager	January 2018

Risk ID	CRR0015	Risk Title	Managing and working with the social care market			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
A significant proportion of adult social care is commissioned out to the private and voluntary sectors. This offers value for money but also means that KCC is dependent on a buoyant market to achieve best value and give service users optimal choice and control.	Care home and domiciliary care markets are not sustainable Inability to obtain provider supply at affordable prices Significant numbers of care home closures or service failures	Gaps in the care market for certain types of care or in geographical areas meaning difficulty in placing some service users.	Anu Singh, Corporate Director ASCH, in collaboration with Vincent Godfrey, Strategic Commissioner	Likely (4)	Major (5)	
Factors such as the introduction of the National Living Wage, potential inflationary pressures and uncertainty over care market workforce status in light of the vote to leave the EU mean that the care market is under pressure.	Providers choose not to tender for services at Local Authority funding levels or accept service users with complex needs.		Responsible Cabinet Member(s): Graham Gibbens, Adult Social Care Peter Oakford Strategic Commissioning and Public Health	Target Residual Likelihood Possible (3)	Target Residual Impact Significant (3)	
Control Title			Control Owner			
Risk based approach is applied to monitoring providers			Vincent Godfrey, Strategic Commissioner			
Opportunities for joint commissioning in partnership with key agencies (i.e. Health) being regularly explored, including joint work regarding the provision of dementia nursing beds.			Anu Singh, Corporate Director ASCH / Vincent Godfrey, Strategic Commissioner			
An Accommodation Strategy is in place, developed with partners and key stakeholders.			Vincent Godfrey, Strategic Commissioner			

Regular market mapping and price increase pressure tracking	Anu Singh, Corporate Director ASCH / Vincent Godfrey, Strategic Commissioner	
Regular meetings with provider and trade organisations	Vincent Godfrey, Strategic Commissioner	
Residential and Nursing Home contract monitoring: placement data gathered through the County Placement Team and twice weekly contacts with market re availability.	Anu Singh, Corporate Director ASCH / Vincent Godfrey, Strategic Commissioner	
Ongoing monitoring of Home Care market and market coverage. Commissioners and operational managers reviewing the capacity of the Home Care market with a view to developing a strategy to ensure market coverage.	Vincent Godfrey, Strategic Commissioner	
Commissioning and Access to Resources functions in place to ensure KCC gets value for money while maintaining productive relationships with providers	Anu Singh Corporate Director ASCH/ Vincent Godfrey, Strategic Commissioner	
Action Title	Action Owner	Planned Completion Date
Project to improve quality of care in independent sector, with further work to operationalise it.	Christy Holden, Head of Commissioning	March 2018
Implementation of key actions arising from the Accommodation Strategy	Christy Holden, Head of Commissioning	March 2018 (review)

Risk ID	CRR0016	Risk Title Delivery of New School Places is constrained by capital budget pressures and dependency upon the Education and Skills Funding Agency (ESFA)				
Source / Cause of risk		Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact
<p>A significant expansion of schools is required to accommodate major population growth in the short term to medium term (primary age) and medium to long term (secondary age). The "Basic Need" capital grant from Dept of Education (DfE) will not fund the expansion in full.</p> <p>A funding gap to deliver the programme for schools will be created by cost pressures from higher than expected build costs, low contributions from developers and increases in pupil demand.</p> <p>Whilst the funding gap identified with the Kent Commissioning Plan has been closed, the delivery of the plan is highly dependent upon securing 15 Free Schools in Kent over the period and that the ESFA complete the Free School projects on time and to an appropriate standard.</p>		The expansion required may not be delivered, meaning KCC is not able to provide appropriate school places.	<p>The duty to provide sufficient school places is not met, which may lead to legal action against the council.</p> <p>Some children have to travel much further to attend a school, with a resulting impact on the transport budget.</p>	<p>Matt Dunkley, Corporate Director CYPE</p> <p>Responsible Cabinet Member(s): Roger Gough, Children, Young People and Education</p>	<p>Very Likely (5)</p> <p>Target Residual Likelihood Likely (4)</p>	<p>Serious (4)</p> <p>Target Residual Impact Significant (3)</p>
Control Title					Control Owner	
The Kent Commissioning Plan contains the forecast expansion numbers and locations. A school expansion programme has been mapped, costed and kept under review.					Keith Abbott, Director Education Planning and Access	
The school expansion programme is under member scrutiny and review by relevant Education and Property programme boards/forums/committees.					Keith Abbott, Director Education Planning and	

		Access
CYPE capital monitoring mechanism with Member involvement now created		Education Planning and Access DivMT
Policy and operations to secure sufficient developer contributions are overseen by Growth and Infrastructure Group.		Keith Abbott, Director Education Planning and Access/Katie Stewart, Director Environment, Planning and Enforcement
A bid has been made for extra funding under the priority school building programme Phase 2		Keith Abbott, Director Education Planning and Access
Negotiations have taken place with District Councils regarding allocation of contributions		Area Education Officers
Close working with the ESFA and lobbying of the DfE/ESFA. This included raising the issue in the KCC response to the Education White Paper and the Leader raised this via the County Council Network.		Keith Abbott, Director Education Planning and Access
Regular meetings with ESFA officials to monitor progress at individual project level and identify ways in which KCC can help progress these projects.		Keith Abbott, Director Education Planning and Access
Action Title	Action Owner	Planned Completion Date
Further lobbying of the Secretary of State and Kent MPs	Keith Abbott, Director Education Planning and Access	March 2018 (review)
Contingency plans for alternative interim accommodation for each Free School project are being developed on a case-by-case basis i.e. temporary expansions to schools to meet immediate pressures, or the allocation of available places within existing schools	Keith Abbott, Director Education Planning and Access / Area Education Officers	March 2018 (review)

Risk ID	CRR0039	Risk Title	Information Governance – Introduction of General Data Protection Regulations (GDPR)			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The Council is required to maintain the confidentiality, integrity and proper use of data and has a number of controls already in place to manage this.	Failure to prepare adequately for the introduction of the new regulations.	Information Commissioner's Office sanction (e.g. undertaking, assessment, improvement, enforcement or monetary penalty notice issued against the Authority).	Ben Watts, General Counsel and Senior Information Risk Owner (SIRO)	Possible (3)	Serious (4)	
In May 2018 General Data Protection Regulations (GDPR) come into effect that introduce significantly increased obligations on all data controllers, including the Council.	Information security incidents resulting in loss of personal data or breach of privacy / confidentiality.	Serious breaches under GDPR could attract a fine of €20m or 4% annual global turnover	Responsible Cabinet Member:	Target Residual Likelihood	Target Residual Impact	
This will require significant preparation.		Increased risk of litigation	Eric Hotson, Corporate & Democratic Services	Unlikely (2)	Serious (4)	
		Reputational damage				
Control Title			Control Owner			
Management Guide on Information Governance in place, highlighting key policies and procedures.			Caroline Dodge, Team Leader Information Resilience & Transparency			
A number of policies and procedures are in place including KCC Information Governance Policy; Information Governance Management Framework; Information Security Policy; Data Protection Policy; Freedom of Information Policy; and Environmental Information Regulations Policy all in place.			Ben Watts, General Counsel and Senior Information Risk Owner (SIRO)			
Staff are required to complete mandatory training on Information Governance and Data Protection and refresh their knowledge every two years as a minimum.			Ben Watts, General Counsel and Senior Information Risk Owner (SIRO) / Amanda Beer, Corporate Director EODD			

Cross-directorate Information Governance Group in place to support the SIRO		Ben Watts, General Counsel and Senior Information Risk Owner (SIRO)
Information Resilience and Transparency team in place, providing business information governance support.		Caroline Dodge, Team Leader Information Resilience & Transparency
Action Title	Action Owner	Planned Completion Date
Finalise implementation of any outstanding actions arising from 2016 Information Commissioner's Office (ICO) audit.	Ben Watts, General Counsel and Senior Information Risk Owner (SIRO)	December 2017
Appoint a Data Protection Officer as a designated contact with the ICO.	David Cockburn, Head of Paid Service	January 2018
Review and update privacy notices to include legal basis (where applicable) and name/contact details of Data Protection Officer. Introduce new privacy notices as required for service areas where they don't currently exist	Caroline Dodge, Team Leader Information Resilience & Transparency	January 2018
Review and revise procedures to comply with new enhanced individual's rights / consider repercussions of Subject Access Requests free of charge and reduce timescales	Caroline Dodge, Team Leader Information Resilience & Transparency	January 2018
Review and update procedures/protocols for investigating and reporting data breaches	Caroline Dodge, Team Leader Information Resilience & Transparency	January 2018

Risk ID	CRR0040	Risk Title	Opportunities and risks associated with alternative service delivery models			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
KCC has established a number of wholly-owned companies delivering a wide range of professional services that can bring benefits such as a change in culture and a more commercial approach to delivering services; more freedom to invest; the ability to secure new external clients; and the ability to grow the business and return a dividend to the Council as shareholder.	Expected financial dividends not met or return on investment takes longer than planned to achieve	Additional pressures on Council budget. Reputational damage	KCC Shareholder Board	Possible (3)	Significant (3)	
As with any new company start up, there will also be risks to be managed.	One or more company acts in a way that does not fit with KCC's values	Companies may not be able to take advantage of commercial opportunities if decision-making is restricted.	Responsible Cabinet Member:	Target Residual Likelihood	Target Residual Impact	
With the number of wholly-owned companies potentially increasing, the council has reached a cross-over point where the wider objectives of the shareholder (KCC) is of at least the same importance as the individual needs of the new companies.	Council attempts to manage or run individual companies rather than acting as shareholder to extract the maximum value and benefit for the council in terms of both financial return and delivery of our identified outcomes as the owner of the businesses.		Paul Carter, Traded Services and Health Reform Supported by: Richard Long, Cabinet Lead for Traded Services	Unlikely (2)	Moderate (2)	
Control Title			Control Owner			
Governance: shareholder and company boards exist for KCC-owned companies with respective roles, with matters reserved for shareholder decision outlined.			Ben Watts, General Counsel			
Cultural and change factors are built into the planning for proposed creation of alternative service delivery models			Julie Cudmore, Head of Organisation Development			
KCC's Group Audit function conducts audits for KCC-owned companies			Robert Patterson, Head of Internal Audit			

Robust business cases developed for proposed new companies, subject to Member and Officer scrutiny – including consideration of market potential, governance arrangements etc.		Relevant Cabinet Member and Corporate Director.
Action Title	Action Owner	Planned Completion Date
Conduct review of KCC company governance and ownership.	Paul Carter, Leader of the Council / David Cockburn, Head of Paid Service / Andy Wood, Corporate Director Finance / Ben Watts, General Counsel	April 2018

Risk ID	CRR0041	Risk Title	Maintaining a healthy and effective workforce through significant change			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
KCC's workforce makes a vital contribution to the delivery of the Council's strategic outcomes, through its energy, commitment and hard work.	Low morale or stress related to organisational change or other factors. Increased sickness levels	Negative impact on productivity and levels of service.	Corporate Management Team	Unlikely (2)	Serious (4)	
Staff across the organisation need to be healthy, motivated and have the right skills to help the organisation develop.	Lack of depth / resilience of key personnel or teams Increasing demands on staff leads to insufficient capacity		Responsible Cabinet Member: Eric Hotson, Corporate and Democratic Services	Target Residual Likelihood Unlikely (2)	Target Residual Impact Serious (4)	
It is important that this continues through challenging times, with significant change becoming the new reality and further year-on-year efficiencies being required to meet difficult budgetary challenges.						
Control Title				Control Owner		
Annual staff survey (Employment Value Proposition – EVP) builds insight by looking at the perceived balance between what the organisation offers staff and what employees bring to the job				Amanda Beer, Corporate Director, EODD		
Wellbeing initiatives and health promotions for staff				Paul Royel, Head of Human Resources (HR) and Organisation Development (OD)		
Arrangements in place for active monitoring and response to absence				Paul Royel, Head of HR and OD		
Employee engagement strategy in place				Paul Royel, Head of HR and OD		
iResilience tools available				Amanda Beer, Corporate Director EODD		

Staff care services provide professional occupational health, counselling (Support Line); coaching and mediation services to help ensure staff are physically, emotionally and mentally well.	Mark Scott, Interim Head of Business Service Centre
Suite of key performance indicators being monitored as early warning indicators e.g. retention, absence	Amanda Beer, Corporate Director EODD
Directorate Organisation Development group shares best practice and facilitates communication on key OD issues	Julie Cudmore, Head of Organisation Development
Service redesigns take account of capacity and capability issues ensuring resources are allocated appropriately	Corporate Management Team

By: Susan Carey, Customers, Communication and Performance
David Cockburn, Corporate Director for Strategic & Corporate Services and Head of Paid Service

To: Governance and Audit Committee – 25th January 2018

Subject: **Review of KCC's Risk Management Policy & Strategy**

Classification: Unrestricted

Summary:

The Governance and Audit Committee is responsible for the annual review of the Council's Risk Management Policy & Strategy.

The Governance and Audit Committee is asked to approve the Risk Management Policy & Strategy.

FOR DECISION

1. Introduction and background

- 1.1 As part of the Governance & Audit Committee's terms of reference, KCC's Risk Management Policy & Strategy is reviewed annually to ensure that it remains up to date and relevant.
- 1.2 The document is attached at appendix 1 and covers a rolling 3 year period to reflect the medium term nature of the strategy, aligning with the medium term financial planning period. This has not affected the requirement for the Policy & Strategy to be reviewed and approved annually.
- 1.3 Several minor changes have been made to the document as a result of this year's review, in order to reflect changes to wider organisational strategies or activity that has relevance to this policy and strategy. For ease of reference, these changes have been tracked.

2. Recommendation

- 2.1 That members of the Governance and Audit Committee, on behalf of the County Council, APPROVE the Risk Management Policy & Strategy for the coming year.

Relevant Director:

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance

david.whittle@kent.gov.uk

Tel: 03000 416833

Contact Officer:

Mark Scrivener

Corporate Risk & Assurance Manager

Mark.scrivener@kent.gov.uk

Tel: 03000 416660

Risk Management Policy & Strategy ~~2017~~2018-2021

POLICY OWNER:

David Whittle
Director Strategy, Policy, Relationships and Corporate Assurance
Sessions House, Maidstone
David.whittle@kent.gov.uk
03000 416833

POLICY AUTHOR:

Mark Scrivener
Corporate Risk & Assurance Manager
Sessions House, Maidstone
mark.scrivener@kent.gov.uk
03000 416660

Review Process:

This Risk Management Policy is mandatory and is subject to approval by the Governance and Audit Committee on behalf of the County Council. It will be reviewed annually by the Policy Owner to check efficient and effective operation – reporting any recommendations for change to the Corporate Management Team and Cabinet Members prior to agreement of revisions by the Governance and Audit Committee.

1 Introduction

1.1 As an organisation concerned with service provision and the social and economic development of the county it is essential that the risks to achieving our objectives are managed efficiently and effectively.

1.2 By implementing sound management of our risks and the threats and opportunities which flow from them we will be in a stronger position to deliver our business objectives, provide improved services to the community, achieve better value for money and demonstrate compliance with the Local Audit & Accounts regulations.

1.3 Risk management will therefore be at the heart of our good management practice and our corporate governance arrangements. Our risk management arrangements will be proactive and will enable decisions to be based on properly assessed risks that balance risk and reward, ensuring that the right actions are taken at the right time.

1.4 Our risk management framework is based on the Office of Government Commerce publication *Management of Risk: Guidance for Practitioners* which provides a 'best practice' reference point for risk management. It is derived from the HM Treasury 'Orange Book' and is closely aligned and informed by the international standard for risk management ISO: 31000.

2 Mandate and commitment

2.1. This policy is supported and endorsed by the Corporate Management Team and Cabinet Members who will ensure that:

- the risk management objectives are aligned with the objectives and strategies of the Council;
- the Council's culture and risk management policy are aligned;
- the necessary resources are allocated to risk management;
- there is a commitment to embedding risk management throughout the organisation, making it a part of everyday service delivery and decision making; and
- the framework for managing risk continues to remain appropriate.

3 Applicability

3.1 This policy applies to the whole of Kent County Council's (KCC) core functions. Where KCC enters into partnerships the principles of risk management established by this policy and supporting guidance should be considered as best practice and applied where possible. We would also expect that our significant contractors have risk management arrangements at a similar level, and this should be established and monitored through procurement processes and contract management arrangements.

4 Risk Strategy

4.1 Additional spending demands and ongoing public sector austerity measures mean that KCC, like all local authorities, continues to face serious financial and operational challenges. This will mean that KCC is exposed to significant and increasing levels of risk in its operating environment, with less resource to manage those risks. Therefore the Authority is likely to be required to accept or tolerate greater levels of risk in conducting its business as it seeks to innovate and transform in order to protect the quality of services for service users and residents of Kent. [This includes venturing into more commercial approaches and income generating activities.](#)

4.2 The Council's desire to move towards a Strategic Commissioning Authority requires reviewing of the Council's governance arrangements, including the risk management framework, which will evolve as the Authority evolves. This is expected to require a greater focus on all elements of the risk framework – our culture, behaviours and values as well as processes and procedures.

4.3 Objectives of risk management – in support of the Council's move towards a strategic commissioning authority and achievement of KCC's desired outcomes, the Council aims to:

- manage risks in line with its risk appetite, and thereby enable it to achieve its objectives more effectively;
- apply recognised best practice to manage risk using a balanced, practical and effective approach (Office of Government Commerce publication *Management of Risk: Guidance for Practitioners*);
- embed effective risk management into the culture of the Council;
- integrate the identification and management of risk into policy and operational decisions, anticipating and responding proactively to social, environmental and legislative changes and directives that may impact on delivery of our objectives;
- eliminate or reduce the impact, disruption and loss from current and emerging events;
- harness risk management to identify opportunities that current and emerging events may present and maximise benefits and outcomes;
- ensure effective intelligence sharing and collaboration between risk management disciplines across all Council activities;
- ensure fraud risks are proactively considered and embedded into the organisation's risk management arrangements
- benefit from consolidating ongoing learning and experience through the collation and sharing of risk knowledge; demonstrate a consistent approach to the management of risks when embarking on significant change activity; and
- ensure sound and transparent risk management arrangements are operated in partnership and commissioner / provider situations, underpinned by a culture that supports collaboration and the development of trust ensuring clear effective lines of communication and the management of relationships.

4.4 KCC shall achieve these aims by:

- maintaining the common links between business planning, performance and risk management;
- integrating effective risk management practices into the Council's management, decision making and planning activities;
- using available business technology to store and share risk information and providing the business with access to a repository of risk knowledge and learning;
- maintaining the frequency and effectiveness of monitoring of key risks in line with the council's internal control framework;
- embedding risk management into the *Kent Manager* standard and wider Leadership & Management [Development Framework Strategy](#);
- highlighting and promoting our attitude and approach to risk [within as KCC's aims and values one of the nine key service design principles to enable change](#);
- providing a mix of risk management training, awareness sessions and support for both Officers and Members of the County Council;
- ensuring links between audit planning and risk management processes to enable assurance on the effectiveness of risk management across the council;
- subjecting KCC's risk framework and practice to annual review to determine the effectiveness of arrangements and level of risk maturity;
- ensuring risk management arrangements are embedded within the Council's ~~four~~ change [activity portfolios](#) ;
- providing continuous challenge and quality assurance to all elements of the risk management process;
- promoting a wide understanding of the Council's risk appetite and how it translates into tolerance levels within a service or programme setting;
- focusing on robust monitoring of mitigating actions to ensure that risks, once identified and assessed, are appropriately managed;
- working collaboratively with partners and providers (both internal and external) to develop effective risk ownership and risk sharing arrangements; striking a proportionate balance of oversight of risks of providers / partners without being over-constrictive.

4.5 The Corporate Risk Manager shall maintain a programme that sets out the delivery of this policy and strategy, with delivery being assured by the Corporate Management Team.

5 Principles of risk management

5.1 The following principles of risk management have been adopted by KCC from the Office of Government Commerce's (OGC) recognised best practice guidance - Management of Risk: Guidance for Practitioners. The eight principles provide the basis on which KCC will manage risk and are informed by both corporate governance principles and the international standard for risk management ISO: 31000:

a) Aligns with objectives

Risk Management focuses on and around the achievement of the council's priorities and objectives together with those risks that may impact their successful achievement. In aligning risk management to its objectives the Council will determine the amount of risk it is able to withstand and the amount of risk it is prepared to tolerate.

b) Fits the context

The organisation is aware of the changing nature of the internal and external operating environment and the factors and events that may threaten or impact its stability.

c) Engages stakeholders

The Council has determined, assessed and appropriately engaged all internal and external groups and individuals with a vested interest in its activities. It will understand how stakeholders may influence Council activities and how Council activities affect them.

d) Provides clear guidance

The Council encourages the effective management of its risk through provision of a 'user friendly' and transparent approach, that is suitably resourced and that is consistently applied throughout the organisation to best effect.

e) Informs decision making

The Council harnesses its risk management capability within its decision making and planning processes to inform both the substance for the decision or plans and achievability of desired outcomes objectively. In addition, the Council will assess approval of its decisions and plans alongside its capacity and appetite for taking risk.

f) Facilitates continual improvement

The Council has the means to gather knowledge and learning from its risk management activities and applies it to continually refine and enhance capability and effectiveness.

g) Creates a supportive culture

Risk management is embedded within the Council's day to day activities with the full support and commitment of Corporate Management and Members. This support will align risk management to the Council's values and culture through encouraging openness, transparency and sharing of risks. It will develop a 'risk aware' culture that increases the value and benefit derived from its investment in risk management.

h) Achieves measurable value

Enabled by the previous seven principles the effective operation of the Council's risk management framework will need to demonstrate that it adds value to the organisation through helping the achievement of objectives and increase Council and stakeholder confidence and success.

6 Context of risk management

6.1 To be effective, risk management must take account of the external and internal environment (or context) within which the Council seeks to achieve its objectives. We are a highly complex organisation delivering or commissioning multiple services, and are developing our strategic commissioning approach as an Authority. Our external environment is very dynamic and the changes occurring are not always subject to our control or influence. The external context can impact directly on our internal context, but other internal factors must also be understood, such as our policies and objectives, our governance, the Council's capability and capacity and our culture.

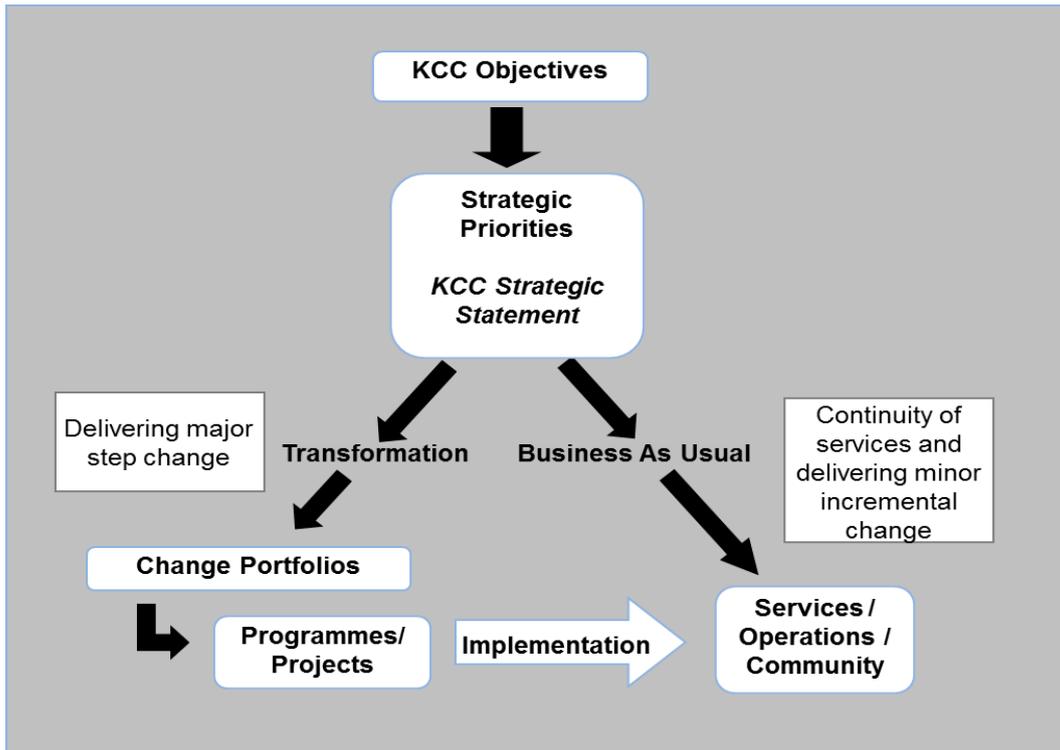
6.2 In an organisation as operationally complex and diverse as ours it is important to recognise and understand where risks emerge. There are two main elements to manage;

- 'Business as usual' - the day to day management of operations and services to agreed service levels and performance; and
- Transformation – managing the development and implementation of key step-changes that will deliver our objectives and priorities.

6.3 The operational delivery model below provides a visual demonstration of how these two management elements operate in the greater context of organisational direction. They also help to determine where risk occurs providing five risk perspectives;

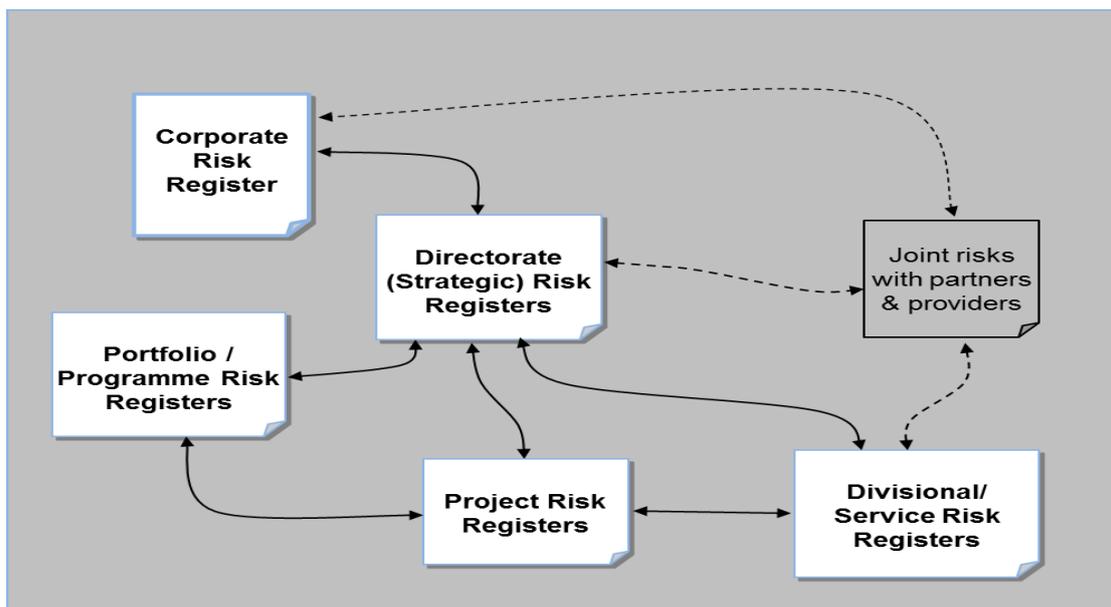
- **Corporate** – where decisions are made that shape our overall mission, strategic priorities and ambitions.
- **Strategic** - where we are exposed to risks that could affect our ability to successfully achieve our strategic priorities.
- **Programme** – where we are exposed to risks that could affect our ability to successfully complete the desired transformational outcomes of the Council and the County
- **Project** – where we are exposed to risks that could affect our ability to successfully deliver predefined outputs that enable us to deliver outcomes and realise benefits.
- **Operational / Service** – where we are exposed to risks that could affect our control and ability to successfully and continually deliver services to our customers.

Delivery Model



6.4 These five perspectives are inherent at different levels across the organisation. They have clear interdependencies for effective management of risk and provide a logical structure of risk registers that inform each other and allow risks to be communicated and if necessary escalated up and down and across the hierarchy. The Corporate Risk Register leads this hierarchy and will be a key document through which the Council maintains assurance around its most significant risk areas.

Risk Perspectives and Interdependencies



7 Governance of risk management

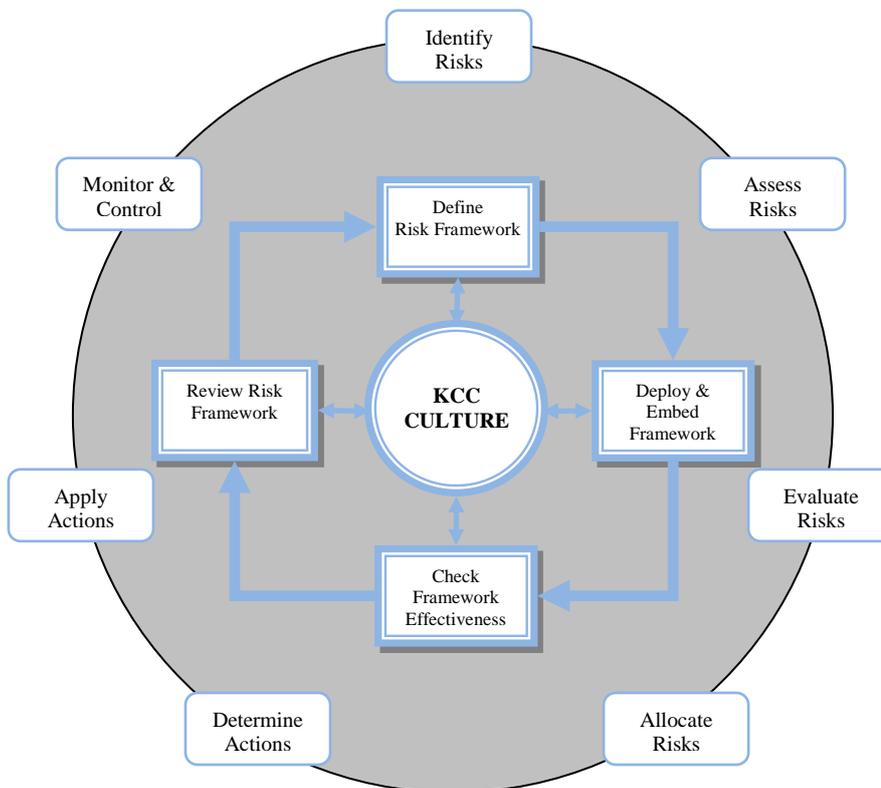
7.1 Responsibility for risk management runs throughout the Council; everyone has a role to play. Staff and managers that are accountable for achieving an objective are accountable for managing the risks to achieving it. To ensure that risk management is successful, the roles and responsibilities of key groups and individuals must be clearly identified. The main individuals and groups and reporting structure for risk management are set out in Annex A and the roles and responsibilities are set out in Annex B.

7.2 Other officer groups deal with related risk specialisms such as Health and Safety; Treasury Management; Emergency Resilience and Business Continuity; Insurance; Information Security [and Governance](#); Anti-fraud and corruption etc. These groups are linked into the governance arrangements of the Council so that their work is co-ordinated within the Council's overall risk management framework.

8 Overview of the risk management framework and process

8.1 Our risk management framework will align with OGC's recognised best practice guidance - *Management of Risk: Guidance for Practitioners*, as expressed in diagram 1 below: The framework is an iterative process to enable continuous improvement.

Diagram 1 – The Risk Management Framework



8.2 The risk management framework is summarised below and practical detail for managers is set out in the risk management guidance and support resources on KNet.

8.3 **Risk Management Framework** - The four core elements of the framework , highlight the need for KCC's risk management approach and practices to be informed by, and aligned with, its values and culture. They form the basis of the Council's Risk Management Policy:

- **Define risk framework** – The Director of Strategy, Policy, Relationships and Corporate Assurance determines and recommends policy and practical guidance for the management of the Council's risks in line with its culture and values. Supported by Cabinet Members and Corporate Directors, it will set out the standards and practices that must be used across the Council and will define the activities and practices for assessing and managing risk.
- **Deploy & embed framework** – Senior management will assign resources to implement risk management throughout the council. This will entail the promotion and communication of the policy supported by the delivery of training in the principles and practices of risk management to Members and appropriate officers.
- **Check framework effectiveness** – The Corporate Management Team will ensure that the council's arrangements for managing risk are regularly reviewed and will report on this to Cabinet Members. The Governance and Audit Committee shall regularly commission its internal auditors to undertake a formal review of the Council's risk management arrangements. The outcomes of the internal review will be presented to the Governance and Audit Committee and be used to inform its review of the policy and framework.
- **Review risk framework** – All information collated on the effectiveness of the Council's risk management arrangements will be interpreted and used alongside lessons learned to review and strengthen the policy and to provide greater capability and capacity for managing the Council's risks. This in turn will provide greater assurance to stakeholders.

8.4 **Risk Management Approach** – Illustrated above, surrounding the four concepts of the risk management framework, are the defined process and practices for assessing and managing risk. Practical details are outlined within the management guidance and support resources for managers on KNet:

- **Identify Risk** – Concerns our methodology for establishing an activity's exposure to risks and how they are to be recorded for each of the five risk perspectives.
- **Assess Risk** – A process through which risks are analysed according to potential likelihood and impact.

- **Evaluate Risk** – The evaluation of risks against parameters (risk appetite and tolerance) which provides assurance of a consistent approach to the measurement of risk and appropriate management and escalation.
- **Allocate Risk** – Ensuring that identified risks are suitably allocated to stakeholders who are best placed to take ownership of the risk and who have the required level of authority to manage them effectively.
- **Determine Actions** – A logical approach to determining appropriate, proportionate and viable solutions to eliminating, reducing or controlling threats and enhancing opportunities in line with risk appetite.
- **Apply Actions** – Our approach for the agreement and deployment of selected actions.
- **Monitor & Control** – Methodology for reviewing risks against factors that could affect their profiles and for exercising control over risk to reduce and maintain them to tolerable levels.

9 Risk Appetite, Tolerance & Escalation

~~9.1 The Facing the Challenge whole council transformation (July 13) document outlined the intention for the council to have “a mature approach to the management of risk, one that has moved beyond the traditional local government approach centred on a risk-averse culture that seeks to mitigate risk beyond all reasonable doubt, to managing risk based on an appropriate balance of probabilities in regards to the likelihood of risk occurring and the impact a risk issue might have”.~~

9.12 Kent County Council recognises that risk is inherent in delivering and commissioning services and does not seek to avoid all risk, but instead aims to have an ‘open’ approach to risk, appropriately balancing risk against reward, with risks managed in a proportionate manner.

9.23 As local authorities face increasing spending demands and continued reductions in Government funding in the coming years, the Authority’s environment will, by default, contain greater risk, and therefore it is likely that KCC will need to accept higher levels of risk in order to meet its desired outcomes. This will require an approach that allows flexibility and support for well-informed and considered risk taking, promoting transparency and effective risk management, while maintaining accountability. While risks defined as ‘high’ are to be managed down to a tolerable level, it is important that risks across the Authority are not over-controlled.

9.34 It is not realistic for the County Council, with its diverse range of services and duties, to have just one definitive application of risk appetite across the entire organisation. Instead, risk appetite should be set with reference to the strategy for service delivery in each particular area. However, examples of risks that would be seen as intolerable are those that are likely to:

- Negatively affect the safety of our service users, residents or employees;
- Severely damage the Authority’s reputation;
- Lead to breaches of laws and regulations;

- Endanger the future operations of the County Council (i.e. by exceeding the risk capacity of the organisation – the amount of risk that the Authority can bear).

9.45 In addition, to aid managers in understanding what risks are acceptable, our appetite for risk is implicitly defined within our standard for determining risk levels (below). Risks rated as “High” will be deemed to have exceeded tolerance levels and will be subject to escalation to the next management level for review and action. The target residual rating for a risk is expected to be ‘medium’ or lower. In the event that this is not deemed realistic in the short to medium term, this shall be discussed as part of the escalation process, and this position regularly reviewed with the ultimate aim of bringing the level of risk to a tolerable level.

KCC’s Standard for determining risk levels

Likelihood	Very likely	5	5 Low	10 Medium	15 Medium	20 High	25 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High	20 High
	Possible	3	3 Low	6 Low	9 Medium	12 Medium	15 Medium
	Unlikely	2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Very Unlikely	1	1 Low	2 Low	3 Low	4 Low	5 Low
RISK RATING MATRIX			1	2	3	4	5
			Minor	Moderate	Significant	Serious	Major
			Impact				

10 Training on risk management

10.1 The Corporate Risk Team will develop and deliver appropriate training to support the implementation of this policy for Members and Officers. Officer training will be linked to the *Kent Manager* standard and wider Leadership & Management [Strategy Development Framework](#) and approved by the Corporate Management Team to ensure that the requirements of the various staff groups within the Council are met. Supplementary training will also be delivered to directorates and business units if requested and where capacity allows.

10.2 Attendance at training sessions will be monitored to ensure that risk management capability is consistently embedded across all areas of the Council. Training will also be evaluated by attendees to facilitate continual improvement.

11 Risk Reporting

11.1 Risks should be reviewed every three months as a minimum, with a more formal review and refresh of significant risks annually. The frequency

will be dependent on the circumstances and environment around the risks. Within a rapidly changing environment monthly monitoring and three monthly reviews may be more appropriate. Risks rated as 'high' should be subject to more detailed and frequent monitoring.

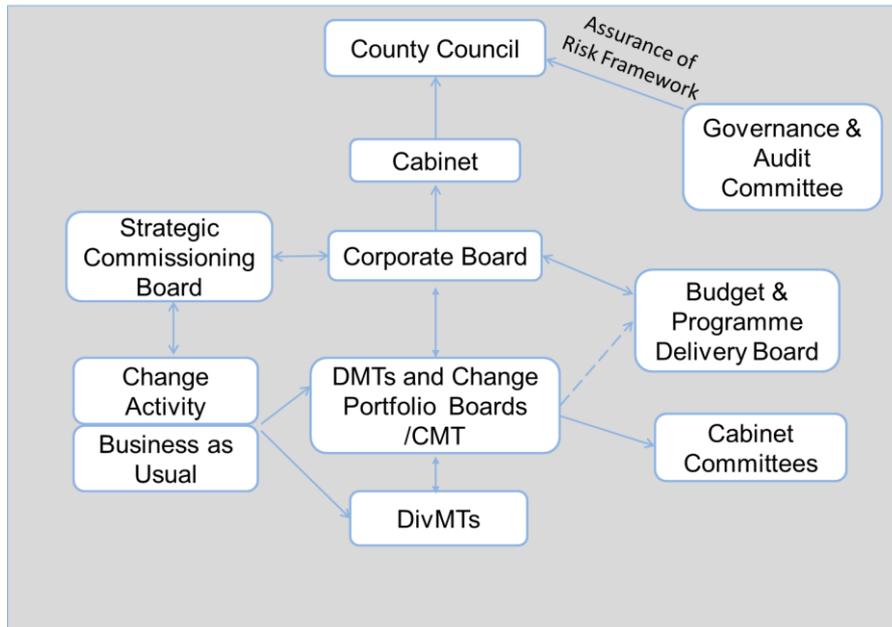
11.2 The Corporate Risk Register is to be presented to Cabinet annually after its more formal annual refresh. It is also to be reported to the Governance & Audit Committee six-monthly for assurance purposes. Strategic risks facing the County Council are to be reported to Cabinet Committees annually, alongside the business planning process. The Risk Strategy and corporate risks are also to be reported to County Council as part of the Medium Term Financial Plan.

12 Review of this policy

12.1 It is the responsibility of the Governance and Audit Committee to: *'On behalf of the Council ensure that Risk Management and Internal Control systems are in place that are adequate for purpose, and are effectively and efficiently operated.'* Internal Audit will support their role in assuring its effectiveness and adequacy.

12.2 Information from Internal Audit and from other sources will be used to inform recommended changes to the policy and framework at least annually. Any changes will be presented to the Governance and Audit Committee for approval before publication.

Risk Management Governance Structure



Annex B

Risk Management Roles and Responsibilities

Group or Individual	Responsibilities
County Council	Ensure that an effective system of risk management is in place.
Governance & Audit Committee	On behalf of the Council ensure that risk management and internal control systems are in place that are adequate for purpose, and are effectively and efficiently operated.
Cabinet	<p>Responsibility for the operation of the risk management system, including the establishment of the Council's risk appetite.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>
Cabinet Member for Business Strategy, Audit & Transformation <u>Customers, Communications and Performance</u>	On behalf of Cabinet ensure effective risk management arrangements are put in place.
Cabinet Portfolio Holders	Responsibility for the effective management of risk within their portfolio areas and ensuring that they consider risks in all decisions they make.
Cabinet Committees	To provide scrutiny pre-decision to ensure that due consideration is given to associated risks.
Section 151 Officer	Active involvement in all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered.
Corporate Management Team (CMT)	<p>To ensure the Council manages risks effectively through the Risk Management Policy and actively consider, own and manage key strategic risks affecting the Council through the Corporate Risk Register.</p> <p>Keep the Council's risk management framework under regular review and approve and monitor delivery of the annual risk work programme.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>
Strategic Commissioning Board	Review risks arising from the 'analyse' and 'plan' phases of the commissioning cycle, including those associated with our strategic outcomes; data, customer and market analysis, service specifications and commissioning and procurement plans.

Budget & Programme Delivery Board	<p>Investigate strategic risks where monitoring indicates that progress against mitigating actions is not sufficient.</p> <p>Review risks arising from the 'do' and 'review' phases of the commissioning cycle, including those associated with contract mobilisation, delivery and review and as part of the Board's provider and contract monitoring role.</p>
Change Portfolio / Programme / Project Boards	<p>To ensure that portfolio, programme and project risks are effectively identified and managed and that any impacts on the business that may follow implementation are reported and managed.</p>
Corporate Assurance function	<p>Develop oversight, transparency and coordination of major change activity across Kent County Council, including reinforcing KCC's risk management framework throughout project and programme activity.</p>
Portfolio Delivery Managers	<p>Establish and monitor that clear, effective and proportionate governance is in place for all projects and programmes within change portfolios, including risk management.</p> <p>Ensure that key risks and interdependencies within change portfolios are identified and escalated as appropriate.</p>
Directorate Management Teams (DMT)	<p>Responsibility for the effective management of risk within the directorate, including risk escalation and reporting to the Corporate Management Team as appropriate.</p>
Divisional Management Teams (DivMT)	<p>Responsibility for the effective management of risk within divisions, including risk escalation, and reporting to DMT as appropriate.</p>
Corporate Director Strategic & Corporate Services (Head of Paid Service)	<p>Responsibility for the overall monitoring of strategic risks across the Council, including the endorsement of priorities and management action. Responsible for ensuring that risk management resources are appropriate.</p>
Director, Strategy, Policy, Relationships and Corporate Assurance	<p>Establish the organisational context and objectives for risk management and map the external and internal risk environment.</p> <p>Develop and maintain the risk management policy, strategy, management guidance and support resources.</p>
Corporate Risk Manager	<p>Promote a positive risk management culture within KCC, developing and implementing the risk management framework and strategic approach and continuing to develop and embed an effective infrastructure for managing and reporting risk.</p> <p>Facilitate maintenance of an up to date Corporate Risk Register and provide reports on corporate risk to Cabinet members and the Corporate Management Team.</p> <p>Facilitate the risk management process within the Council and advise on developments on risk management. Assist key individuals with implementing and embedding risk within key Council areas and provide guidance, training and support as required.</p>

Corporate Risk Team	Day to day responsibility for developing and co-ordinating risk management across the Council and providing advice, support and training, and contributing to ongoing regular reporting on risk management.
Internal Audit	Assesses the effectiveness of the risk management framework and the control environment in mitigating risk.
Directors and Managers	<p>Ensure that effective risk management arrangements are in place in their areas of responsibility to minimise the Council's exposure to risk and uncertainty.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>
All elected Members and staff members	Identify risks and contribute to their management as appropriate. Report inefficient, unnecessary or unworkable controls. Report loss events or near-miss incidents to management.

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By: John Simmonds, Cabinet Member for Finance
 Andy Wood, Corporate Director of Finance

To: Governance and Audit Committee – 25 January 2018

Subject: **TREASURY MANAGEMENT 6 MONTH REVIEW 2017-18**

Classification: Unrestricted

Summary: To present the Treasury Management 6 Month Review

FOR DECISION

INTRODUCTION

1. This report covers Treasury Management activity for the 6 months to 30 September 2017 and developments in the period since up to the date of this report.
2. If agreed by members this 6 month report will then go on to Council.
3. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report therefore ensures this council is embracing Best Practice in accordance with CIPFA's recommendations.
4. The Council's Treasury Management Strategy for 2017-18 was approved by full Council on 9 February 2017.
5. The Council has both borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

EXTERNAL CONTEXT

6. The dominant issues for financial markets in the 6 months to the end of September were the election of a minority Conservative government in June as well as rising inflation. The Consumer Price Inflation (CPI) rose to 3% at the end of September and further to 3.1% by the end of November, as companies passed on the higher costs stemming from the lower level of sterling. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates from 0.25% to 0.5% in November 2017.
7. The FTSE 100 has risen reaching a record high in December of 7,688. Money markets rates remained low in the period to the end of September. 1-month, 3-month and 12-month LIBID rates averaged 0.25%, 0.30% and 0.65% respectively, rising after the increase in the bank rate.

REGULATORY UPDATES

Implementation of the Markets in Financial Instruments Derivative (MiFID II)

8. Under the current UK regime, KCC is automatically categorised as a 'per se professional' client in respect of both MiFID and non-MiFID scope business. However following the introduction of MiFID II from 3 January 2018, this will change and KCC must be classified as a "retail client" but can be opted-up by financial services firms to "elective professional client" status providing it meets certain criteria. Regulated financial services firms include banks, brokers, advisers, fund managers and custodians.
9. The Council has elected to opt up as it meets the criteria; holding an investment balance of at least £10 million with the persons authorised to make investment decisions on behalf of the authority having at least one year's relevant professional experience. It is also able to assure these firms that these persons have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

CIPFA Consultation on Prudential and Treasury Management Codes

10. CIPFA published the two revised codes in late December 2017 for implementation in 2018/19. Changes to the Prudential Code include the requirement for a new Capital Strategy report and changes to prudential indicators. Changes to the Treasury Management Code include non-treasury investments such as commercial investments in property being included in the definition of "investments".

DCLG Consultation on Proposed Changes to Investment and Minimum Revenue Provision (MRP) Guidance

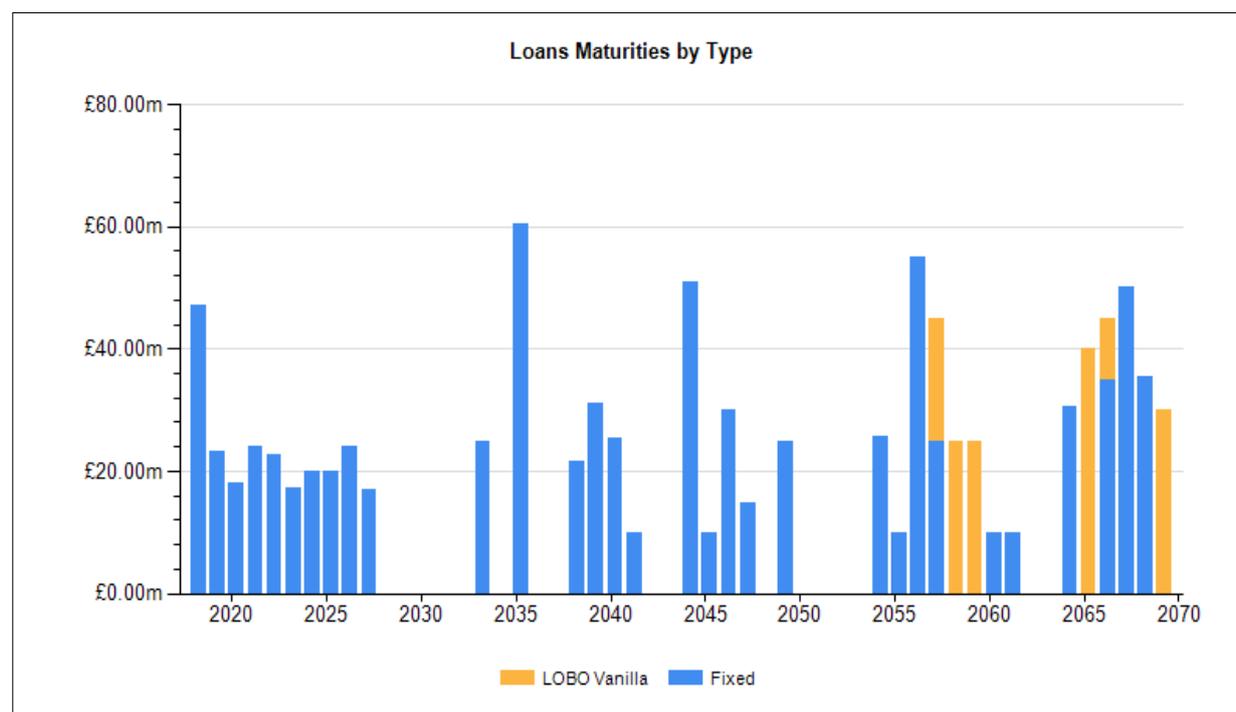
11. In November DCLG launched its consultation with responses due by 22 December 2017. The intention is that these changes come into force for the 2018/19 financial year.
12. Proposed changes to the investment guidance include widening the definition of investments to include all financial assets as well as non-financial assets held for the primary purpose of generating income including investment properties and loans. The guidance also covers the issues of security and liquidity of investments as well as more detailed risk assessment.
13. The new guidance on MRP includes an updated definition of MRP provision and guidance on asset lives but does not propose changes to the methods of calculation.

BORROWING STRATEGY

14. At 30 November 2017 the Council had total debt outstanding of £980.75m, an increase of £15.25m from the balance as at 31 March 2017. The following table shows the borrowing analysed by lender.

	31/3/2017 Balance £m	2017-18 Movement £m	30/11/2017 Balance £m	Weighted Average Rate %	Weighted Average Life (yrs)
Public Works Loan Board	504.3	-6.02	498.28	5.68%	16.59
Banks (LOBO)	160.0	-10.00	150.00	4.03%	44.54
Banks (Fixed Term)	301.2	11.28	312.48	4.17%	38.36
	965.5	-4.75	960.75	4.93%	28.04
Temp borrowing – local authority		20.00	20.00	0.31%	0.19
Total borrowing	965.5	15.25	980.75	4.83%	27.46

15. The maturity profile of KCC's outstanding debt is as follows:



16. Total external debt managed by KCC includes £35.91m pre-LGR debt managed by KCC on behalf of Medway Council and £0.57m for other bodies.
17. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

18. The benefits of internal borrowing are monitored regularly against the potential for incurring additional costs and the Council's Treasury Advisor, Arlingclose has assisted it with this 'cost of carry' and breakeven analysis. The Council's strategy has enabled it to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
19. KCC continues to hold LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The total value of these loans fell to £150m at the end of August as the result of RBS' decision to waive its options on a £10m loan agreed in December 2009, converting it into a fixed rate loan and assigning it to Phoenix Life Assurance Ltd.
20. Since the start of the current financial year the Council has received a further £4.53m of the funding agreed for the County's street lighting and expects to receive a total of £10.8m in 2017-18. KCC also expects to repay £32m of maturity and EIP PWLB loans by 31 March 2018

INVESTMENT ACTIVITY

Counterparty Update

21. The impact on KCC's counterparties and investments of the uncertain economic environment is being carefully monitored by officers and the Council's treasury advisors. Arlingclose's credit advice remains cautious however duration limits for major UK banks and building societies were unchanged with Standard Chartered remaining suspended from the list.

Investment activity 2017-18

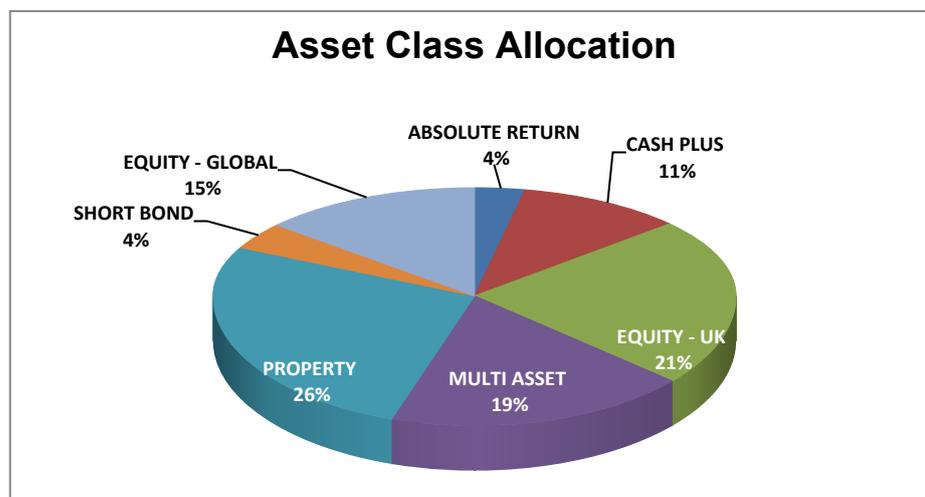
22. The Council holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. Cashflow forecast indicated that during 2017-18 investment balances would range between £254m and £378m.
23. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
24. Security of capital has remained the Council's main investment objective. Against a background of increasing uncertainty and given the increasing risk of bail-in and falling returns from short-term unsecured bank investments, the Council has continued to diversify into more secure and/or higher yielding asset classes as set out in its Treasury Management Strategy Statement for 2017-18. During

August and September 2017 the Council moved £55m from bank deposits into pooled investment funds including the CCLA Property Fund.

25. As at the end of November the types of investment held were as follows:

Type of Investment	Total	
	£m	%
Notice Account	25.00	8.34
Money Market Fund	49.80	16.61
Fixed Deposit	10.00	3.34
Covered Bond	76.10	25.39
Icelandic Recoveries Outstanding	0.37	0.12
Internally managed cash	161.27	53.80
Pooled Investment Funds	116.26	38.80
Cashplus / Short Term Bond Funds	20.05	6.69
Externally managed cash	136.31	45.49
Equity	2.14	0.71
Total	299.72	100.00

26. A breakdown of the external investments by asset class is as follows



27. A detailed schedule of KCC's investments as at 30 November 2017 is attached in Appendix 1. This schedule is circulated to members of the Treasury Management Advisory Group every Friday.

ICELANDIC DEPOSITS

28. In June the Icelandic authorities lifted exchange controls and KCC took the opportunity to sell 706.2m ISK held in escrow accounts in Iceland being funds received as a result of the repayment of deposits originally made with Glitnir and Landsbanki banks. KCC received EUR5.1m from the sale and in July sold the Euros realising £4.6m. These funds were used for the investment in the CCLA fund.

29. As at October 2008 KCC had deposits (principal and interest) totalling £51.99m outstanding with Icelandic Banks. The total amount recovered by KCC now totals £52.6m, some £600k higher than the original claim. £372k remains outstanding from Heritable bank and settlement of this claim is subject to the resolution of a dispute concerning a property portfolio.

FORECAST OUTTURN

30. The average cash balances were £305.3m in the half year representing income received in advance of expenditure plus balances and reserves held. New internally managed investments over the 6-month period were made at an average rate of 0.65%.

COMPLIANCE WITH PRUDENTIAL INDICATORS

31. The Council can confirm that it has complied with its Prudential Indicators for 2017-18 set as part of the Council's Treasury management Strategy Statement. Details can be found in Appendix 2.

TREASURY ADVISOR

32. The council continues to use the treasury advisory services of Arlingclose who were reappointed for a 3 year period from 1 August 2016.

RECOMMENDATION

33. Members are asked to endorse this report and recommend that it is submitted to Council.

Alison Mings
Treasury and Investments Manager
Ext: 03000 416488

Investments as at 30 November 2017

1. Internally Managed Investments

1.1 Term deposits, Call accounts and Money Market Funds

Instrument Type	Counterparty	Principal Amount	Interest Rate	End Date
Fixed Deposit	Lloyds Bank	£5,000,000	0.90%	08/02/2018
Fixed Deposit	Close Brothers	£5,000,000	0.50%	08/02/2018
180 Day Call Notice Account	Santander UK	£25,000,000	0.90%	n/a
Total UK Bank Deposits		£35,000,000		

Money Market Fund	Aberdeen Sterling Liquidity Fund	£2,803,188	0.42% (variable)	n/a
Money Market Fund	Deutsche Managed Sterling Fund	£11,902	0.23% (variable)	n/a
Money Market Fund	Federated (PR) Short-term GBP Prime Fund	£9,973,335	0.50% (variable)	n/a
Money Market Fund	HSBC Global Liquidity Fund	£597,431	0.22% (variable)	n/a
Money Market Fund	Insight Liquidity Funds PLC	£6,465,287	0.28% (variable)	n/a
Money Market Fund	LGIM Sterling Liquidity Fund	£9,990,557	0.33% (variable)	n/a
Money Market Fund	SSgA GBP Liquidity Fund	£9,981,846	0.31% (variable)	n/a
Money Market Fund	Standard Life Sterling Liquidity Fund	£9,972,827	0.51% (variable)	n/a
Total Money Market Funds		£49,796,373		
Equity and Loan Notes	Kent PFI (Holdings) Ltd	£2,135,741		n/a
Icelandic Recoveries outstanding	Heritable Bank Ltd	£366,905		n/a

1.2 Bond Portfolio

Bond Type	Issuer	Adjusted Principal	Coupon Rate	Maturity Date
Fixed Rate Covered Bond	Bank Of Nova Scotia	£4,987,436	0.88%	14/09/2021
Floating Rate Covered Bond	Barclays	£5,000,380	0.69%	12/02/2018
Floating Rate Covered Bond	Barclays	£2,399,151	0.86%	12/02/2018
Fixed Rate Covered Bond	Coventry Building Society	£3,079,278	1.93%	19/04/2018
Fixed Rate Covered Bond	Coventry Building Society	£5,142,465	1.73%	19/04/2018
Fixed Rate Covered Bond	Coventry Building Society	£2,061,088	1.52%	19/04/2018
Floating Rate Covered Bond	Coventry Building Society	£3,005,179	0.56%	17/03/2020
Fixed Rate Covered Bond	Leeds Building Society	£5,771,641	0.63%	17/12/2018
Fixed Rate Covered Bond	Leeds Building Society	£2,085,960	2.03%	17/12/2018
Fixed Rate Covered Bond	Leeds Building Society	£1,558,096	1.19%	17/12/2018
Floating Rate Covered Bond	Leeds Building Society	£5,000,000	0.74%	01/10/2019
Floating Rate Covered Bond	Leeds Building Society	£2,500,311	0.75%	09/02/2018
Floating Rate Covered Bond	Leeds Building Society	£2,500,316	0.75%	09/02/2018

Appendix 1

Floating Rate Covered Bond	Lloyds	£3,900,291	0.55%	19/01/2018
Floating Rate Covered Bond	Lloyds - Bonds	£1,402,406	0.58%	18/07/2019
Fixed Rate Covered Bond	National Australia Bank	£3,002,504	1.10%	10/11/2021
Floating Rate Covered Bond	Nationwide Building Society	£2,149,096	0.71%	27/04/2018
Floating Rate Covered Bond	Nationwide Building Society	£3,428,506	0.60%	27/04/2018
Fixed Rate Covered Bond	Santander UK	£3,528,063	0.65%	14/04/2021
Floating Rate Covered Bond	Santander UK	£3,000,808	0.69%	29/05/2018
Floating Rate Covered Bond	Toronto-Dominion Bank	£5,453,658	0.95%	01/02/2019
Fixed Rate Covered Bond	Yorkshire Building Society	£3,094,680	1.55%	12/04/2018
Fixed Rate Covered Bond	Yorkshire Building Society	£2,054,403	1.98%	12/04/2018
Total Bonds		£76,105,717		

Total Internally managed investments	£163,404,736
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2. Externally Managed Investments

Investment Fund / Equity		Market Value at 30 November 2017	12 months return to 30 November 2017	
Fund Name	Asset Class		Income	Total
CCLA LAMIT Property Fund	Property	£35,357,498	4.22%	5.71%
Pyrford Global Total Return Fund	Absolute Return	£5,006,220	10.12%	2.34%
Fidelity Multi Asset Income Fund	Multi Asset	£25,476,754	3.89%	5.56%
Schroders Income Maximiser Fund	Equity – UK	£19,889,137	3.22%	0.45%
M&G Global Dividend Fund	Equity Global	£10,298,197	0.62%	3.57%
Threadneedle Global Equity Income Fund	Equity – Global	£10,175,827	0.81%	1.57%
Threadneedle UK Equity Income Fund	Equity – UK	£10,056,999	1.12%	-1.20%
Aberdeen Ultra Short Duration Sterling Fund	Cash Plus	£10,062,395	0.00%	0.54%
Payden & Rygel Sterling Reserve Fund	Short Bond	£4,994,389	0.32%	0.21%
Royal London Cash Plus Fund	Cash Plus	£4,996,110	0.30%	0.22%
Total External Investments		£136,313,527		

3. Total Investments

Total Investments	£299,718,262
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2017-18 October Monitoring of Prudential Indicators

1. Estimate of capital expenditure (excluding PFI)

Actuals 2016-17	£238.519m
Original estimate 2017-18	£261.303m
Revised estimate 2017-18	£247.603m

2. Estimate of capital financing requirement (underlying need to borrow for a capital purpose)

	2016-17	2017-18	2017-18	2018-19	2019-20
	Actual	Original Estimate	Forecast as at 31.10.17	Forecast as at 31.10.17	Forecast as at 31.10.17
	£m	£m	£m	£m	£m
Capital Financing requirement	1,362.394	1,369.445	1,335.182	1,326.041	1,289.365
Annual increase/reduction in underlying need to borrow	14.135	-2.182	-27.212	-9.141	-36.676

In the light of current commitments and planned expenditure, forecast net borrowing by the Council will not exceed the Capital Financing Requirement.

3. Estimate of ratio of financing costs to net revenue stream

Actuals 2016-17	13.41%
Original estimate 2017-18	13.18%
Revised estimate 2017-18	13.07%

4. Operational Boundary for External Debt

Appendix 2

The operational boundary for debt is determined having regard to actual levels of debt, borrowing anticipated in the capital plan, the requirements of treasury strategy and prudent requirements in relation to day to day cash flow management. The operational boundary for debt will not be exceeded in 2017-18

(a) Operational boundary for debt relating to KCC assets and activities

	Prudential Indicator	Position as at 31.10.17
	£m	£m
Borrowing	980	945
Other Long Term Liabilities	245	245
	1,225	1,190

(b) Operational boundary for total debt managed by KCC including that relating to Medway Council etc (pre Local Government Reorganisation)

	Prudential Indicator	Position as at 31.10.17
	£m	£m
Borrowing	1,018	981
Other Long Term Liabilities	245	245
	1,263	1,226

5. Authorised Limit for External debt

The authorised limit includes additional allowance, over and above the operational boundary to provide for unusual cash movements. It is a statutory limit set and revised by the Council. The revised limits for 2017-18 are:

	Authorised limit for debt relating to KCC assets and activities	Position as at 31.10.17	Authorised limit for total debt managed by KCC	Position as at 31.10.17
	£m	£m	£m	£m
Borrowing	1,020	945	1,058	981
Other long term liabilities	245	245	245	245
	1,265	1,190	1,303	1,226

6. Compliance with CIPFA Code of Practice for Treasury Management in the Public Services

The Council has adopted the Code of Practice on Treasury Management and has adopted a Treasury Management Policy Statement. Compliance has been tested and validated by our independent professional treasury advisers.

7. Upper limits of fixed interest rate and variable rate exposures

The Council has determined the following upper limits for 2017-18

Fixed interest rate exposure	100%
Variable rate exposure	50%

These limits have been complied with in 2017-18.

8. Upper limits for maturity structure of borrowings

	Upper limit	Lower limit	As at 31.10.17
	%	%	%
Upper 12 months	10	0	4.59
12 months and within 24 months	10	0	1.84
24 months and within 5 years	15	0	7.36
5 years and within 10 years	15	0	10.65
10 years and within 20 years	20	5	8.72
20 years and within 30 years	25	5	19.76
30 years and within 40 years	25	10	16.39
40 years and within 50 years	30	10	24.01
50 years and within 60 years	30	10	6.68

9. Upper limit for principal sums invested for periods longer than 364 days

Indicator	£260.0m
Actual	£198.7m

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By: Cabinet Member for Finance – John Simmonds
Corporate Director of Finance – Andy Wood

To: Governance & Audit Committee – 25 January 2018

Subject: Debt Management

Summary: To report on the Council's debt position.

FOR ASSURANCE

1 Introduction

1.1 The purpose of this report is to provide the Governance and Audit Committee with assurance on the Council's outstanding debt position.

1.2 This report concentrates mainly on debt over 6 months old.

2 Summary

2.1 The overall outstanding sundry debt as at 1 December 2017 was £19,306,877.26, and the overall social care debt as at Client Billing run on 5 December 2017 was £19,235,581.69.

2.2 The debt relates to invoices raised via Accounts Receivable which is referred to as Sundry Debt and invoices raised via Client Billing which is purely related to non- payment of Social Care. The total Sundry debt as at 1 December 2017 is split as follows in Table 1:

Table 1 – Total Sundry Debt as at 1 December 2017

	A	B	C	D	
	Not Yet Due	AR Overdue 0-60 Amount	AR Overdue 61-181 Amount	AR Overdue 182+ Amount	Total AR Outstanding Amount
Sundry Debt	£7,286,379.11	£6,498,808.44	£1,657,696.02	£3,863,993.69	£19,306,877.26

2.3 The total Social Care Client Debt as at 05 December 2017, being the date of the most recent Client Billing run, is split as follows in Table 2:

Table 2 – Total Social Care Debt as at 5 December 2017

	A	B	C	D	E	
	0-28 Days (Not Yet Due)	29-56 Days	57-182 Days	183-365 Days	365+ Days	Grand Total
Social Care Debt	£5,014,852.83	£1,105,727.54	£3,083,011.71	£2,242,863.84	£7,789,125.77	£19,235,581.69

2.4 There are two performance indicators that the Debt Recovery Team aims to achieve. The percentages are based on the total outstanding unsecured debt:

- **Total outstanding debt over 6 months old – less than 55%**
- **Total outstanding debt over 6 months old which is secured – greater than 45%**

2.5 As at 1 December 2017 the KPI position was as follows:

Table 3 – Outstanding debt over 6 months using Tables 1 and 2

% of outstanding debt over 6 months	53.0%
Over 6 months (£k) (Table 1, Col D+ Table 2 Col D+E)	12,625
Total debt (£k) (Table 1 + Table 2 excl. Col A in both tables)	23,842

Table 4 – Outstanding debt over 6 months which is secured

% of outstanding debt over 6 months which is secured	44.2%
Over 6 months which is secured (£k)	5,586
Total debt over 6 months (£k)	12,625

The reasons for the second KPI not being met are as follows:

- One unsecured invoice for the sum of £650,000 is in dispute; the relevant Director and Invicta Law are in liaison with the debtor.

3 Background on Sundry Debt

3.1 As and when a Budget Holder requires an invoice to be raised to collect income external to the authority they complete the paperwork in order for an invoice to be raised via the Accounts Receivable system. It is the Budget Holder's responsibility to ensure that they have the necessary paperwork evidencing that the invoice will be paid.

4 Sundry Debt

4.1 Table 5 as follows is an analysis of the summary position of Sundry debt by Directorate as at 1 December 2017. The penultimate column shows the value of debt older than six months (182 days+):

Table 5 - Sundry Debt by Directorate as at 1 December 2017

Directorate	Not Yet Due (up to 30 days)	AR Overdue 0-60 Amount	AR Overdue 61-181 Amount	AR Overdue 182+ Amount	Total AR Outstanding Amount
Adult Social Care & Health	1,162,100.14	1,682,766.77	369,324.92	1,168,177.46	4,382,369.29
Children Younger People and Education	908,182.63	2,339,957.72	64,689.62	29,881.02	3,342,710.99
Growth, Environment & Transport	3,356,909.32	1,009,021.50	694,438.22	1,458,225.27	6,518,594.31
Strategic & Corporate	725,866.21	994,433.70	288,536.40	1,136,780.82	3,145,617.13
EDUKENT	515,124.32	115,878.05	9,936.24	676.17	641,614.78
GEN2 Property	0.00	1,200.00	0.00	0.00	1,200.00
Penalty Notices	29,400.00	47,280.00	58,200.00	9,120.00	144,000.00
Property Rents	588,796.49	308,270.70	172,570.62	61,132.95	1,130,770.76
Grand Total	7,286,379.11	6,498,808.44	1,657,696.02	3,863,993.69	19,306,877.26

4.2 Table 6 shows an analysis of the summary position of Sundry debt by invoice tag status that is older than six months:

Table 6 – Analysis of Debt (Over Six Months Old) by Invoice Tag Status

Invoice Tag Status	Total Amount	Count of Invoices
AR SECURED DEBT	£777,850.92	12
EDUKENT	£676.17	2
GT DIRECTORATE INSURANCE	£90,969.83	11
INSTALMENTS	£70,367.89	55
LIQUIDATION/INSOLVENCY/RECEIVERSHIP	£319,872.67	12
PARKED	£12,369.56	10
PENALTY NOTICES - SCHOOLS	£2,280	19
REFERRED FOR WRITE OFF	£107926.73	83
REFERRED TO DIRECTORATE	£986,859.96	160
REFERRED TO LEGAL	£199,245.64	10
UNSECURED	£1,295,574.32	1,132
Grand Total	£3,863,994.00	1,506

4.3 160 invoices with a debt value of £986,859.96 are tagged “Referred to Directorate”. This means that the Debt Recovery team are waiting for information or a response from the Directorate in order to be able to further progress the debt.

5 Sundry Health Debt

- 5.1 The Sundry Health Debt as at 1 December 2017 amounts to £4.0 million comprising of 304 invoices.
- 5.2 Table 7 provides a list of those debts with our partners in Health which exceed £100k;

Table 7 – Analysis of Health Debt as at 1 December 2017

Customer Name	Not Yet Due	Overdue 0-60 Amount	Overdue 61-181 Amount	Overdue 182+ Amount	Total Outstanding Amount
NHS ASHFORD CCG	100,120.27	731,660.54	0.00	275,021.41	1,106,802.22
NHS CANTERBURY & COASTAL CCG	80,279.22	115,730.57	70,434.92	23,463.00	289,907.71
NHS DARTFORD, GRAVESHAM, AND SWANLEY CCG	59,905.04	66,034.42	62,934.18	119,848.64	308,722.28
NHS MEDWAY CLINICAL COMMISSIONING GROUP	0.00	0.00	0.00	133,246.90	133,246.90
NHS SOUTH KENT COASTAL CCG	74,325.37	3,375.96	10,921.80	73,187.91	161,811.04
NHS SWALE CCG	41,664.90	77,653.72	57,744.62	6,951.85	184,015.09
NHS THANET CCG	79,464.01	24,698.21	112,820.58	61,686.31	278,669.11
NHS THANET TRADESHIFT CCG	2,053.44	329,282.72	0.00	231,424.78	562,760.94
NHS WEST KENT CCG	195,060.11	15,661.60	186,767.05	0.00	397,488.76
SUSSEX PARTNERSHIP NHS FOUNDATION TRUST	105,720.25	102,101.00	102,201.00	0.00	310,022.25
	738,592.61	1,466,198.74	603,824.15	924,830.80	3,733,446.30

6 Sundry Write Offs

- 6.1 Table 8 details the sum written off year on year:

Table 8 - Sundry Write Off Analysis by Year

Sundry Write Offs	
Year	Amount
2016 – 2017	£62,763.57
2015 – 2016	£55,211.69
2014 – 2015	£79,897.67
2013 – 2014	£302,928.97
2012 – 2013	£178,147.67
2011 – 2012	£129,753.76

7 KCC's Process for Charging for Adult Social Care

7.1 Each client is recorded on the SWIFT social care system with details of their needs assessment and the package of care they are in receipt of. Upon completion of the needs assessment, a financial assessment is then conducted to determine what they are assessed to pay based on their 'means'. It is at that point that charging will then commence.

8 Analysis of Social Care Debt as at December 2017

8.1 Social care debt is reported at the end of each four weekly billing period, rather than monthly. The figures in this report relate to the billing run date on 5 December 2017. It should also be noted that the age of the debt is based on the time elapsed from the invoice date rather than the due date, as with Sundry Debt. Therefore, the total debt as at 5 December 2017 stands at £19.2 million across 12,205 debtor accounts. This is broken down as follows:

	<u>£'000s</u>
• Total debt	19,236
• Total secured debt	6,282
• Not yet due unsecured (i.e. current debt)	4,733
• Unsecured and overdue	8,221

8.2 The £19,236k can be broken down by the type of care as follows:

	<u>£'000s</u>
• Total debt	19,236
• Residential Debt	15,607
• Non-Residential Debt	3,629

8.3 The following tables comment on unsecured overdue debt values and movements since March 2015. Unsecured and overdue debt is of the greatest risk to the council. The unsecured overdue debt over six months' old is also commented upon.

8.4 Table 9 shows the value of unsecured debt, in terms of overdue, not yet due, and total debt. It also shows the value of unsecured debt that is over six months' old at each point in time:

Table 9 – Unsecured and Aged Unsecured Debt Values since March 2015

UNSECURED DEBT BREAKDOWN				
	Mar-15	Mar-16	Mar-17	Dec-17
Invoice Run Date	30/03/2015	29/03/2016	28/03/2016	05/12/2017
Overdue	£6,887,420	£6,891,251	£7,499,276	£8,221,411
Not Yet Due	£4,145,752	£4,280,119	£4,200,037	£4,732,643
Total Unsecured Debt	£11,033,172	£11,171,370	£11,699,313	£12,954,054
Over Six Months Element Only	£4,232,818	£4,275,692	£5,030,917	£5,266,977

9 Unsecured Debt Over 6 months Old

- Restriction against the property £41k
- Unsecured Debt - Deceased/Service Terminated: £1,423k
- Unsecured Debt - Ongoing: £3,802k
- Total Unsecured over 6 months' old: £5,266k

9.1 There are 1,946 debtors with some/all of their debt over six months old, making up the total £5,266k unsecured over six months' debts.

9.2 The introduction of the Care Act resulted in the removal of section 22 under HASSASSA which legislated that a legal charge can be applied to any client who has debt that relates to residential care. The Care Act has resulted in all local authorities having no powers to automatically secure a charge on a property unless a deferred payment agreement has been applied. This is why the authority is seeing a substantial shift from secured to unsecured debt.

9.3 As at 1 December 2017, £234,919.16 in Social Care write offs had been processed in ORACLE since 1 April 2017. Write offs processed in previous years are as follows:

Table 10 - Social Care Write Off Analysis by Year

Social Care Write Offs	
Year	Amount
2016 - 2017	£388,328.70
2015 - 2016	£686,715.80
2014 - 2015	£472,066.50
2013 - 2014	£400,685.90
2012 - 2013	£188,124.22
2011 - 2012	£468,094.95

10 Debt Recovery Action

10.1 As mentioned above, all of the 1,946 cases within this report are in the process of debt recovery. A spreadsheet detailing each of these cases and their current status is available upon request.

10.2 Common themes for debt accruing are as follows:

- The debt is legally that of the client but a third party is managing their financial affairs.
- The Authority has a duty of care. Consequently, the service is not able to be removed because of non- payment of the client contribution.
- Minimal support received from the Department for Work and Pensions in redirecting the element of benefits that are not being used to pay for care charges to the Local Authority.

10.3 The Debt Recovery Teams have introduced a number of new initiatives which are aimed at improving the service delivered and a Service Improvement Plan has been introduced covering both types of debt. The Debt Recovery Teams produce regular detailed reports covering both Sundry and Client Billing, which are available on request.

11 Recommendation

11.1 Members are asked to note the content of this report for assurance.

Andrea Hanson

Client Services Officer

Tel no: 03000 410784

Email: andrea.hanson@kent.gov.uk

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By: Deputy Leader and Cabinet Member for Finance
 - John Simmonds
 Corporate Director of Finance
 – Andy Wood

To: Governance and Audit Committee – 25 Jan 2018

Subject: Update on savings Programme

Classification: Unrestricted

Summary: This report asks Members to note the position on the progress towards the 2017-18 and 2018-19 budget savings

FOR ASSURANCE

1. 2017-18

- 1.1 The savings target for the 2017-18 financial year was £76.7m. This is the 7th year that we have had a significant savings target with savings of over £591m being achieved since 2010-11. As each year passes, the savings are more difficult to realise.
- 1.2 The reality of this has been demonstrated in the monitoring in 2017-18; with a large overspend being reported in each report to date. The monitoring report that went to Cabinet on the 15 January reported an overspend of £4m (excluding asylum), but after Corporate Director adjustments.
- 1.3 Corporate Directors are actively working towards ensuring that the Council's outturn position is breakeven by the end of the financial year, but the effort to achieve this should not be underestimated.
- 1.4 The forecast overspend is spread over a number of services with the largest element reflecting a higher than budgeted demand for children's social care.
- 1.5 However, budget managers are being asked to consider every penny before spending it and Members should be assured that everything possible, other than actions adversely impacting on front-line services, is being done to deliver a balanced budget for 2017/18. The 'policy' on not adversely impacting on front-line services is under constant review, balancing the need to protect vital services and the need for financial restraint.

2. 2018-19

- 2.1 The budgeted savings as shown in the draft budget book are £53.3m. This year, the gap has been more difficult than ever to close. Given the above issues, it is imperative that robust and accurate financial monitoring is maintained from the start of the financial year. The process of RAG rating all of the £53.3m is a continuous one, and the latest position on that RAG status will be presented to Council on 20 February. If there were to be serious doubt about the delivery of any of the proposed savings, then those savings options would need to be removed from the draft budget proposals.

3. Recommendation

- 3.1 Members are asked to NOTE for assurance the progress on the 2017-18 and 2018-19 revenue budget savings.

Andy Wood
Corporate Director of Finance
Ext: 416854

By: Amanda Beer – Corporate Director for Engagement Organisation
Design and Development

To: Governance and Audit Committee

Date: 25th January 2018

Subject: Customer Feedback – Local Government Ombudsman
decisions 2016/17 in depth

Classification: Unrestricted

Summary: The paper was compiled at the request of the Governance and Audit Committee and focuses on the complaints received by the Ombudsman, with a particular focus on Special Educational Needs (SEN) Ombudsman cases.

Recommendation: Committee is asked to note the contents of this report for assurance.

1. Introduction

1.1 Following the presentation of the Annual Complaint report on November 8th, this report has been compiled at the request of the Committee. The report will focus on the complaints received by the Ombudsman and the decisions made and cover the request for more detailed information regarding SEN Ombudsman cases.

2. Overview of Ombudsman and KCC Performance

2.1 The annual review statistics are publicly available, allowing councils to compare their performance on complaints against their peers; copies of the Annual Review letter as well as any published Ombudsman complaints are issued to the Leader of the Council and Head of Paid Service to encourage more democratic scrutiny of local complaint handling and local accountability of public services.

2.2 Decision statements made in 2016/17 will have been published on the Local Government Ombudsman website three months after the date of the final decision. The information published will not name the complainant or any individual involved with the complaint. Cases in which the complainant, despite redaction of names, can be easily identified are not published.

2.3 This report replicates the information available publicly from the Ombudsman. In some cases where the complainant may be identified by the nature of their complaint the information is not made available for wider public consumption.

- 2.4 The level of complaints received by KCC for the size of population, volume of services and interaction is low but each complaint is an opportunity to learn from our customers and improve our systems. We need to focus on those complaints that are upheld to ensure that lessons are learned.
- 2.5 The authority actively encourages customers to exercise their right to contact the Ombudsman for an impartial view on their case.
- 2.6 Of the 140 LGO complaints seen by the Council and considered by the Ombudsman, 12 related to SEN. 9 of these were upheld and 3 were not upheld.
- 2.7 The Ombudsman's report noted that the national average that the Ombudsman upheld is 54% of complaints they investigated, this is up nationally from 51% last year. Kent County Council's average is **63%**; this is an increase on 55% in 2015/16.
- 2.8 The authority received a decision of Upheld in 42 or Not Upheld in 25 cases. The authority also received a Maladministration report (this is explored in Children Social Care section of this report).
- 2.9 The increase nationally could be a result of the Ombudsman selecting cases to investigate that it believes will result in an upheld decision and closing cases earlier as out of jurisdiction/no further action or withdrawn, these results do not impact on the Council's percentage.
- 2.10 For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

3. Complaints and enquiries received

- 3.1 The following table examines the number of complaints received by the Ombudsman over the last three years against the LGO's service categories.

	Adult care services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services	Highways and transport	Housing	Planning and development	Total
2014/15	60	0	8	96	14	25	1	1	205
2015/16	62	0	5	98	7	10	2	0	185
2016/17	62	0	4	89	12	14	1	1	184*

* This figure excludes 6 complaints received by the LGO that have not been classified against a service.

4. Decisions made

4.1 The following table examines the number of complaints received by the Ombudsman over the last three years and decision category given by the LGO.

Local authority	Detailed Investigation Carried out		Advice given	Closed after initial Enquiries	Incomplete/Invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
2014/15	32	34	3	55	6	75	205
2015/16	34	28	1	44	3	74	185
2016/17	42	25	2	46	13	62	190

5. KCC Cases and their context

5.1 Appendix A examines cases that were investigated by the Ombudsman where the decision was made as either Upheld or Not Upheld. The complaint and the subsequent decisions are taken from the Local Government Ombudsman's website where all decisions (in which the complainant cannot be identified) are published.

5.2 KCC's upheld rate for all LGO complaints is 63%, this is comparable with other local County Councils.

County Council	LGO Upheld Rate
Essex	62%
Hertfordshire	72%
Hampshire	63%
Buckinghamshire	67%
East Sussex	66%
Surrey	63%

6. Special Educational Needs

6.1 Context

6.2 KCC, along with all other Local Authorities, is facing an increasing demand and our services are finding the statutory timescales challenging. New referrals for statutory assessment are increasing at an unprecedented rate; In 2016 KCC had 1004

compared with 880 in 2014 with three of every four requests originating from parents. Education, Health and Care Plan (EHCP) (and residual Statements) have increased by 23% between January 2014 and January 2016 against a national increase of 24%.

- 6.3 There are also additional pressures on the service for example the Department of Work and Pensions (DWP) higher rate disability allowance asks whether the child has an EHC plan, and there is an increase of cases where NHS professionals are advising parents that they require a plan to access some services.
- 6.4 We are meeting our new statutory duties within the context of funding pressures throughout the education system. Despite the increased volumes and additional external pressures KCC is significantly above average in meeting assessments in the timescale, achieving 74 % where nationally this figure is at 55.7% and more locally in the South East this is actually lower at 42.5%.
- 6.5 Our performance is regularly monitored through the quarterly performance report and through the CYPE Cabinet Committee meetings. The following papers regarding High Needs Funding and the SEN Strategy which discusses the progress in delivering the EHCPs and converting the statements have been debated at cabinet this year;
- <https://democracy.kent.gov.uk/documents/s80912/Item%2011%20-%20High%20Needs%20Funding%20Report.pdf>
- <https://democracy.kent.gov.uk/documents/s76228/Item%20B5%20SEND%20Strategy.pdf>
- 6.6 Going forward we recognise that there is still much to do to keep pace with demand, to improve the quality of provision further and to ensure that more children and young people can have the specialist support they need in local schools and early years settings, particularly support for children with autism.

7. Local Government Ombudsman Complaints for Special Educational Needs

- 7.1 Special Educational Needs received 12 complaints considered by the Ombudsman in 2016/17. 9 were upheld and 3 were Not Upheld.

Of the 9 Upheld (75% received for SEN);

- One related to poor customer service.
- Five (55%) were related to delay in producing the EHC plan however two were deemed to result in no injustice as the Council continued to make provisions for the children's needs.
- Three (33%) related to gaps in NHS therapy which ultimately fell to KCC. The Special Educational Needs service recognise unfunded health services as a risk and this is regularly reported on

Of the 3 Not Upheld; (25% received for SEN);

- Two related to the alternative provision of education put in place
- One related to the provision of services in line with the Child's Statement.

7.2 The Ombudsman has published a special report on EHC plans which highlighted that as of October 2017 the Ombudsman had received 100 complaints nationally relating to EHC plans of which 80% have been upheld. In Kent, upheld complaints relating to EHC plans are below the national average at 75%.

7.3 The report can be found at the following link:
<http://www.lgo.org.uk/information-centre/news/2017/oct/a-disproportionate-burden-families-struggling-with-new-special-educational-needs-system-when-councils-get-it-wrong>

7.4 The report highlights that authorities across England are struggling to keep up to date with the change from Statements to EHC plans however, in Kent to date over 5,500 statements have been transferred to EHC plans and KCC is on track to meet the deadline of April 2018.

7.5 Amongst the common issues identified by the LGO in the SEN report were:

- Delay in producing the EHC plan; the report states that nationally only 59% EHCP within 20 weeks. In Kent our actual performance during the same period was better; with over 70% being completed within the 20-week timescale. 5 of 9 LGO complaints about Kent found there was delay in producing EHCP. In 2 of these 5 cases, the LGO found no injustice.
- Transfers from Statements to ECHP; nationally there is a lack of strategic planning to ensure the right year groups are prioritised. In Kent we published an initial strategic plan and a revised, updated version during the transitional period. In the case of 15 015 267 the LGO did not uphold the complaint about transfer arrangements in Kent and in case 16 007 033 the LGO found no evidence of fault dealing with the EHCP.
- Use of panels to make decisions was criticised because of the resultant lack of transparency and fairness. In Kent we removed SEN panels in September 2016 in favour of manager decisions. Kent parents have given the service positive feedback on the impact this has had.

7.6 Kent families tell us they are most concerned about a lack of help (and therefore progress) with social skills. As mentioned three of the nine (33%) the complaints upheld were related to gaps in NHS therapy which ultimately fell to KCC. One of the biggest challenges for the authority is to ensure that we can improve joint commissioning with the NHS for speech and language across all schools and in the early years. Unfunded health services are on the department's risk register and regularly reported on.

7.7 We have seen a decrease in the number of complaints received this year about SEN from the Ombudsman with one decision returned as upheld, one closed after initial enquires, no further action and a further two still being considered.

8. RECOMMENDATIONS

8.1 Committee is asked to note the content of this additional report.

8.2 It is recommended that any additional review of the topic is undertaken at the CYPE Cabinet Committee.

Report Author:

Pascale Blackburn-Clarke
Delivery Manager – Engagement and Consultation
03000 417025
Pascale.blackburn-clarke@kent.gov.uk

Relevant Director:

Amanda Beer, Corporate Director, Engagement, Organisation Design and Development
03000 415835
Amanda.beer@kent.gov.uk

Appendix A – Summary Details of Cases Upheld and Not Upheld

The below tables outline the Complaint and the Ombudsman decision as published by the Ombudsman. Although there are 67 decisions not all have been published by the Ombudsman so these statements will not be included in the below tables.

Education and Young People Services

	Kent Test/Grammar School appeal	School Admissions appeal	Home to School Transport/Free School Meals	Special Educational Needs	Total
Upheld	0	1	2	9	12
Not upheld	1	2	1	3	7
Closed: out of jurisdiction/ no further action or withdrawn	1	11	1	0	13
Premature	0	0	1	0	1

Special Educational Needs

Outcome	The Complaint	Ombudsman Summary
Not upheld – 16 006 610	Mrs J complained the Council has not fulfilled its responsibilities in relation to her son L's special educational needs (SEN). She says it has not complied with the instructions of the Special Educational Needs and Disability Tribunal and has failed to ensure his school provides the support and services outlined in his Statement of Special Educational Needs ("the statement"). Mrs J also complained that the Council's SEN Team has not communicated with her effectively or provided satisfactory responses to her complaints.	The Council has fulfilled its responsibility to ensure L has support with his special educational needs. It has complied with the tribunal decision and L's school has put the agreed provision in place. The Council has worked with Mrs J but does not have to provide services that are not in L's statement.
Upheld – 15 007 742	Ms X says the Kent County Council ('the Council') failed to meet the assessed special educational needs of her child ('C') because it: <ul style="list-style-type: none"> • did not provide or pay for agreed therapies; 	The Council failed to provide suitable education for C, which caused C and C's family substantive injustice. The Council had accepted it was at fault but the steps it had taken to put matters rights did not adequately and reasonably address that injustice. So, the Council should apologise to C and make further financial

	<ul style="list-style-type: none"> • provided inadequate home schooling; • did not make an agreed change to C's statement; • failed to carry annual reviews after 2010; • failed to complete an Education Health and Care Plan ('EHCP') for C under the pilot scheme; • delayed replying to correspondence; and • delayed providing appropriate support for C's move to post 16 education. <p>Ms X also complains about the Council's complaints handling as its responses were delayed, factually incorrect, and accusative.</p> <p>Ms X says, since 2011, the Council's delays and failures: denied C a formal education;</p> <ul style="list-style-type: none"> • isolated C from social involvement with other young people; • severely impacted on the time, cost and emotional well-being of C's family in providing full time care, support and education for C. <p>Ms X wants the Council to:</p> <ul style="list-style-type: none"> • deliver C's agreed needs; • keep to guidelines for reviewing and changing statements and EHCPs; • ensure there is cover when staff are away and on leave; • keep accurate and clear notes; • provide timely and effective action to help C's move to post 16 education; and • ensure procedures work so, in future, other people do not have similar problems. 	<p>payments to C and C's family in recognition of the injustice it caused them.</p>
Upheld – 16 006 294	<p>The complainant, whom I shall call Ms X, says the Council delayed finding her son, Y, an alternative school place following an annual review meeting in March 2016 when it agreed to identify a different school.</p>	<p>There is no evidence that the Council delayed in looking for an alternative school place for Ms X's son, Y. The Council agrees it did delay in completing the assessment for an updated Education, Health and Care Plan for Y but Y continued to attend the school that was named in the Plan when it was completed so</p>

		this did not cause injustice. Ms X had a right of appeal to the SEND Tribunal if she was dissatisfied with the school named and so this is not a matter we pursued.
Upheld – 16 007 033	Mrs R complains that the Council took too long to provide an EHCP for her son, X. When it was in place, from January 2016, not all the provision was arranged as the EHCP required. X received no speech and language therapy in year 11 at school. X started at a college in September but his EHCP was been amended to reflect the support he needed.	The Council was at fault in delaying the issue of the final amended EHCP for the transfer of Mrs R's son, X, to college. There is no evidence of fault by the Council in dealing with the EHCP before for that or in monitoring the provision for X's special educational needs.
Upheld – 16 004 423	Mrs R says the Council took too long to provide an EHCP for her son, Y. After it was in place in March 2016 the Council did not arrange all the provision as required. Y has not received the right amount speech and language therapy. None was provided until the summer term 2016 and then it was insufficient. Y was refused a place in a specialist unit because he was in year 10 and so it was too late. Mrs R tried to complain to the Council but her complaint was not accepted. She was directed to complain to the health service.	The Council delayed by around 11 weeks in issuing a final EHCP for Mrs R's son, Y. The delay did not cause an injustice. There is no evidence of fault otherwise by the Council in making provision for Y's special educational needs.
Not upheld – 15 004 573	The complainant, whom I shall refer to as Mrs B, complains on behalf of her son, whom I shall refer to as H, about the care and treatment he received from Darent Valley Hospital, and the support he received from a Child and Adolescent Mental Health Service and Kent County Council during and following a crisis period in May 2014. Mrs B says the medical care H received fell below an acceptable standard, and that the Council and CAMHS failed to arrange suitable education and support for H following the crisis, until a suitable school place was found in March 2015.	The Ombudsmen have found evidence of fault in how CAMHS arranged a package of home care in lieu of a specialist hospital placement. The Ombudsmen have not found fault with how a Council arranged for the child's education during this same period, although they have recommended the Council makes a payment for home to school travel assistance. The Ombudsmen have found a Hospital Trust which provided support to the family have taken reasonable steps to improve practice at the Trust, and the Ombudsmen have found no fault with another Hospital Trust which was asked to arrange an MRI scan for the young person.
Upheld – 16 002 518	Ms B complains on behalf of her daughter C. She complains about the Council's delay in providing an Education, Health and Care (EHC) plan. She says this meant that C did not receive the support she needed for a year.	Ms B complains about the delay in the Council's provision of an Education, Health and Care Plan for her daughter. The Ombudsman has found fault and has recommended a remedy.

Upheld – 16 000 247	Mrs X complains the Council did not ensure her son, B, got the occupational therapy support required by his Statement of Special Educational Needs. He did not get this after the Statement was amended in March 2015 at Tribunal, naming a new school.	The Council failed to ensure delivery of the occupational therapy required by child B's Statement. It held an annual review of the Statement so complied with statutory requirements. However, its monitoring systems, including the annual review, did not alert the Council that therapy was not being delivered. The Council has agreed to apologise to Mrs X for not providing the therapy required by B's Statement. It has also agreed to improve how it monitors Statements through annual reviews. The Council has tried to find appropriate therapy since it became aware of the problem. So far it has not been able to identify suitable provision. The Council has agreed to pay a financial remedy for Mrs X to use for B's educational benefit. This should reduce B's disadvantage from missing out on occupational therapy for the past 18 months.
Upheld – 15 015 485	Mr and Mrs X say the Council failed to provide education for their son (Y) when he was excluded from School. They say the Council failed to carry out an emergency review of their son's statement of special educational needs (SEN) when he was excluded. They also say the Council supported a proposal by his previous School to place him in a locked padded room when his behaviour became difficult.	There is no fault in the way the Council acted in trying to secure suitable education for Mr and Mrs X's son, Y. Y has complex needs and the Council has explored a wide range of options to try and deliver a suitable education and the provisions set out in his statement of special educational needs. The Council has not changed Y's statement since he left his previous school however Mr and Mrs X have a right of appeal to Tribunal so the Ombudsman cannot investigate this aspect of their complaint. There was a delay in the Council arranging occupational therapy and speech and language therapy for Y. The Council should pay Mr and Mrs X £1500 for the benefit of Y to acknowledge the impact this has had.
Not upheld – 15 019 779	The complainant, whom I shall call Mrs X, complains that the Council failed to support her son, Y at school between September 2014 and December 2015. She also says the Council failed to make alternative educational provision after Y was excluded from school in December 2015.	The Council acted without fault by meeting its duties under the SEN Code 2001 and in seeking to arrange home tuition for Mrs X's son, Y while finding a new school place after he was permanently excluded.
Upheld – 15 015 267	The complainant, whom I shall call Mr X, complains there was fault in the way the Council converted his Statement of Special Educational Needs (SEN) into an Education	The Council issued an EHC Plan for Mr X according to the SEN Code 2014, but an officer failed to deal properly with a phone call from Mr X, who is a young person with special educational needs, when he called during this time. The Council will

	<p>Health and Care (EHC) Plan.</p> <p>He also complains a Council officer refused to speak to him on the telephone because his mother is not permitted to contact the Council by telephone and that she told him to email the Council when his condition means he is unable to communicate by email.</p> <p>Mr X says he has no idea what is happening with his EHC Plan.</p>	apologise for this.
Upheld – 16 003 167	<p>Mrs X complains the Council delayed in providing her daughter with appropriate school transport, with an escort, when she began to attend a special school 25 miles from her home in January 2016. She says as a result of the Council's failure to arrange an escort for four weeks she had to provide the transport herself.</p> <p>In addition, Mrs X says the Council took two months to respond to her complaint and it only provided a partial response to the points she had raised. Her outstanding complaints related to delays in transferring her daughter to an EHC Plan and naming the special school and problems communicating with its SEN Officers.</p>	The Council failed to finalise an Education, Health and Care Plan within the required timescales when Mrs X's daughter was moving from a mainstream primary school to a special school. It failed to communicate regularly and effectively with Mrs X during this period and delayed in responding to her complaint. The Council failed to arrange suitable and safe home to school transport for the child for four weeks at the beginning of 2016 when it failed to properly consider her need for an escort in the taxi. The Council has agreed to our recommendation to apologise to Mrs X and offer her a financial remedy for the disadvantage caused by those faults.

Home to School Transport

Outcome	The Complaint	Ombudsman Summary
Upheld - 15 017 301	The complainants, who I shall refer to as Mr and Mrs X, complain that Kent County Council's (the Council's) Transport Appeal Committee (the Committee) failed to consider their evidence properly.	The Council's Transport Appeal Committee failed to consider properly the information the complainants provided about their difficulties in getting their son to and from his special school on the bus provided by the Council. The Council has now agreed to pay for the complainants' mileage costs. The Ombudsman is satisfied this resolves the complaint.
Not upheld –	The complainant, whom I shall refer to as Mr B,	The Council was not at fault for how it dealt with Mr B's

15 011 881	complained the Council: <ul style="list-style-type: none"> • failed to tell him his granddaughter had lost her entitlement to free school meals which meant he had to pay the full amount for a travel pass; • delayed sorting that out; and • unreasonably refused to refund the extra cost he paid for the travel pass. 	application for free school meals and a young person's travel pass.
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School Admissions Appeals

Outcome	The Complaint	Ombudsman Summary
Upheld – 16 012 403	Miss B and Mr C complain that the Council was wrong to refuse their daughter, D a place in Year 1 at School 1 and the Independent Appeals Panel was wrong to turn down their appeal for a place.	There was fault in the way the independent appeals panel considered Miss B and Mr C's appeal for a Year 1 place at School 1 for their daughter D. However, the Ombudsman does not consider that this affected the outcome, and so sees no grounds to ask for a fresh appeal. That said, the Ombudsman has asked the Council to provide sufficient information to panels on where children attending specialist units are on roll. The Council strengthened its processes when collecting roll information on schools with specialist units.
Not upheld – 16 012 409	Miss B and Mr C complain that the Council was wrong to refuse their daughter, D a place in Year 1 at School 3 and that the independent appeals panel (the Panel) was wrong to turn down their appeal for a place.	There was no fault in the way the independent appeals panel considered Miss B and Mr C's appeal for a Year 1 place at School 3 for their daughter D. So the Ombudsman cannot question its decision to refuse their appeal.
Not upheld – 16 012 408	Miss B and Mr C complain that the Council was wrong to refuse their daughter, D a place in Year 1 at School 2 and that the Independent Appeals Panel was wrong to turn down their appeal for a place.	There was no fault in the way the independent appeals panel considered Miss B and Mr C's appeal for a Year 1 place at School 2 for their daughter D. So the Ombudsman cannot question its decision to refuse their appeal.
Not upheld – 16 005 072	Mr B complains that there was fault in the way the independent appeals panel considered his son's appeal for a place in the Reception Year at his first preference primary school (School 1). He considers that the panel did not take proper account of the difficulty of taking C to a different school from his two cousins or the distress it	There was no fault in the way the independent appeals panel considered Mr B's appeal for a Reception place for his son C at his preferred primary school. The Ombudsman has also found no fault in the way the Council has considered C's priority for a place on the waiting list at the school.

	would cause C if he could not attend School 1 with them. He has also questioned whether the Council is giving correct priority to his son on the waiting list for a place at School 1.	
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Growth, Environment and Transportation

	Household Waste Recycling Centres	Highways & Transport	Planning	Total
Upheld	0	2	0	2
Not upheld	1	0	0	1
Closed: out of jurisdiction/no further action	4	9	1	14
Premature	0	3	0	3

Household Waste Recycling

Outcome	The Complaint	Ombudsman Summary
Not upheld – 16 002 537	Mr A complains Kent County Council (the Council) refused to let him use his car at a recycling centre.	There is no injustice to Mr A as he has a second car which he could use to access a recycling centre. So I have stopped investigating his complaint.

Highways and Transportation

Outcome	The Complaint	Ombudsman Summary
Upheld – 14 019 349	The complainant, to whom I shall refer as Mr H, complained that the Council has failed to carry out effective highway drainage repairs and improvements to the highway outside his home. Consequently, during periods of prolonged heavy rain, his garden and home are	The Council was not at fault in failing to carry out drainage repairs and to clear ditches near to Mr H's home. But, it did cause him a degree of injustice through fault in failing to respond properly to his complaints, and thus in not explaining matters properly.

	flooded. In addition Mr H complained about the Council's failure to respond to his complaints about the matter.	
Upheld – 15 006 721	<p>The complainant, to whom I shall refer as Mrs D, complained about:</p> <ul style="list-style-type: none"> • the Council's decision to turn off its street lights late at night without regard to the safety of vulnerable people in the community. This had a particular impact on Mrs D as the carer for a disabled son. It was frightening and dangerous for her to try to move him in darkness when he needed medical attention. In addition doctors were unwilling to visit alone at night; • the way in which the Council reviewed this decision, in particular the way in which it consulted, and the revised Equality Impact Assessment (EQIA) officers drafted; and • the way in which council members and officers responded to her complaints about matters, in particular the Council's failure to honour an undertaking in February 2015 to switch the street lighting in her road back on all night. 	The Council was at fault in not restoring all-night street lighting in Mrs D's street as it had agreed to do. But, it has apologised and rectified matters. The Council has since decided to restore all-night lighting county wide, as it installs new LED street lights.

Strategic and Corporate Services

	Financial	HR	FOI	Total
Upheld	0	0	0	0
Not upheld	1	0	0	1
Closed: out of jurisdiction/no further action	0	1	1	2
Premature	0	0	0	0

Strategic Services received notice of three complaints, none were upheld.

Social Care, Health & Wellbeing

	Adults	Childrens	Total
Upheld	18	10	28
Not upheld	9	7	16
Closed: out of jurisdiction/no further action or withdrawn	11	10	21
Premature	9	10	19

Adult Social Services

Outcome	The Complaint	Ombudsman Summary
Upheld – 16 014 449	Mrs B complains on behalf of her late stepfather, whom I refer to as Mr C. She says the Council did not tell her it would pay Mr C's residential care fees, so she paid the care home directly. She says the Council also invoiced her for a client contribution towards Mr C's care, even though she had already paid the fees in full.	I have discontinued Mrs B's complaint because she says the Council has now remedied the injustice it caused. She has been refunded for additional fees she paid, and the Council has apologised for providing advice that was unclear.
Upheld – 15 016 231	Ms P complains the Council: <ul style="list-style-type: none"> • Insisted 2 carers visit her instead of one which is an additional financial cost for her; • Failed to respond to her requests for details about care providers approached which refused to help; and • Failed to ensure the provision set out in her care plan was given. As a result, she suffers as the care she needs is not provided.	The Ombudsman found fault on Ms P's complaint that the Council failed to provide her with information about potential care providers it approached. There is no evidence it provided this information to her. The Council also failed to provide evidence of Ms P's refusal of care over a 16 month period or of attempts made to arrange care during this time. The agreed action remedies any avoidable injustice caused.
Not upheld – 15 014 698	Mrs Q complains that the Council, the Trust and the CCG have not properly supported her or her son, Mr T. In summary: <ul style="list-style-type: none"> • Mrs Q believes Mr T is entitled to an increased number of social care support hours than his existing care package. 	Mrs Q complained about the Council, Trust and CCG's failure to properly support her son, Mr T. There is some evidence the Trust, at times, did not have an appropriate level of input and this is fault. However, this has not caused Mr T an injustice as his engagement with services has been variable.

	<ul style="list-style-type: none"> • The support provided by a charity (Charity X) on behalf of the Council, Mrs Q says, is inadequate and does not meet Mr T's needs. • Mrs Q says she has not had a recent carer's assessment. She explains she has consistently asked for respite support but the Council has failed to put respite in place. • The CCG and Trust, Mrs Q says, has failed to ensure Mr T has appropriate access to mental health and psychology services. She says there are no such services locally 	
Upheld – 16 005 464	<p>The Complainant, whom I shall refer to as Mr X, complains that when Mrs Y went into respite care for one week:</p> <ul style="list-style-type: none"> • Bruises on her arms and legs turned out to be from an assault by a male resident which family were not notified about; • Her hair was cut and “hacked about”; • Staff had mislaid her clothes and she wore an old pair of jogging bottoms and jumper; and • She had to leave in a wheelchair although she had been able to walk when she arrived. <p>Mr X says this caused the family much distress because Mrs Y should have been safe. He would like to know what happened and for someone to be held to account.</p>	The Council was at fault when it failed to assess the risk to Mrs Y and put in place vital care plans on admission to its respite unit. It will pay Mrs Y £300, apologise to Mr Y and Mr X, and review the procedures at the unit.
Not upheld – 16 007 769	<p>The Complainant, whom I shall refer to as Mrs X, complains about the Council's poor handling of her late mother's (Mrs Y's) move into residential care following time in hospital. She says Mrs Y spent five weeks unnecessarily in hospital because the Council did not act quickly enough to authorise funding for her chosen care home.</p> <p>Mrs X felt bullied and believes staff lied to her. Sadly Mrs Y died shortly after moving. She would like the Council to compensate Mrs Y and herself for the unnecessary time in hospital, the stress it caused and the costs of unnecessary travelling to visit; she estimates this at £107,500.</p>	I have ended my investigation because the Council has already offered Mrs X a remedy which would address any injustice.

Upheld – 15 018 672	The complainant, whom I shall refer to as Mrs S, complains the Council has failed to deal properly with the assessment of her daughter's needs and her needs as her daughter's main carer.	The Council has failed to deal properly with the need for respite care. It needs to review the care plan with a view to providing funding which will enable Mrs S and her daughter to have some respite.
Not upheld – 16 005 584	Ms A complains about the Council's actions in placing her in a care home where the majority of residents have dementia and its delay in moving her into an alternative home. As a result, Ms A receives no mental stimulation and her current room is too small to easily accommodate her wheelchair.	Ms A complains about the Council's actions in placing her in a care home where the majority of residents have dementia and its delay in moving her into an alternative home. There is no evidence of fault by the Council and as it is currently looking into alternative accommodation for Ms A the Ombudsman will not pursue the complaint any further.
Upheld – 16 006 425	The complainant, whom I shall refer to as Mr K, complains about the Council's decision to reduce his care and the charges for his care	The Council was wrong to say Mr K did not have an eligible need for help with washing and dressing, and could prepare a three course meal. However, these faults have not caused an injustice as it has continued to provide help with washing and dressing, and has provided advice on alternative meal provision. There was no fault by the Council over his financial assessment.
Not upheld – 16 003 610	Ms A complains about Kent County Council (the Council.) She says the Council is obstructing her involvement in her father Mr C's care arrangements. She also says the Council is preventing her from using the care provider of his choice.	I have stopped investigating this complaint at Ms A's request.
Upheld – 15 019 443	The complainant, whom I shall refer to as Mrs X, complains the Council has failed to deal properly with her sister's need for emergency respite care	The Council has failed to put in place robust contingency plans for meeting Mrs Y's care needs when her husband goes into hospital. The Council should put a more robust plan in place and remedy the injustice caused to Mrs Y.
Upheld – 15 018 466	Mr B complains about the Council's support. He says the Council are not meeting his needs and do not understand his Autism and learning difficulties. He also feels the Council is not fulfilling its role in safeguarding him as he is a vulnerable person and he is often attacked when he leaves his house.	Mr B complains about the Council's assessment of his needs, its failure to meet his needs and to safeguard him. The Council has started the correct safeguarding process and has assessed his needs and provided a care package. However there is limited fault as the Council has not pursued Mr B's assessment for an Autistic Spectrum Condition and learning difficulties sufficiently. Therefore it is not entirely clear what Mr B's needs are.
Upheld – 15 018 867	The complainant, whom I shall refer to as Mr M, complains the Council has failed to follow his mother's wish to return home following her discharge from hospital. He complains about the actions of specific Council officers and says the	The Council's assessment of Mrs A's mental capacity was flawed. It needs to reconsider her mental capacity and take the necessary action depending on the outcome.

	Council failed to communicate adequately with him.	
Upheld – 15 015 067	Ms J complains that the Council has not arranged care to meet her care needs.	There was fault in the Council's assessment, planning and delivery of Ms J's care. The Council should make a new assessment and support plan, pay Ms J 500 to acknowledge the impact of its fault, and review the availability of services in its area.
Upheld – 15 012 483	<p>The complainant, whom I refer to as Ms Y, complains about services provided to her late grandfather, who I refer to as Mr S.</p> <p>Ms Y complains that Woodside; part of Charing Way Limited, the care provider commissioned by the Council; failed to provide suitable residential care to Mr S. In particular Woodside:-</p> <ul style="list-style-type: none"> failed to properly record information about falls and to monitor bowel movements; • failed to review or re-assess Mr S's care and care plans and to review the suitability of the placement; • failed to get Mr S health care when he needed it; • delayed in providing a suitable bed; • failed to provide suitable moving and handling equipment; • failed to provide adequate nutrition and hydration care and failed to act when carers saw Mr S holding food in his mouth; • failed to properly support Mr S to maintain his personal hygiene (hand and nail care and shaving); • failed to involve and communicate with family members about Mr S's care; • failed to adequately administer medication to Mr S and to take appropriate steps when he was not compliant with taking medication; and • inappropriately served notice for Mr S to leave. <p>Ms Y also complains that the Council's safeguarding investigation was inadequate and throughout the process it failed to communicate properly with the family.</p> <p>An independent investigating officer commissioned by the</p>	The Council needs to take further action to remedy the complaint about the service failure of a Council commissioned care home. These actions are in addition to those the Council has already agreed to take.

	<p>Council considered Ms Y's complaint. Out of the complaints considered 27 were upheld, four were partially upheld, 33 were not upheld and eight had no finding. The complaints ranged from the general care provided to Mr S and the Council's safeguarding process. It found fault in both the care provided and the safeguarding completed.</p>	
Upheld – 15 019 793	<p>Ms B complains about the Council's response when she reported injuries her mother sustained in a care home. In particular, Ms B complains:</p> <ul style="list-style-type: none"> • the Council's safeguarding investigation took almost 12 months; • the family were forced to make a decision about where their mother should live following her discharge from hospital before the safeguarding investigation had concluded; and • Ms B disagrees with the findings of the Council's safeguarding investigation. 	<p>The Council took too long to investigate Mrs C's fractured hip, but there are no grounds for the Ombudsman to question the Council's decision that there is not enough evidence to say how she sustained the injury. The Council's apology is an appropriate remedy for the delay.</p>
Not upheld – 15 018 194	<p>The complainant, whom I have called 'Mr E', is the son-in-law of the late 'Mrs F'. Mr E complains about correspondence the Council sent to him and his wife ('Mrs E') about a debt Mrs F owed for unpaid care charges. In particular Mr E complains the Council:</p> <ul style="list-style-type: none"> • should not write to him or his wife about this matter as they were not responsible for the care arrangements for Mrs F; • should not pursue the debt as he understands the care was of poor quality; • should not pursue the debt as Mrs F did not leave enough funds in her estate (after funeral expenses) to pay it. 	<p>The Council is not at fault for how it has sought to recover a debt owed by the complainant's late mother-in-law.</p>
Upheld – 14 011 218	<p>Mrs J complains about the standard of care her late husband, Mr J, received in a care home placement that was commissioned by Kent County Council (the Council). She says the care home (Home D) failed to properly deal with pressure sores her husband developed and that a</p>	<p>There is no evidence to show a Medical Centre falsified records to cover up allegations of poor care in a care home. There is no fault in the way the Council investigated a safeguarding alert and it found fault by the care home. However the Council did not remedy the injustice caused to the complainant. The</p>

	<p>doctor from Abbey Court Medical Centre (the Medical Centre) falsified records to cover up the situation. She also says the Council did not properly investigate the allegation of neglect under its safeguarding adults procedures.</p>	<p>Ombudsmen recommend a written apology and a financial remedy for the complainant.</p>
<p>Not upheld – 15 008 959</p>	<p>Ms S complains for her brother Mr B about Kent County Council (the Council). She says when Mr B moved from supported housing into his own flat, the Council:</p> <ul style="list-style-type: none"> • Failed to put in place support to help Mr B with his benefit claims and paperwork. • Failed to ensure his bills were set up and paid properly or advised him how to access his savings. He is unclear whether he has contents insurance and has outstanding debts on some utility accounts. • Failed to provide him with support for day to day concerns such as electrical problems and lost keys. • Does not provide him with support to develop his skills and occupy his time productively. • Did not respond to her request for information. 	<p>The Council gave Mr B appropriate support when he moved into his own flat. There is no fault.</p>
<p>Upheld – 15 020 520</p>	<p>The complainant, whom I shall refer to as Mrs V, complains the Council has failed to deal properly with charges for her son's residential care.</p>	<p>The Council has failed to deal properly with the charges for a young man's residential care. The Council has offered to take action which will remedy any injustice it has caused.</p>
<p>Upheld – 16 000 166</p>	<p>The complainant, whom I shall refer to as Mr R, complains the Council is wrong to propose a move to an alternative nursing home for his friend Mrs J.</p>	<p>The Council is no longer proposing to move Mrs J to another nursing home. It is taking action to address the failure to follow the Mental Capacity Act 2015 when arranging her placement in a nursing home.</p>
<p>Upheld – 15 010 503</p>	<p>A lady I will call Miss B complains about the service she received from Kent County Council (the Council) and Kent & Medway NHS & Social Care Partnership Trust (the Trust). Miss B's mother, who I will call Mrs D, represents her. Specifically, Miss B complains that:</p> <ul style="list-style-type: none"> • the Trust abruptly withdrew her Support, Time & Recovery (STR) worker without warning in May 2014; • it then offered her 'totally inappropriate' group therapy 	<p>The Trust and the Council failed to ensure a lady with mental health needs received community care services to meet her assessed eligible needs. The Ombudsmen recommend actions to address this.</p>

	<p>instead;</p> <ul style="list-style-type: none"> • she has never had a care co-ordinator; • she has never been given a copy of her care plan despite asking for one several times; • there was a delay in arranging direct payments for her; • the Trust only offered a 'short term intervention' through direct payments; • the Trust took too long to deal with her complaint and made no attempt to put right the mistakes in her care. 	
Not upheld – 15 014 888	Mrs T complains the Trust and the Council failed to appropriately support her and her husband in 2012.	Mrs T complains about the Council and Trust's failure to support her and her husband. The Trust has completed an investigation into the complaint and acknowledged fault. There is little more the Ombudsman can achieve for Mrs T.
Not upheld – 15 013 099	<p>The complainant, whom I shall refer to as Mr B, complains on behalf of his late father, whom I shall call Mr A. He complains about Kent County Council (the Council) and Kent and Medway NHS and Social Care Partnership Trust (the Trust).</p> <p>During the night of 20/21 September 2013 Mr A went missing from his home. In the afternoon of 21 September 2013 his body was found in a railway tunnel approximately eight miles from his home. He had been hit and killed by a train.</p> <ul style="list-style-type: none"> • Mr B complains that, in the months preceding this, the Council and the Trust did not act with sufficient urgency when notified of concerns about his father. Further, he complains that the decision not to undertake a Mental Health Act assessment was incorrect. Mr B complains that, as a result, the Council and Trust missed opportunities to intervene and protect his father. He complains that his father's death was avoidable. Further, Mr B complains that the Council and the Trust have refused to accept liability for his father's death. 	The Ombudsmen found no fault in the Council's and Trust's handling of referrals they received about a vulnerable adult showing signs of dementia. In particular, the decision not to complete a Mental Health Act assessment was within the range of established good practice.

Upheld – 15 011 101	The complainant, whom I shall refer to as Mr B, complained the Council: <ul style="list-style-type: none"> • failed to meet with care home providers as it promised during discussions about a new contract in 2014; • delayed resolving payment of interest on amounts owed to the care home; • failed to respond to a solicitor's letter; and • ignored the evidence Mr B provided when investigating his complaint. 	the Council provided contradictory information to Mr B about what it agreed to do when negotiating a new contract for older people's residential and nursing care homes, although that did not cause Mr B a significant injustice. The Council delayed resolving interest payments and failed to respond to a solicitor's letter. An apology, £100 compensation and provision of a response to Mr B's solicitor's letter is satisfactory remedy for the injustice caused.
Upheld – 15 011 179	The complainant, whom I refer to as Mr S, complains that Kent County Council failed to provide him with permanent ramps which resulted in him having to privately finance the ramps at a cost of £565.	The process the Council followed in referring Mr S for a Disabled Facilities Grant (DFG) did not cause Mr S any injustice.
Not upheld – 15 013 506	The complainant, whom I shall refer to as Mrs X complains the Council forced her to continue to provide support and act as an advocate for her cousin after she had advised the Council she was unable to continue in this role.	Mrs X's complaint is not upheld. There is no evidence the Council compelled Mrs X to provide informal support or act as an advocate for Ms Y after she had said could not continue in this role.

Children Social Service

Outcome	The Complaint	Ombudsman Summary
Upheld – 16 011 659	<p>Mr C and Ms T are foster carers and their complaint concerns Kent County Council's actions when they cared for a child (who I will call A) between 15 December 2015 and 13 January 2016. They believe the Council was unreasonable when it told them they should call the police to take A home, after she refused to go. They are also unhappy about the Council's decision not to pay them a fostering allowance from this point.</p> <p>Mr C and Ms T felt the Council had not explained what they did wrong in this case, and how they should act if a similar situation arises in future. They were seeking clarification on this, improvements in the Council's</p>	The Council's decision to end A's placement with Mr C and Ms T was not fault. However, there was some fault with how it managed a difficult situation when she refused to return home. The Council agreed to pay Mr C and Ms T a maintenance allowance for the extra time A was with them, which was suitable remedy

	procedures and practice, and payment of the fostering allowance for the period in question.	
Upheld – 15 007 344	<p>Miss B complained about the Council's Children's Services department. This involved:</p> <ul style="list-style-type: none"> • Not fulfilling its responsibilities towards her after she left a secure hospital at the age of 17 in 2012; • Lack of contact from her social worker between 2012 and 2015; • Failing to provide support as agreed following her complaint in 2015; • Not fully responding to her complaints, and not giving her information about the statutory complaints process for children's social care. 	The Council has agreed to arrange an independent investigation of Miss B's complaint under the statutory complaints procedure for children's social care, so I have discontinued my investigation.
Not Upheld - 16 010 292	<p>The complainant, whom I shall call Mr X, has a son, Y, who is a looked after child and with whom Mr X has supervised monthly contact. Mr X complains that: The Council has failed to respond properly to his concerns that:</p> <ul style="list-style-type: none"> • Y is unhappy in his current foster placement; • Y was assaulted in his placement in 2014 and on three other occasions before that; • it is unclear what the foster carers' spend Y's Disability Living Allowance (DLA) on; • the looked after child (LAC) review meetings are inadequate because Mr X is not permitted to attend the main part of the meeting, is not properly consulted before the meeting or allowed to meet with the Independent Reviewing Officer (IRO) before the meeting and Mr Z has been refused permission to attend these meetings to support Mr X; • the activities he is required to undertake with Y at contact sessions are unnecessarily prescribed; and • It has wrongly refused to consider his current complaints under the statutory complaints procedure and its decision to treat Mr S as a persistent complainant is without 	There is no fault in this complaint about the care the Council is providing to Mr X's son who is in foster care on a full care order.

	<p>foundation.</p> <p>Mr X has a representative, Mr Z, who has supported his complaint to this office. I note that Mr Z questions the decision that Y has been made the subject of a full care order by the court.</p>	
Not upheld - 16 000 228	<p>The complainant, whom I shall call Mr X, complains the Council wrongly withheld information about decisions involving his children, W and Y, from him in March and April 2016.</p> <p>He says the Council wrongly took sides by assisting his former partner, Ms Z, in March and April 2016.</p> <p>Mr X says the Council cancelled contact arrangements without good reason in the summer of 2015.</p> <p>Finally, he complains the Council made too many changes of social worker even when unavoidable changes caused by staff leaving the Council are excluded.</p>	<p>An allegation made by Mr X's ex-partner meant the Council had to withhold information from him in the spring of 2016. It was also entitled to cancel contact arrangements in the summer of 2015.</p>
Upheld – 16 002 053	<p>The complainant, whom I shall call Ms F, complains the Council failed to treat her and her family appropriately. This included failing to properly assess needs and referring them to the wrong services.</p> <p>Ms F also says there was a lack of joined up service between health and social care. As a result, she says G did not receive an offer for a residential placement or had consistent social care input to his Education, Health and Care Plan. She thought the Stage Two (children's services) investigation should have looked at the 'Council's performance in relation to legislation and good practice'.</p>	<p>Ms F was unhappy with the way her and her family was treated by the Council and the services the Council offered to them after they arrived in the country. There is evidence of fault and the Council has been asked to apologise and make a payment.</p>
Not upheld - 16 004 991	<p>The complainant, whom I shall refer to as Mrs F, complains on her own behalf and on behalf of her daughter, whom I shall refer to as Miss G. Miss G has a diagnosis of autism.</p>	<p>Mrs F complains that the Council had failed to assess her needs as a carer or provide care services to her disabled daughter. There is no evidence of fault by the Council that has caused a significant injustice to Mrs F or Miss G.</p>

	<p>Mrs F complains:</p> <ul style="list-style-type: none"> • The Council failed to consider her needs as a carer or carry out a carer's assessment when her daughter's behaviour became problematic in or about February 2015 and in particular when she stopped attending school in or about June 2015. • When the Council decided Miss G did not meet its criteria for short breaks for disabled children, it failed to consider the needs of the whole family, or Mrs F's needs as a carer, given she now had three disabled children to care for. • The Council delayed in putting social care support in place for Miss G when her behaviour deteriorated from in or about February 2015 onwards. By the time provision was in place, it was too late to prevent Miss G's school placement breaking down or her isolation from peers. 	
Not upheld - 15 020 839	<p>Mr X complained the Council ignored his complaints that his daughter, Miss Z, was abused from 2002 to 2013 by her care providers.</p> <p>He also complains the Council did not carry out a proper investigation when he complained in November 2015 and is covering up these alleged incidents of abuse.</p>	<p>There is no fault in how the Council handled an investigation into Mr X's complaints that his daughter, who had severe learning difficulties, suffered abuse by different care providers from 2002 to 2013.</p>
Upheld – 15 019 269	<p>The complainants, who I will call Mr & Mrs Q, complain the Council dealt poorly with them in relation to the adoption of a child ('R') they were fostering. They also complain about the way the Council dealt with them about their deregistration as foster carers and in their requests for references to register as foster carers in a new area.</p> <p>They complain specifically that:</p> <ul style="list-style-type: none"> • their requests for investigation have been ignored; • they were not offered bereavement counselling or other support when R left their care; • the Council failed to act on their request to deregister them as foster carers when they first asked for this. It gave them misleading information which delayed their application to be foster carers in their new home area; 	<p>Mr & Mrs Q complained about the way the Council dealt with them in relation to the adoption of a child they were fostering and their transfer as foster carers to another area. The Council acted with fault in the way it communicated with them over various issues. However, this fault should not have delayed their transfer to another authority. The Ombudsman has closed the complaint as the Council has agreed to apologise and to review the training it gives foster carers about the end of a placement.</p>

	<ul style="list-style-type: none"> • the Council failed to reply to requests for references when they were applying to foster in their new home area; • the Council failed to reply to requests for references for Mrs Q when she applied for employment in her new area; • a social worker did not act professionally and breached their confidentiality by bringing her partner with her on a statutory visit to them in their new area; • The Council did not allow Mr & Mrs Q to be present when a professionals meeting discussed their concerns about the suitability of the prospective adoptive parents for R. They were not given updates about the outcome of this meeting; • the Council failed to respond to an FOI request about information held about them; • social workers lied about having met them and about statements they are alleged to have made. 	
Upheld – 15 009 119	<p>Mrs X's complaint follows a stage two investigation by the Council into the accuracy of a children's services assessment it conducted of her family in 2015. Mrs X complains the Council has:</p> <ul style="list-style-type: none"> • Taken too long to complete the stage two investigation. • Failed to act on its findings. 	The Council took too long to start a stage 2 investigation into Mrs X's complaint and is at fault. The Council has accepted the stage 2 findings and offered to apologise to Mrs X and to pay her £350. This is an appropriate remedy.
Not upheld - 15 014 009	Mr M complains the Council held meetings about his son N, without his knowledge. He says it also does not received information about matters involving N.	There is no fault in the way the Council has dealt with Mr M. It has attempted to contact him and involve him in matters relating to his son.
Not upheld - 15 000 163	The complainant (whom I shall call Mrs G) complains about the way the Council investigated her complaints in connection with her son's foster care. She complains about inaccuracies on the Council's files which she says the Council will not amend.	The Council considered Mrs G's complaints properly and apologised where it upheld complaints. There is no worthwhile outcome to achieve from continued investigation.
Upheld – 14 016 729	Mr B complains about the Council's decision to assess his family, the way it carried out this assessment and its response to his complaint.	There is no evidence of fault in the Council's decision to carry out an assessment of Mr B's family and in the way it carried out the assessment. However, there were failings in the Council's reply to Mr B's complaint.
Upheld –	Ms X says failings by the Council's children's services	Failings by the Council's children's services department meant

16 006 992	department meant she was not provided with housing as a care leaver in 2014 and was not afforded the priority she could have received on the local housing authority's housing register.	the complainant was not provided with housing as a care leaver in 2014 and was not afforded the priority she could have received on the local housing authority's housing register. To remedy the injustice the Council offered Ms X a sum of compensation and the local housing authority has also offered her priority on its housing band for a period of time.
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Maladministration Report - 14 015 230

The council received a Maladministration report in 2016/17. The below examines the summary details of the complaint and the actions the Council took to remedy the injustice caused.

Summary

Complaint from a woman that the council refused to consider her need to work when assessing her son's care needs. She complains the council failed to consider awarding direct payments to provide for care of her son while she is at work. The woman also complains the council delayed responding to her complaint.

The complaint

The woman complains that the council:

- refused to consider her need to work when assessing her son's care needs;
- fettered its discretion when considering what direct payments can be used for;
- discriminated against a working carer;
- failed to understand the impact of her caring relationship with her other child;
- failed to consider Government legislation and guidance; and
- delayed considering her complaint.

Finding

The Ombudsman found fault causing injustice.

Recommendations

To remedy the injustice caused, the council should:

- pay the woman £1,000 to reflect the time and trouble she had to go to pursuing her complaint, the added stress she was under during the period and the uncertainty about whether the council would have provided additional support if it had considered her case properly;
- revise its direct payments policy;
- review the sufficiency of childcare and range of short breaks available for older disabled children; and
- provide training for officers and managers carrying out social care assessments and dealing with direct payments

The council agreed to carry out these recommendations.

The Ombudsman has confirmed that it is satisfied with the Council's response to its report. The full report can be accessed on the Ombudsman's website <http://www.lgo.org.uk/decisions/children-s-care-services/disabled-children/14-015-230>

By: Robert Patterson, Head of Internal Audit
 To: Governance and Audit Committee – 25th January 2018
 Subject: **Effectiveness of Internal and External Audit Liaison**
 Classification: Unrestricted

Summary: This paper summarises the effectiveness of the liaison arrangements between Internal and External Audit

FOR ASSURANCE

Introduction

1. The requirement for Internal and External Audit to liaise in an effective way is recognised by professional guidance within both disciplines. Effective liaison can reduce the audit burden for finance and other front line staff. For this reason the Committee's Terms of Reference includes the responsibility for the Committee to annually assess the co-operation between Internal and External Audit.

Professional requirements

2. It is important to understand that both functions have very different remits. Internal Audit is an independent assurance function within the Council, whereas External Audit is responsible for giving an independent opinion on the Council's financial statements and a conclusion on its arrangements to secure value for money through economic, efficient and effective use of its resources.
3. Although their overall remits differ, it should be possible for internal and external auditors to rely on each other's work, subject to the limits determined by their responsibilities.
4. External Audit's work is governed by the International Standards on Auditing (ISAs). In particular ISA 610 requires External Audit to:
 - Determine whether, and to what extent, to use specific work of the internal auditors; and
 - If using the specific work of the internal auditors, to determine whether that work is adequate for the purposes of the audit.
5. ISA 610 is clear that effective internal auditing will often allow a modification in the nature and timing, and a reduction in the extent of audit procedures performed by the external auditor. However it also states that the external auditor may decide that internal auditing will have no effect on external audit procedures. In coming to a conclusion whether to rely on the work of internal audit, the external auditor usually makes an assessment of internal audit's organisational status, objectivity and scope of the function, technical competence of the team and the due professional care in place.

Current practice

6. External Audit's evaluation of Internal Audit has been positive over recent years and no concerns have been raised in their most recent audit findings reports. There are regular and ad hoc liaison between the two teams to share, discuss and co-ordinate plans. The liaison arrangements are documented within a protocol shown at Appendix 1 to this report.

7. The independent external quality assessment of internal audit in 2016 by the Institute of Internal Auditors also evaluated good standards of work with full compliance with professional standards including integrated working with external audit.
8. External and internal work wherever possible is co-ordinated to reduce duplication and promote effective working wherever possible.
9. The 2017/18 Internal Audit plan contains a number of core financial reviews, which are regularly reported back to the G & A Committee. Internal Audit ensures that Grant Thornton are informed of the findings and outcomes from these audits and they can use any of this material to help plan and inform their own external audit work. For example in recent months Grant Thornton have accessed our reports as part of their initial external audit activity.
10. In addition the work that the Internal Audit section completes to provide core assurance e.g. Corporate Governance, Risk Management, and performance management is utilised by the External Auditors to inform their risk assessment of the Council.

Conclusion and next steps

11. Liaison between Internal Audit and External Audit is in place and working effectively. Reliance is placed on the work of Internal Audit by the External Audit team where this is relevant.
12. Both Internal and External Audit are starting to consider their plans for the 2018/19 year (for external audit this is in relation to the 2017/18 financial statements). This will be reflected in the plans presented for approval by the Committee in April.

Recommendations

13. Members of the Committee are asked to note this annual update on liaison arrangements between Internal and External Audit for assurance and the protocol at Appendix 1.

Appendices

Appendix 1 KCC Internal Audit – External Audit Protocol

Robert Patterson (03000 416554)
Head of Internal Audit

Andy Conlan (0207 7283357)
Engagement Manager , Grant Thornton



Internal Audit – External Audit Protocol for Kent County Council

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Year ended 31 March 2017
January 2017

Paul Hughes
Engagement Lead
T +44 (0)7860 282 763
E paul.hughes@uk.gt.com

Nicholas White
Senior Manager
T +44 (0)207 728 3357
E Nicholas.i.white@uk.gt.com



Introduction

The protocol sets out the key principles and procedures underpinning the working relationship between Kent County Council Internal Audit team and the Council's external auditors, Grant Thornton. It establishes a framework for coordination, cooperation and exchange of information.

The protocol is based on the understanding of International Standards on Auditing (ISA), in particular ISA 315 (Identifying and assessing risks of material misstatement through understanding the entity and its environment) and ISA 610 (Using the work of internal auditors).

Principles

ISA 315 states the internal audit function is likely to be relevant to the audit of the financial statements if the nature of their work relates to the entity's financial reporting. ISA 610 recognises external audit and internal audit have different objectives and priorities. The external auditor has the sole responsibility for the opinion on the financial statements and using the work of internal audit does not impact on this responsibility in any way. Therefore the external auditor needs to consider how and whether it is appropriate to place reliance on the work of internal audit.

Procedures

Together internal audit and Grant Thornton will:

- Meet on a quarterly basis to share and discuss audit plans, update and review issues identified through on-going or planned work, review progress and exchange key findings. Such discussions will inform the Grant Thornton audit approach.
- Liaise to identify and exchange knowledge of emerging or identified key risk areas.
- Use the meetings to ensure reporting lines to the Governance and Audit Committee are clear and information provided is clear and timely.

Grant Thornton will:

- Advise internal audit of the financial systems we consider are key to the production on the financial statements.
- Share testing strategies with internal audit on a timely basis to maximise the scope to ensure effective and efficient use of resources for both parties.
- Share details of our approach as requested.

Internal audit including the fraud team will:

- Provide details to Grant Thornton of fraud above £10,000 and details of any identified or potential cases of corruption.
- Provide Grant Thornton with appropriate access to working papers and relevant documents, and with electronic access to published internal audit reports on key financial systems which may impact upon on the audit approach.
- Share its approach to systems audit work and associated documentation with Grant Thornton.

Way forward:

This protocol has been discussed and agreed with the Head of Internal Audit. The protocol will be reviewed annually and updated to reflect changes to internal audit standards and the ISAs.

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By: John Simmonds, Cabinet Member for Finance &
Business Support
Andy Wood, Corporate Director of Finance and
Procurement

To: Governance and Audit Committee – 25th January 2018

Subject: **EXTERNAL AUDIT UPDATE**

Classification: Unrestricted

Summary: This paper provides recent updates and information from the
External Auditor, Grant Thornton UK LLP

Recommendation: FOR ASSURANCE

Introduction and background

1. In order that the Governance and Audit Committee is kept up to date with the work of Grant Thornton UK LLP, progress reports are written by the external auditor as appropriate.
2. The attached report covers the following areas:
 - Progress for 2017/18
 - Emerging issues and developments

Recommendation

3. Members are asked to note the report.

Robert Patterson
Head of Internal Audit (03000 416554)

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Audit Progress Report and Sector Update

Kent County Council
Year ending 31 March 2018

Page 139

25 January 2018



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Introduction



Paul Dossett

Engagement Lead

T 020 7728 3180
M 07919 025 198
E Paul.Dossett@uk.gt.com



Andy Conlan

Engagement Manager

T 020 7728 2492
E Andy.N.Conlan@uk.gt.com

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 summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Governance and Audit Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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 at January 2018

Financial Statements Audit

We have started planning for the 2017/18 financial statements audit and we carried out preliminary visits in December 2017 to update our understanding of the systems and control environment in place around the main transactional cycles, and to select our early testing samples. We have completed this work during further visits in January 2018.

We are due to carry out our early testing audit visits in early February and early March 2018. These visits will include:

- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues, significant estimates and judgements and the restatement of the Comprehensive Income and Expenditure statement and Expenditure and Funding Analysis in line with Directorate changes
- Early substantive testing of operating expenditure, employee remuneration, grants and other contributions revenues, manual journals and existence/ownership of brought-forward property, plant and equipment

We will report any findings from the interim audit to you and we will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2017/18 financial statements at the April 2018 Governance and Audit Committee meeting.

The statutory deadline for the issue of the 2017/18 opinion is the 31 July 2018. We discuss our plan and timetable with officers.

The final accounts audit on site fieldwork is due to begin on the 4 June with findings reported to you in the Audit Findings Report by at the July 2018 Governance and Audit Committee.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We will make our initial risk assessment to determine our approach in February and March 2018 and report this to you in our Audit Plan at the April 2018 Governance and Audit Committee meeting.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

Other areas

Meetings

We met with Finance Officers in January to continue planning and coordinating our early testing audit visits and we continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. This meeting was also used to introduce key Officers to Paul Dossett who is taking over as Engagement Lead for 2017/18.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Our next event is our Local Government update sessions, which provide an update on the changes to the Accounts for 2017-18. A session for our Kent clients is being run at Ashford BC on the 7th of February, with further dates in London during February. Please liaise with your Engagement Team if you wish to attend any of these events.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2017/18.	April 2017	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2017-18 financial statements.	April 2018	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	April 2018	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Governance and Audit Committee.	July 2018	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2018	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2018	Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Governance and Audit Committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Combined Authorities: Signs of Success



In her foreword to ‘Building our Industrial Strategy’ the Prime Minister states that the initiative “will help to deliver a stronger economy and a fairer society – where wealth and opportunity are spread across every community in our United Kingdom, not just the most prosperous places in London and the South East.”

Combined Authorities (CAs) – the newest model for the governance of local public services – are central to this.

In response to this, Grant Thornton and Bond Dickinson have jointly commissioned a report which provides an insight into the establishment of each combined authority in the context of their specific challenges. It is still early days for most combined authorities – the political and administrative difficulties of adopting this model are not to be under-estimated - but early signs are emerging of their potential to innovate and drive success.

The report benchmarks combined authorities using key indicators of growth, housing, transport and skills amongst others. We have also used our Vibrant Economy Index, which goes beyond financial returns and takes into account the wellbeing of society, to compare city regions. We believe that these benchmarks can serve as a baseline for assessment of progress over time.

Key findings from the report:

- CAs must begin to reduce the institutional blurring with historic local government structures that has occurred with their formation. As greater clarity emerges over their roles, functions, and profiles of individual mayors, their perceived legitimacy will increase.
- CAs stand and fall on their ability to add value through targeted investment, strategic co-ordination, joined-up policy and the leveraging in of additional resources (particularly additional private sector funds).
- There is no single checklist or set of criteria for measuring the success of mayors and combined authorities, each city region must articulate its own challenges and show progress in tackling them.
- A balanced set of benchmarks encompassing both economic and social success will, however, serve as a useful stimulus for the debate around the impact of the combined authority model over time.

[Click on the report cover to download and read more.](#)



Grant Thornton Publication



Setting up a successful social enterprise



Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

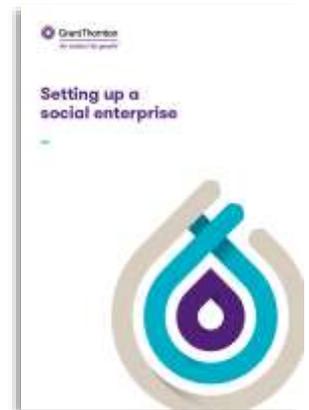
Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended.

The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted exiting models into social enterprises; for example where a greater focus on social outcomes has been identified

[Click on the report cover to download and read more](#)



Grant Thornton Publication



The Board: creating and protecting value



In all sectors, boards are increasingly coming under pressure from both the market and regulators to improve their effectiveness and accountability. This makes business sense given a strong governance culture in the boardroom produces better results, promotes good behaviour within the organisation and drives an organisation's purpose.

Grant Thornton's new report 'The Board: creating and protecting value' is a cross-sector review of board effectiveness, based on a survey of executives and non-executives from a range of organisations including charities, housing associations, universities, local government, private companies and publically listed companies.

It considers the challenges faced by boards, ways in which they can operate more effectively; and how to strike the right balance between value protection and value creation.

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance.

This powerful tool provides a framework with which to evaluate how well an organisation is performing in balance of skills and understanding of roles; and responsibilities between the executive and Board. It helps align risk (value protection) and opportunity (value creation) with overarching strategy and purpose.

[Click on the report cover to download and read more](#)

Value creation	
Directorship How well do the non-executives: <ul style="list-style-type: none"> design, debate and decide the organisation's future? inspire and guide the executive to realise the organisation's purpose? provide support to the executives? 	Leadership How well do the executives: <ul style="list-style-type: none"> Make decisions aligned with realising the organisation's purpose? Inspire and motivate employees to realise the organisation's purpose? model the values of the organisation?
Assurance How well do the non-executives: <ul style="list-style-type: none"> monitor financial, compliance and business indicators? ensure appropriate processes are in place to manage risk? have oversight of the executive team? 	Management How well do the executives: <ul style="list-style-type: none"> set goals, creating plans and allocating resources to achieve them? effectively assign roles and responsibilities? Focus on day-to-day tasks and resources needed to deliver strategic aims?
Value protection	



Source: The Board: Creating and protecting value, 2017, Grant Thornton

Grant Thornton Publication



Code of Practice on Local Authority Accounting and IFRS 9 and IFRS 15

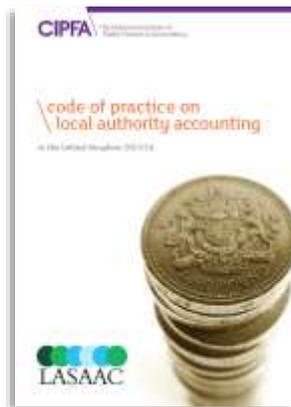
CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18 which specifies the principles and practices of accounting required to prepare a Statement of Accounts.

The main changes to the Code include:

- amendments to section 2.2 for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 to introduce key reporting principles for the Narrative Report
- updates to section 3.4 covering the presentation of financial statements to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 affecting the Housing Revenue Account, to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)
- amendments to section 6.5 relating to the Accounting and Reporting by Pension Funds, to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Alongside the Code, CIPFA has also published Guidance Notes for Practitioners and a Disclosure Checklist for 2017/18 Accounts.

These publications may be obtained from CIPFA and are available [here](#).



CIPFA/LASAAC has issued a companion publication 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'.

Looking further ahead, this sets out the changes to the 2018/19 Code in respect of [IFRS 9 Financial Instruments](#) and [IFRS 15 Revenue from Contracts with Customers](#). It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

IFRS 15 establishes a new comprehensive framework for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

An Early Guide for Local Authority Practitioners covering IFRS 9 Financial Instruments is to be published in December 2017.

CIPFA Publication



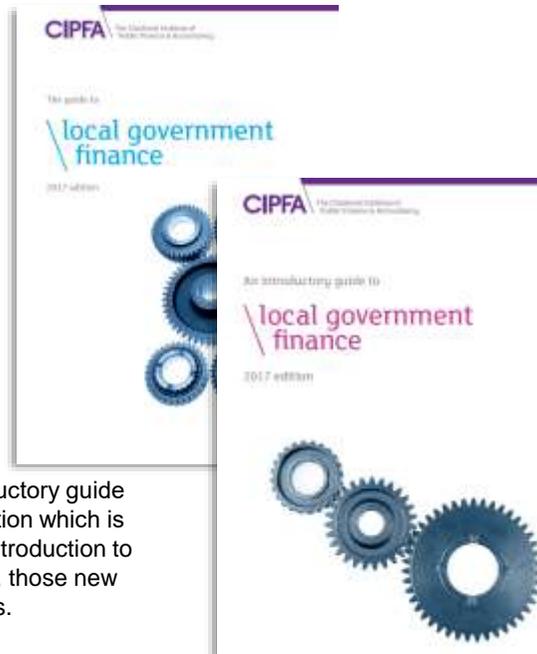
CIPFA Publication – Guide to Local Government Finance

CIPFA have published 'The guide to local government finance' 2017 edition. The guide seeks to provide information on current arrangements for local government finance and sets out the principles of sound financial management.

The guide covers a range of local government services. It examines the funding systems that support those services including council tax, business rates and the local government finance settlement. The guide covers both revenue and capital financing and has separate chapters on key areas and their specific intricacies including:

Page 149

- capital finance
- budgeting and financial reporting
- treasury management
- auditing
- governance
- education
- housing
- police
- social care.



CIPFA have also published 'An introductory guide to local government finance' 2017 edition which is aimed at those requiring more of an introduction to local government finance for example, those new to the sector or non finance specialists.

CIPFA Publication



DCLG Consultation

DCLG are currently consulting with Local Authorities and other interested parties on proposed changes to the prudential framework of capital finance.

The statutory framework for the Prudential System is set out in Chapter I of the Local Government Act 2003 and in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended. The framework includes four statutory codes. Alongside CIPFA's Prudential Code and Treasury Management Code, the DCLG is responsible for Statutory Guidance on both Local Authority Investments and on the Minimum Revenue Provision.

Over the past years the regulatory and economic environment has changed significantly and led the sector to consider more innovative types of investment activity. The Government has also monitored changes in the practices used for calculating Minimum Revenue Provision.

As a result the Department for Communities and Local Government is seeking views on proposals to update the guidance on Local Authorities Investments and on Minimum Revenue Provision for full implementation in 2018/19. This consultation closed on 22 December 2017 and may be accessed [here](#).

Local Authorities Investment Code

The Government recognises that there is great variation in the objectives and nature of local authority investment, including local economic regeneration projects, however it believes that local authorities need to be better at explaining "why" not just "what" they are doing with their investment activity.

That means that the sector needs to demonstrate more transparency and openness and to make it easier for informed observers to understand how good governance and democratic accountability have been exercised.

To this end a number of proposals are made including requiring local authorities to:

- prepare a Capital Strategy which includes clear disclosure of the Investment Strategy
- disclose the contribution that investment activities make to their core functions
- use indicators to assess total risk exposure
- apply the principles of prioritising security and liquidity over yield for investment in non financial assets (in the same way that they are required to do for financial assets)
- disclose their dependence on commercial income to deliver statutory services and the amount of borrowing that has been committed to generate that income
- disclose additional information where authorities borrow to invest in revenue generating investments
- Disclose steps to ensure expertise of key officer and councillors involved in the decision making process.

Minimum Revenue Provision Guidance

Local authorities are normally required each year to set aside some of their revenues as provision for debt. More precisely, the provision is in respect of capital expenditure financed by borrowing or long term credit arrangements. Given the changes in current practice and recent interest, the Government feels that it is time to look into updating the guidance as part of the more general update of the statutory codes comprising the prudential system. Four proposals are made:

- change to the definition of the basis of MRP
- confirmation that a charge to the revenue account cannot be a credit
- confirmation that a change to the MRP methodology would not generate an overpayment of MRP calculated retrospectively
- Introduces maximum useful economic lives for MRP calculations based on asset life

DCLG consultation



Local Authority 2016/17 Revenue Expenditure and Financing

DCLG has produced a summary of Local Authorities' 2016/17 final outturn for revenue spending and financing. It notes that local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure.

The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.6 billion for all local authorities in England in 2016-17. This was 1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. The 2016-17 financial year was the first year where local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.75 billion (2.2%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.4 billion of this increase is due to the Greater London Authority.

The full report is available [here](#).

Did you know....

This data set and many others are included in CFO Insights.

CFO Insights, is the Grant Thornton and CIPFA online analysis tool.

It gives those aspiring to improve the financial position of their organisation, instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

<http://www.cfoinsights.co.uk/>

CFO Insights

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>

<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

<http://www.grantthornton.co.uk/en/insights/the-board-creating-and-protecting-value/>

<http://www.cfoinsights.co.uk/>

CIPFA website links

<http://www.cipfa.org/policy-and-guidance/publications/codes-of-practice>

<http://www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-local-government-finance-2017-edition-online>

<http://www.cipfa.org/policy-and-guidance/publications/t/the-guide-to-local-government-finance-2017-edition-online>

<http://www.cipfa.org/policy-and-guidance/publications/p/pooled-budgets-and-the-better-care-fund-a-practical-guide-for-local-authorities-and-health-bodies-2017-edition>

DCLG website links

<https://www.gov.uk/government/consultations/proposed-changes-to-the-prudential-framework-of-capital-finance>

<https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2016-to-2017-final-outturn>

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By: Robert Patterson – Head of Internal Audit

To: Governance and Audit Committee – 25th January 2018

Subject: **External Auditor Appointment from 2018/19**

Classification: Unrestricted

Summary: Following national procurement by Public Sector Audit Appointments Ltd (PSAA); to confirm the appointment of Grant Thornton (UK) LLP as the County Council's external auditor for a period of 5 years from 2018/19.

FOR DECISION

1. Background

- 1.1. In January 2016, in common with most English local authorities, this Committee approved the procurement of the County Council's external auditors through a national 'sector led body'. This body was PSAA Ltd, formed through the Local Government Association (LGA). This decision was subsequently ratified by the full County Council.
- 1.2. Such national auditor appointment arrangements clearly had the advantages of economies of scale, aggregated buying power and increased competition.

2. Auditor Appointment

- 2.1. In August 2017 we were informed by PSAA that Grant Thornton (our existing external auditors) had submitted the most economically advantageous tender and their appointment was approved by the PSAA Board at its meeting on 14th December 2017.
- 2.2. This appointment is made under Regulation 13 of the Local Audit (Appointing Person) Regulations 2015.
- 2.3. When announcing the initial results in June 2017 the PSAA press release detailed aggregate savings from the procurement process that were expected to exceed £6 million per annum, equivalent to an average reduction of approximately 18% in the scale fees payable by local bodies.
- 2.4. The current external audit fee for 2017/18 is £156,000 and we have been informed by PSAA that the new fee will be £120,062, a reduction of 23%, and which they aim to hold at this level for the next 3 years.
- 2.5. Although reduced audit fees are welcome it will clearly be important to ensure the quality of external audit work is maintained and effectively managed.
- 2.6. In terms of continuity of auditing and consistency in treatment of joint areas such as pension funds, it has been agreed that in the first instance the County Council's arm's length trading companies such as Commercial Services and GEN2 should engage the same external auditor as the County Council. (The PSAA agreement and fee scale does not cover the external audit contracts with these organisations and they will have to be negotiated separately). However if performance was considered unsatisfactory each LATCO in consultation with the Section 151 officer has the right to change its appointed external auditor.

3. Recommendations

Members are asked to confirm the appointment of Grant Thornton (UK) LLP as the external auditor of the County Council for a five year period commencing with the accounts from 2018/19.

Robert Patterson
Head of Internal Audit
(03000 416554)

By: Robert Patterson – Head of Internal Audit

To: Governance and Audit Committee – 25th January 2018

Subject: **INTERNAL AUDIT AND COUNTER FRAUD
PROGRESS REPORT**

Classification: Unrestricted

Summary: This report summarises the outcomes of Internal Audit and Counter Fraud activity for the 2017/18 financial year to date including follow up work on previously agreed actions from audits.

Recommendation: FOR ASSURANCE AND DECISION

Introduction

1. This report summarises:

- The key findings from completed Internal Audit reviews (since November 17)
- The key outcomes from completed counter fraud investigations
- Progress against the 2017/18 Internal Audit Plan and any proposed revisions
- Achievement against the Internal Audit and Counter Fraud Key Performance Indicators
- Work in progress and future plans and improvements,
- Follow up on management progression of previously agreed audit actions
- Plans for progressing the 2018/19 internal audit and counter fraud plan

Overview of Progress

2. Appendix 1 details the outcomes of Internal Audit and Counter Fraud work for the financial year to date. In total 27 audit reviews have been completed, including 24 substantive reviews. Significant fieldwork is in progress for a further 7 audits.
3. In relation to counter fraud work there have been 111 irregularities reported and investigated since the start of 2017/18 of which 68 have been concluded. At the point an irregularity is referred to Internal Audit we estimate the potential value. Based on the information available at the time, we have estimated the total value of all the irregularities reported to us in 2017/18 as £582,942.
4. In addition we have been undertaking a number of significant investigations outside pre planned audit activity including:

- Support to Social Care in investigating delivery of domiciliary care commissioned hours by a contractor. This is now nearing completion and is reported in the accompanying exempt item report.
 - Review of commissioning procedures relating to the winter pressures / 'discharge to assess' contract
 - Review of the management of the FM contracts by Gen2
5. Overall the unit has reviewed systems or activities with a combined spend of an estimated £99 million since the start of 2017/18. (Note - the above data excludes the increasing level of work we carry out for the Council's LATCo's which are reported to separate audit committees).
 6. Appendix 2 (the Internal Audit Progress Report) details the outcomes from this work against the more significant corporate risks where it is practical for internal audit work to provide assurance against the progression of the management and mitigation of such risks
 7. Progress against the Audit Plan for 2017/18 is broadly in line to achieve the Audit Plan key performance targets (KPI's) by 31st March 2018. The detailed KPI's are also shown in Appendix 2.

Implications for Governance

8. Where audits completed in the year have identified areas for improvement, management action has been agreed. All audits are allocated one of five assurance levels together with four levels of prospects for further improvement representing a projected 'direction of travel'. Definitions are included within the attached report.
9. The outcomes from audits produced during this quarter have been very mixed and a contrast to those outcomes from audits at the start of 2017/18.
10. Strengths relate to :
 - 42% of systems and/or functions have been judged with a Substantial assurance or better
 - A continuing pattern of general robustness of key financial systems, in particular, in this period the payroll function has received a Substantial assurance opinion
 - Adequate ICT controls and project management over moves towards enhanced mobile working, together with adequate progress in preparations towards meeting revised data protection regulations (GDPR)
 - Substantive progress in implementing 98% of previous actions agreed from internal audits.
 - The potential to resolve LATCo issues by creating a Holding Company
11. Areas for development and improvement relate to:
 - 12% of audits completed to date have an opinion of limited or worse
 - The Council's processes for its property portfolio and collection of rental income (see exempt item, agenda item 17)

- Learning from the risks relating to the set-up of LATCO's (see exempt item, Agenda item 17)
- The continuing need to more effectively control elements of the grants process overseen by the Council

12. No incidences of significant fraud, irregularity or corruption have been reported or detected during this quarter.

13. As such, from our coverage to date we have concluded there is continuing evidence to substantiate that the County Council has adequate and effective controls and governance processes as well as systems to deter incidences of material fraud and irregularity.

Follow Ups

14. Appendix 2 incorporates the results of follow up work on the progression of previously agreed actions by management. We have continued with a revised system introduced in 2015 which generates greater accountability through managers initially self-assessing the implementation of agreed actions, following which we test check the accuracy of such responses.

15. The overall results are particularly positive as per the table below:

Priority	Actions	Completed	In progress	No action
High	31	14 (45%)	17 (55%)	0
Medium	74	46 (62%)	26 (35%)	2
Total	105	60 (57%)	39 (41%)	2%

16. In summary of the totality of the 105 agreed actions due for implementation, 98% have been implemented by the scheduled date or are in progress. Only 2% of actions have made no substantive progress (by comparison this was 11% last year and 23% in 2015). Of the 2 areas of no action, one relates to an area which will be retested in an upcoming audit and the other relates to difficulties in gaining joint agreement to Better Care Funding issues with our CCG partners.

17. In the 2017/18 plan we also included a number of formal follow up audits whereby a service or function which received a 'limited' opinion the previous year was subject to further scrutiny. The outcomes from these audits have been incorporated into the table above, but the individual results have been:

Area	Previous judgement	Revised judgement after follow up	Prospects for Improvement
Safeguarding Framework – Adults	Limited	Substantial	Good
Deprivation of Liberty (DOL) Assessments	Limited	Adequate	Good
Grants Administration	Limited	Adequate	Adequate
Cloud Navigation Programme Governance	Limited	Substantial	Good

18. The Cloud Navigation programme governance follow-up was an immediate follow up on a 2017/18 audit following concerns over the standards of programme management. Good progress is now being made with all of the high risk issues being addressed.
19. Overall this picture shows improvements in a number of key areas., with positives in the advances being made in relation to Adult safeguarding systems and assessments and Cloud Navigation programme governance.

Counter Fraud Initiatives

Kent Intelligence Network (KIN)

20. As a reminder, we are a significant partner in the 'KIN' – the DCLG part grant funded, Kent wide, cross local authority data analytics collaboration with the shared objective to detect, prevent and deter fraud and corruption. The network has been actively operating since October 2016.
21. To date the savings derived from this initiative are £290,000 mainly relating to council tax, business rates and social housing fraud and errors.
22. Since the autumn of 2017 management and governance of the project has been moved more towards the 'KIN Board' (made up of representatives from the constituent authorities) who are currently looking at different data matching software and different forms of project management.
23. The project is due for imminent independent review by CIPFA on behalf of the DCLG.

Council Tax Single Person Discount Fraud and Error

24. In tandem with the KIN project the County Council has been working with selected District Council's in Kent to use credit agencies and other data to detect potential fraud and error in local taxation systems. To date our investment of £560,000 has resulted in fraud and error of £965,000 being detected. Assuming these amounts are reflected in a larger collection fund(s) across the County, the County Council can expect to derive 80% benefit from such recoveries.

No Recourse to Public Funds (NRPF)

25. We are currently working in tandem with Social Care in assessing potentially fraudulent applications for NRPF assistance. From referrals received this year we have stopped 4 applications resulting in a saving of £51,000.

Revisions to the 2017/18 Audit and Counter Fraud plan

26. We have been consulting with Corporate Directors over revisions to the current plan and in particular we have taken into account the positive assurances provided from the outcomes of the recent OFSTED inspection of Children's Services by deferring our audits on Foster Care and Early Help as these were covered in the inspection.
27. We have also confirmed with the two new Corporate Directors that we will undertake a top level governance and performance review of Adult Social Care rather than Children Young People and Education Services in 2017/18.

28. We have also agreed with CMT to defer our audit of Section 106 developer contributions to early 2018/19 because of delays in implementing the new tracking systems.

29. Other significant work planned for the next quarter includes:

- Economic Development governance
- Apprenticeship levy systems

30. Appendix 2 details these changes and this has provided capacity to complete the increasing number of special investigations that have been commissioned.

Plans for 2018/19

31. We have commenced work and consultation on the audit plan for 2018/19 and have arranged meetings with Corporate Directors and Cabinet Members in the coming weeks as part of this process.

32. The 2018/19 Plan will be submitted to the April 2018 Governance and Audit Committee

Recommendations

33. Members are asked to approve:

- Proposed amendments to the audit and counter fraud plan (see Appendix B)

34. Members are asked to note:

- Progress and outcomes against the 2017/18 Audit Plan
- Progress and outcomes in relation to Counter Fraud activity
- Management's performance in implementing agreed actions from previous audits
- Achievement against the Internal Audit and Counter Fraud Key Performance Indicators
- The overall assurance provided in relation to the Council's control and risk environment as a result of the outcome of Internal Audit and Counter Fraud work completed to date.

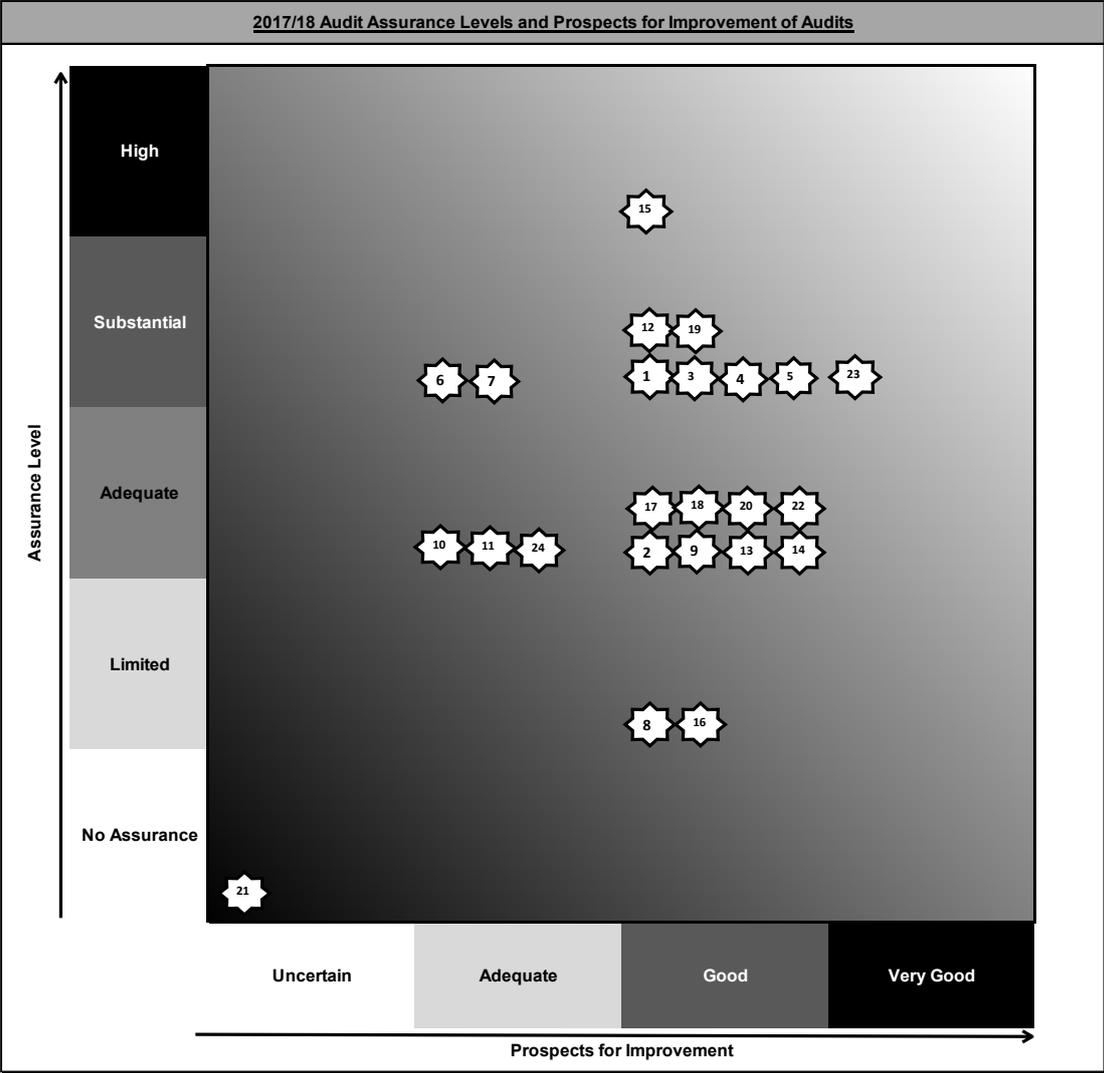
Appendices

Appendix 1 - Distribution of Internal Audit Judgements 2017/18 (to date)

Appendix 2 - Internal Audit Progress Report January 2018

Robert Patterson
Head of Internal Audit
(03000 416554)

**APPENDIX 1
Distribution of Internal Audit Judgements 2017/18 (to date)**



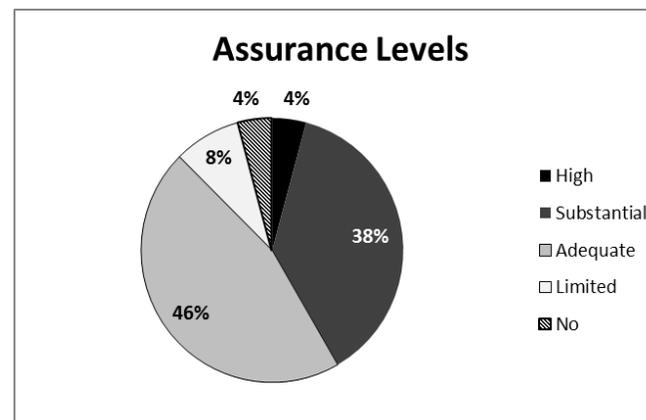
Audit Opinion October G&A Committee

Audit Opinion January G&A Committee

No	Audit	Judgement	Prospects for Improvement	No	Audit	Judgement	Prospects for Improvement
1	Family Placement Payments	Substantial	Good	16	Learning Lessons From LATCO's (Provisional) - Exempt item see Note Below	Limited	Good
2	16-17 Staff Survey Actions	Adequate	Good	17	Data Protection - GDPR	Adequate	Good
3	ICT Strategy and Governance	Substantial	Good	18	ICT Mobile Working	Adequate	Good
4	ICT Cloud Navigation Programme	Substantial	Good	19	Cloud Navigation Follow-up (Provisional)	Substantial	Good
5	Cashiers and Banking	Substantial	Good	20	Young Carers Contract Management	Adequate	Good
6	GEN2 Governance - KKC Side	Substantial	Adequate	21	Property Income Management (Provisional) - Exempt item see Note Below	No	Uncertain
7	Children's Centres Follow Up for 2017/18	Substantial	Adequate	22	IR35	Adequate	Good
8	Financial Assessments	Limited	Good	23	KCC Payroll	Substantial	Very Good
9	No Resource to Public Funds	Adequate	Good	24	Grants Follow-up	Adequate	Adequate
10	Members Training & Induction	Adequate	Adequate				
11	Programme Management & Corporate Assurance	Adequate	Adequate				
12	Safeguarding Framework Follow-up - Adults	Substantial	Good				
13	17-18 DOLs	Adequate	Good				
14	Establishments - Nurseries	Adequate	Good				
15	Treasury Management	High	Good				

Note - Details of these audits can be found in the exempt part of the report

Assurance Level	No	%
High	1	4%
Substantial	9	38%
Adequate	11	46%
Limited	2	8%
No	1	4%





Kent County Council

Internal Audit and Counter Fraud Progress Report

January 2018

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1 Introduction and Purpose

- 1.1. This report details the cumulative internal audit and counter fraud outcomes for 2017/18 to date. It particularly focuses on the progress and delivery of internal audit and counter fraud work since November 2017. It highlights key issues and patterns in respect to internal control, risk and governance arising from our work.
- 1.2. To date we have completed 27 internal audits and 68 counter fraud investigations, the majority of which are resourced and driven from the internal audit plan (previously reviewed by this Committee) and are selected on the basis of providing an independent and objective opinion on the adequacy of the Council's control environment. Overall we have examined an estimated £99 million of KCC turnover to date.
- 1.3. A further 7 audits are currently in progress together with 22 audits of establishments which will form part of thematic reports around schools and day care provision, and a further 43 counter fraud investigations remain ongoing (including a number carried forward from the previous year).
- 1.4. In this report we have highlighted key outcomes arising from our work together with the associated assurance levels. In section 3 we also demonstrate where these findings provide appropriate assurance against key corporate risks or significant systems.
- 1.5. Internal audit also remains involved in three special investigations (including currently supporting Social Care on a domiciliary care review) and work as the appointed internal auditor to the Council's LATCO's where the outcomes are reported to separate audit committees.

2 Overview

Internal Audit and Counter Fraud

- 2.1 The covering paper to this progress report provides a graphical representation of the outcomes from the audits completed to date. In addition, to reprise our covering report , the following summary of strengths and areas for development emerge from the work to date:

- 2.2 Strengths include:
- 42 % of audits completed to date have resulted in a Substantial outcome or better
 - A continuing pattern of a general robustness in key financial systems (payroll controls received a substantial assurance in this quarter)
 - Adequate ICT controls and project management over moves towards enhanced mobile working together with adequate progress in preparations towards meeting revised (GDPR) data protection regulations
 - Positive progress in implementing previously agreed audit actions
- 2.3 Areas for further improvement relate to :
- 12% of audits completed to date have an opinion of Limited or worse
 - Our audit of the Council's processes for property portfolio and collection of rental income (see Exempt item on this Agenda)
 - Learning from the risks relating to the set-up of LATCO's (see Exempt Item on this Agenda)
 - The continuing need to more effectively control elements of the grants process overseen by the Council
- 2.4 The breadth of coverage and outcomes from our work to date have provided sufficient evidence to support an interim opinion that Kent County Council continues to have:
- Adequate and effective financial and non-financial controls
 - Adequate and effective governance processes
 - Adequate and effective processes to deter incidences of substantive fraud and irregularity
- 2.5 In general, management have developed appropriate action plans in response to all the high priority issues raised from our audits and counter fraud work.

3 Mapping Audit (and Counter Fraud) outcomes against corporate risks.

- 3.1. Appendix A provides detailed summaries on the outcomes from internal audit work completed since November 2017, but it is important to provide an overview of audit and related counter fraud outcomes against corporate risks, mapping cumulative audit outcomes for the year to date. As such the following patterns of audits emerge against the County /Council's key risks :

Management of demand – Children’s Services

3.2. During the year to date we have reviewed the following areas that have a theme related to management of demand for children’s services:

	Assurance Level	Prospects for Improvement	Issues Raised	
No recourse to public funds	Adequate	Good	High: 0 Medium:1	All accepted

3.3. No new work has been undertaken in this area during the current quarter and a number of planned projects postponed in the light of the positive OFSTED outcomes.

Management of demand – Adult Social Care

3.4. We have undertaken special investigation work relating to a significant domicillary care provider and the emerging outcomes are reported separately in the exempt items on this agenda.

Identification, planning and delivery of financial savings

3.5. Clearly associated with the above risk is the delivery of the Council’s transformation plans (including the creation of trading companies for selected services). Our work to date comprises:

	Assurance level	Prospects for Improvement	Issues Raised	
Programme Management and Corporate Assurance	Adequate	Adequate	High: 2 Medium:4	Final draft
GEN2 Governance	Substantial	Good	High: 0 Medium:3	All accepted

Learning Lessons from LATCO's	Limited (Provisional)	Good (Provisional)	High: 1 Medium:1	See exempt item
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- 3.6. As previously stated the learning lessons from LATCO's is reported separately as an exempt item on this agenda.
- 3.7. In the next quarter we are continuing the learning theme by examining knowledge transfer and capacity for change particularly emanating from the past transformation programmes progressed by the Council

Information Governance – including General Data Protection Regulations

- 3.8. Assurance over the integrity and reliability of the Council's information systems has been provided by audits of :

	Assurance level	Prospects for Improvement	Issues Raised	
ICT Strategy and Governance	Substantial	Good	High: 0 Medium:1	Accepted
ICT Cloud Navigation Programme	Limited	Good	High: 2 Medium:3	Accepted
Data Protection - GDPR	Adequate	Good	High: 0 Medium:7	Accepted
ICT Mobile Working	Adequate	Good	High: 1 Medium 2	Accepted
Cloud Navigation Follow Up	Substantial (Provisional)	Good (Provisional)	No new issues raised.	No actions

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- 3.9. In May 2018 the new General Data Protection Regulations (GDPR) will apply to the County Council. GDPR introduces new elements and enhancements to the way we process and control data. Overall we found the County Council has acted appropriately in preparing for the changes. In particular a satisfactory project plan has been put in place together with a dedicated resource and project team. Our analysis did show that there was some slippage in the progression of plans (although the May 2018 completion date is still feasible), there were some gaps in

plans and a number of key stakeholders were not represented on the project team. Management have accepted and agreed rectification actions from the audit.

- 3.10. The Council has embarked upon a programme of ICT initiatives to support services which will enable secure, easy and efficient mobile working for staff. This will clearly enable improvements in ways of working but an inherent risk is the potential exposure to information security breaches. Overall we found that there are defined procedures in place with appropriate restrictions and controls for securing mobile devices. Shortfalls related to staff awareness of such policies, accountability for promoting mobile working has not been assigned or methods to monitor utilisation of these technologies.
- 3.11. Our follow-up on the Cloud Navigation programme governance audit found that good progress has been made with the agreed action plans for all the issues – in particular the two High Risk issues are now complete. However, there has recently been a change of Programme Manager and a move away from PRINCE2 to the Agile project management methodology. Significant mid-programme changes such as these present their own risks and it is too early to establish the impact on the programme these changes.

Safeguarding – protecting vulnerable children

12. During this period we undertook the following :

	Assurance level	Prospects for Improvement	Issues Raised	
Nurseries – themed review	Adequate	Good	28 issues raised across the 3 sites visited	All accepted
Children’s Centres follow up	Substantial	Good	High: 0 Medium:4	All accepted
Young Carers Contract Management	Adequate	Good	High: 1 Medium:3	All accepted

- 3.13. The Young Carers services has been contracted out to a third party at a cost of £964,000 over 3 years. Currently in terms of inputs the contract is ‘over performing’ with estimated utilisation of 7,000 young people against an

original target of 6,000. However the KPI's set to monitor the contract are not being consistently applied and outcomes at present consist of selected case studies supplied by the contractor.

Safeguarding – protecting vulnerable adults

3.14. During this period no further adult safeguarding themed work has been undertaken, but as a reminder the following outcomes were derived from the follow ups undertaken in the first quarter.

	Assurance Level	Prospects for Improvement	Issues Raised	
Safeguarding framework – Adults – Follow Up	Substantial	Good	High: 1 Medium:4	4/5 actions implemented
Deprivation of Liberty (DOL's) – Follow Up	Adequate	Adequate	High: 4 Medium:1	3/4 high priority actions implemented 1 medium priority in progress

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15. In the next quarter we will be examining systems relating to protection of property as well as quality in care frameworks.

Financial and operating environments – critical systems and functions

- 3.16. As would be expected from an internal audit function, a considerable proportion of our work is centred on reviews of core critical financial and non-financial systems. We have audited a miscellany of topics during this period with the following outcomes:

	Assurance level	Prospects for Improvement	Issues Raised	
Family Placement Payments	Substantial	Good	High: 0 Medium:1	All accepted
Financial Assessments	Limited	Good	High: 2 Medium:5	All accepted
Treasury Management	High	Good	High: 0 Medium:0	N/A
Cashiers and Banking	Substantial	Good	High: 0 Medium:2	All accepted
2016-17 Staff Survey Actions	Adequate	Good	High: 1 Medium:0	All accepted
Members Training and Induction	Adequate	Adequate	High: 1 Medium:1	All accepted
Property Income Management	No (Provisional)	Uncertain (Provisional)	High: 3 Medium:0	See exempt item
IR35	Adequate	Good	High: 1 Medium:2	All accepted

KCC Payroll	Substantial	Very Good	High: 0 Medium:1	All accepted
Grants Follow Up	Adequate	Adequate	High: 3 Medium:2	TBC – report to CMT

- 3.17. As detailed previously the work we have undertaken on the management of the County Council’s £1.9 billion property portfolio which generates £5.3 million income per annum is reported under the exempt items on this Agenda
- 3.18. From 1st April 2017 public sector organisations have had a liability to assess workers providing their services through an intermediary (such as a Personal Services Limited Company or an agency). HMRC considers such ‘off payroll’ labour as potentially ‘disguised employees’ and KCC now assumes more tax responsibility and liabilities with potential financial sanctions for non-adherence to the legislation. With KCC the situation is further complicated by the arrangement for the supply of the majority of such staff through the Commercial Services C2K agency. Our testing showed that satisfactory arrangements are in place with C2K contractor staff with comprehensive procedures and an accurate audit trail of information exchange. The audit did however identify gaps with the HMRC tests for compliance for consultants and contractors employed outside of the arrangement with C2K.
- 3.19. Our follow up of grants focused on both Voluntary and Community Sector (VCS) grants (£13 million per annum) and non VCS grants (totalling £730,000 per annum). Since our previous audit a VCS policy and framework has been put in place providing a consistent transparent approach for awarding and monitoring such grants. Unfortunately such controls have not been applied to non-VCS grants, resulting in considerable inconsistencies and indeed an inability to verify the number of such schemes in place.
- 3.20. Since our Grants Follow Up audit a system of ‘Direct Awards’ has also been implemented which by-passes a number of areas such as advertisement and competitive testing. Unfortunately testing showed there was a lack of a number of key controls in place with no formal record of top level consents which are required under the Corporate Grant Procedure.
- 3.21. Our review of the controls and procedures governing the payroll function to KCC’s 13,000 staff determined they were strong and effective with only a few minor exemptions identified.

4 Other Audit Work including Grant Certification

- 4.1 We continue to independently review Troubled Families grant claims as well as certifying other grants (where required by funders) relating to Transport, Highways and EU grants. During this period we also reviewed the County Council's Carbon Reduction Commitment return and found it to be compliant.
- 4.2 We continue to diversify our work by offering a proportion of our services to other public sector related or associated bodies, including
- A 'Group Audit' function for Kent Commercial Services, Gen2, Invicta Law and to the future Education and BSC companies
 - Appointed auditor to 12 Parish Councils
 - Internal audit of Kent and Essex Inshore Fisheries and Conservation Authority
 - Internal audit of Kent and Medway Fire and Rescue Service
 - Management of the audit and fraud service at Tonbridge and Malling Borough Council
 - Undertaking an independent quality assessment of the internal audit and counter fraud function of a London Borough

Counter Fraud and Corruption

Fraud and Irregularities

- 5.1 We have recorded 111 irregularities in 2017/18 of which 43 remain under investigation and 68 have been closed. In comparison, we recorded 131 between April and December in 2016/17 (see CF1).
- 5.2 At the point an irregularity is referred to Internal Audit we estimate the potential value. Based on the information available at the time we have estimated the total value of all the irregularities reported to us in 2017/18 to date as £582,942.
- 5.3 The potential value of fraud from referrals is high because of an attempted mandate fraud occurring in 2017. An unknown person attempted to hijack the identity of one of our suppliers and change the supplier's bank details to an account operated by someone else. The steps taken by the payments control team who verified the bank accounts details of the supplier prevented any changes being made to payment information. Failure to do this

could have cost the Council £336,490, which is the value of the invoice that was paid days after the attempted fraud.

- 5.4 Kent's schools have also been targeted by mandate fraud in 2017-18. The counter fraud team continue to alert schools through KELSI in order to prevent other schools falling victim of this type of fraud.
- 5.5 From the 111 irregularities reported, 77 have been from the Social Care directorate (see CF3), although the majority (53) relate to misuse of the Blue Badge scheme. The most common type of referral reported to the counter fraud team remains misuse of the Blue Badge (see CF2). The most common source of referrals is from members of staff (see CF4).
- 5.6 The second highest irregularity reported is categorised as "Social Care Fraud". This category is made up of Direct Payment misuse, deprivation of capital, financial abuse by a third party and financial assessment fraud. Fraud awareness sessions have been completed with the Financial Assessment Teams to promote fraud prevention.

Fraud and Irregularity tables:

Table CF1 - Number of Irregularities Reported by Month

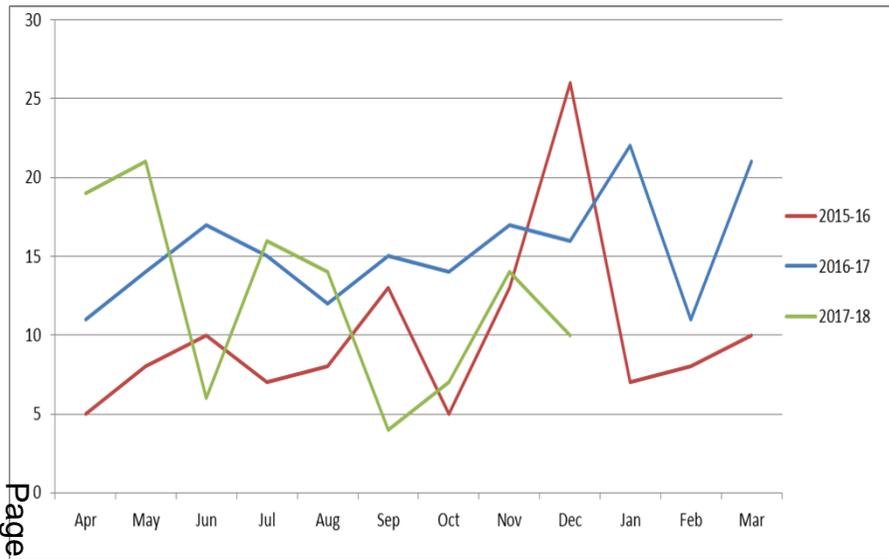
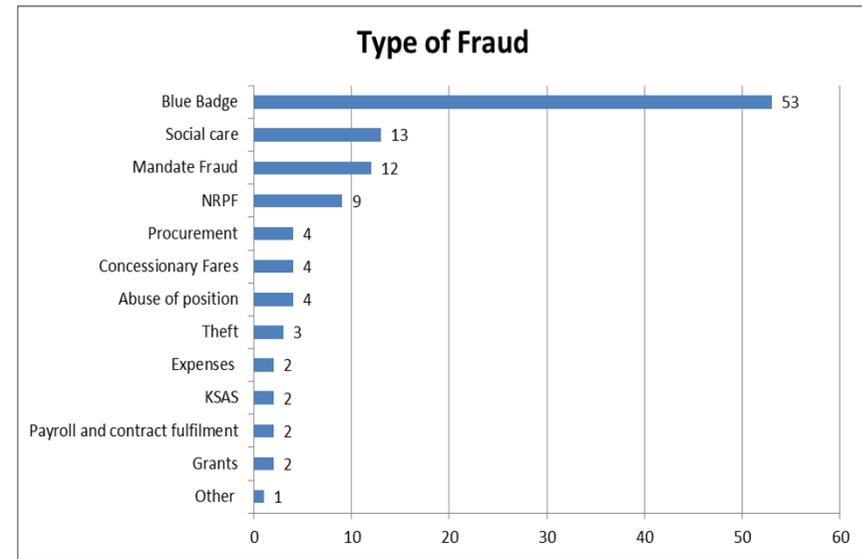


Table CF2-Irregularities by Type - 2017/18



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Table CF3 -Irregularities by Directorate

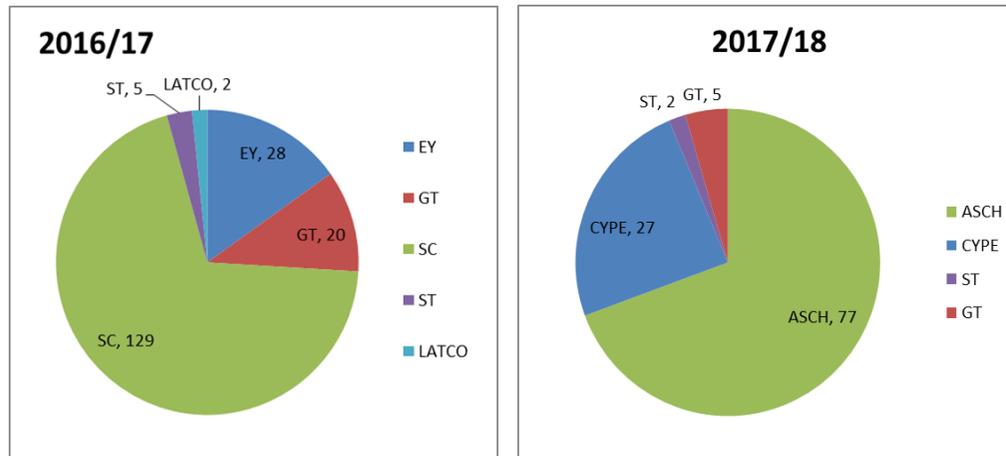
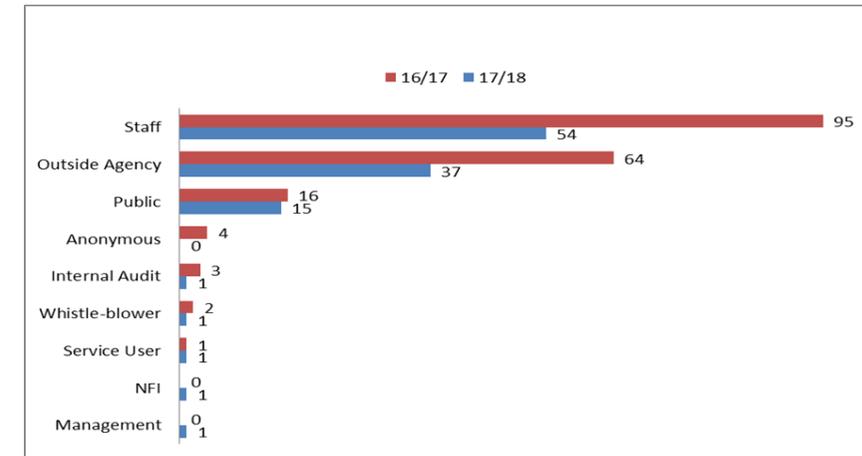


Table CF-4 Source of Irregularities



Kent Intelligence Network

- 5.7 The Kent Intelligence Network is a DCLG grant funded, Kent wide, cross local authority data analytics collaboration with the shared objective to detect, prevent and deter fraud and corruption. The Network has been actively operating since October 2016 and of the near £500k grant received just over half has been spent or committed. Since this date the Kent Intelligence Network has achieved savings of £292,000 to the general benefit of communities across the County.

6 Follow Ups

- 6.1 During this period we have followed up on the implementation of previously agreed actions from audits and counter fraud work. Over the review period 105 actions were agreed with Directorates in the County Council. Through a system of self-assessment by these departments which is followed through by independent test checking, the following outcomes emerge:

Priority	Actions	Completed	In progress	No action
High	31	14 (45%)	17 (55%)	0
Medium	74	46 (62%)	26 (35%)	2
Total	105	60 (57%)	43 (41%)	2%

- 6.2 Appendix C provides the detail behind these summary findings
- 6.3 Overall these results are particularly positive with only 2% of actions either not completed or not making any substantive progress. This continues a positive trend from the past two years.

7 Internal Audit and Counter Fraud Performance

7.1 Performance against our targets to the end of September 2017 are shown below:

Performance Indicator	Target	Actual
Outputs		
90% of Priority 1 audits completed (by year end)	56%	47%
20% of Priority 2 audits completed	7%	5%
Draft audit reports issued within agreed date on the engagement plan	60%	68%
No of fraudulent incidents / irregularities recorded	N/A	111
Outcomes		
% of high priority / risk issues agreed	N/A	100%
% of high priority / risk issues implemented	N/A	50%
% of all other issues agreed	N/A	99%
% of all other issues implemented	N/A	63%
Client satisfaction	90%	97%
Value for money / efficiency savings identified		£200,000
Total number of occasions on which a) fraud and b) irregularity was identified	n/a n/a	51 17
Total monetary value of (a) fraud and (b) irregularity that was detected		£435,634* £7,891*
Total monetary value of (a) fraud and (b) irregularity that was recovered		£15,321 £0

* These figures include unsuccessful attempted frauds that resulted in no loss and therefore do not require recovery.

7.2 In general the outputs are in line with our plans and the level of completion of audits is projected to deliver the audit and counter fraud plan outcomes and targets by the end of 2017/18.

8 Internal Audit and Counter Fraud Resources

8.1 We have no current concerns with audit and counter fraud resources and staff turnover is currently low. It is likely we will be re-locating within County Hall in the next 3 months to more suitable office accommodation. As previously highlighted, an increasing proportion of resources are being focused on special investigations.

9 Work in progress and future planned coverage

9.1 Appendix B updates progression against the agreed plan coverage and substantiates the estimation that we are on target to achieve our coverage. For the next quarter of the year we have a number of substantive audits to complete including:

Governance review of adult social care	Revenue Budget Monitoring
Children's Direct Payments	Economic Development
Children's Allowance Review Team	Apprenticeship Levy
Protection of Property	

9.2 As detailed in the covering report, we are currently consulting with Corporate Directors over the progression and updating of the 2017/18 plan to ensure it remains relevant to the risks facing the Council. For example, it is not unreasonable that the positive outcome and assurances received from OFSTED should impact on our children's services coverage for the remainder of the year.

9.3 We will also be reviewing coverage in light of the increased volume of special investigations and additional audits being commissioned.

10 In Conclusion

- 10.1 We are satisfied that over the past 6 months sufficient internal audit and counter fraud work has been undertaken to allow us to draw a positive conclusion as to the overall adequacy and effectiveness of KCC's standards of control, governance and risk management.
- 10.2 In addition line management have taken, or have planned, appropriate action to implement our issues and recommendations.
- 10.3 We believe we continue to offer added value to the organisation as well as providing independent assurance during a time of considerable change.

Appendix A – Summary of Individual 2017/18 Internal Audits issued from October 17 – mid January 2018

Data Protection – Preparing for the General Data Protection Regulations

Audit Opinion	Adequate
Prospects for Improvement	Good

Overall KCC has acted appropriately in regards to preparing for GDPR. A dedicated resource is in place to project manage compliance to GDPR and there is also a project team in place with representatives from across the Council. A satisfactory GDPR project plan has been produced which identifies the key actions that need to be completed to meet the requirements of GDPR. There is currently some project slippage, although as the legislative changes do not come into effect until May 2018 there is still time to recover from this.

Key Strengths

- There is good communication of GDPR requirements to Members, Senior Management and DivMTs, with a communication plan in place to continue building awareness.
- There is a Project Manager and Project Team in place which meets fortnightly to progress the project.
- There is a robust process already in place for information security incidents to be reported to the IR&T Team and considered for escalation to the ICO.
- Revised E-learning has been developed and is due for release in December 2017.

Areas for Development

- The project plan needs to be updated to include assigning responsibility for actions to the appropriate person.
- There is project slippage within critical actions/ tasks of the project, but at present the completion date of May 2018 is still feasible.
- There is need to have a consistent approach to how privacy notices are approached across services.

- The Data Inventory template needs to be aligned with the data sharing agreement checklist..
- The use of Privacy Impact Assessments (PIAs) need to be embedded within the commissioning/procurement/project processes.
- Two divisions (Strategic Commissioning and Corporate Assurance) are not yet represented on the GDPR working group.
- Guidance and processes need to be developed to comply with the obligation to rectify incorrect data, erase or restrict processing.

Prospects for Improvement

Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:

- Management have accepted all issues and developed appropriate actions.
- Project management has been enhanced through the appointment of a solicitor and trainee graduate with project management skills.
- Working group now representing all directorates/ divisions in place and meeting on a regular basis to progress required actions.
- Good oversight and communication between Project Manager and Senior Management.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	7	7	0
Low Risk	2	2	0

Audit Opinion	Adequate (Provisional)
Prospects for Improvement	TBC

Our audit confirmed that there are appropriate policies and written procedures in place to support mobile working. The technical risks around data security and management of the devices which link to KCC’s networks have been appropriately considered and robust controls are in place. However we found that there is limited awareness of the mobile working policies among managers and lack of promotion of the strategic decision to increasingly adopt mobile working arrangements in order to increase efficiencies and reduce costs.

As part of the audit, managers from across the Council were surveyed about how they view and approach mobile working and how they make use of the mobile working technology provided to them. The results of the questionnaire confirmed the findings outlined above.

Key Strengths

- The Council’s ICT strategy defines the expectations of the Council with regards to mobile working.
- The Council has two policies relating to mobile working, which define roles and responsibilities and identify risks associated with non-compliance.
- Software has been deployed which allows for updates to be pushed to the mobile devices as and when required.
- There are documented procedures in place for managing the system, covering setting up new devices, transferring or deleting accounts and remotely wiping devices that are lost, stolen or no longer in use.
- An appropriate standard for securing mobile devices is in place and is consistently applied.
- The Council has imposed adequate restrictions on mobile devices to

Areas for Development

- Many of the staff we interviewed during the audit were not aware of them and how to access them on KNet.
- Responsibility for promoting mobile working arrangements across the Council has not been assigned and there is no procedure in place for engaging with stakeholders to promote mobile working.
- There are no arrangements in place to review the current mobile working technologies in order to monitor their use and effectiveness.

Prospects for Improvement

- Good overall awareness within the Service Request and the Security & Infrastructure teams of the technical procedures for configuring, managing and securing devices provided to users for mobile working.
- The remit of the Business Change Programme (run by EODD) includes addressing the wider workforce cultural issues around mobile working, although this programme is currently at an early stage.
- Actions are planned to increase the visibility of the mobile working policies on KNet. Guidance on how to use mobile working technologies is readily available to staff.

Summary of Management Responses

	Number of issues raised in previous audit	Management Action Plan completed	Management Action in progress
High Risk	0	0	0
Medium Risk	3	3	0
Low Risk	1	1	0

Cloud Navigation Programme Governance Follow-up

Audit Opinion	Substantial (Provisional)
Prospects for Improvement	Good (Provisional)

Good progress has been made with the agreed action plans for all the issues – in particular the two High Risk issues are now complete. Work is on-going regarding the three remaining Medium Risk issues and completion is expected soon.

However, there has recently been a change of Programme Manager and a move away from PRINCE2 to Agile project management methodology. We understand that these changes were made to address delivery risks, but significant mid-programme changes such as these present their own risks. It is too early to establish the impact on the programme these changes.

Summary of progress with issues

	Number of issues raised in previous audit	Implemented and closed	Implementation in progress
High Risk	2	2	0
Medium Risk	3	0	3
Low Risk	0	0	0

Previous Issue	Conclusion from testing
Cost and Budget Monitoring (High Risk)	Resource costing has been undertaken and monitoring of budget against actual is taking place. Issue has been closed off.
Benefits Realisation (Medium Risk)	Work is on-going with a benefits tracker now completed but not fully operational or disseminated. Benefits are to be tracked and managed in consultation with the ICT Portfolio Assurance Manager. Revised date of implementation agreed.
Project Plans (High Risk)	A Programme Plan showing the Cloud Navigator projects has been created. A rolled up version showing the key milestones / dates is reported on a monthly basis. As soon as BSC have been commissioned to complete the Phase 2 projects a project plan for these will be created and added as a master Programme plan. Issue has been closed off.
Review of Programme Documentation (Medium Risk)	New processes are in place with regards to decisions and escalation yet the formal documentation of these, including an outline of the governance in place, has not been completed. Revised date of implementation agreed.
Internal Cloud Navigator Programme Board (Medium Risk)	An internal Board has not been established with issues are being raised in 1-1's. Revised date of implementation agreed.

Audit Opinion	Adequate (Provisional)
Prospects for Improvement	Good (Provisional)

The Young Carers contract is performing well with the service being provided to an increasing number of young carers proving to be good value for money for the Council. Teething issues identified have been addressed and resolved. The contract monitoring process has however identified that outcome based KPIs are difficult to measure in practice resulting in no performance information being provided; improved attendance at school and young carers identified as being NEET. Further, reliance is placed on the contractor in terms of the accuracy of the information provided. There is an apparent lack of joint working with Adults Young Carers and Early Help.

Key Strengths

Contract Monitoring Arrangements

- Contract monitoring information is received in accordance with the agreed timescales and performance measures.
- Regular contract review meetings are held whereby the data received from the contract provider for each district is reviewed and analysed.
- Case studies prepared by the contract provider demonstrate confirmation of positive outcomes being achieved by young carers.
- Payments are made to the provider in accordance with the agreed contract.

Relationship Management

- The contract is performing well. There is an open and transparent relationship between the contract provider and KCC.
- Both the contract provider and KCC are striving for continuous quality improvement and an improved service for the young carer.
- The monitoring and review process encourages open and honest feedback to facilitate a consistent high quality service being provided.

Reliance on Early Help Commissioned Services Monitoring Procedure

- A contract maturity report was prepared by the Commissioning Manager and reported to DivMT once the contract had been in place for 11 months. Issues identified with operational performance have been addressed.
- The Deep Dive process was evaluated as being a good contract monitoring tool, with key aspects of the service being reviewed.

Areas for Development

Contract Monitoring Arrangements

- There is inconsistent evidence of joined up working with the Adult Young Carer service.
- Whilst all KPIs reviewed were considered to be meaningful; some were considered by staff to be difficult to measure in practice. This demonstrates the need to move to a more outcome based contract.
- Parental consent is a barrier to the provision of the young carer service. There is no information as to the number of referrals for which parental consent was not provided.

Prospects for Improvement

- It was evident that performance varies from district to district and that the overall performance of the contract was improving month on month.

Summary of Management Responses

	Number of issues raised	Management Action developed	Plan	Risk accepted and no action proposed
High Risk	1	1		n/a
Medium Risk	3	3		n/a
Low Risk	0	0		n/a

Audit Opinion	Adequate
Prospects for Improvement	Good

The audit was able to confirm that satisfactory arrangements are in place to consider the impact of the changed IR35 legislation, in particularly around the mandated arrangements with Commercial Services, Connect2Kent (C2K). There are comprehensive policies and procedures in place and the exchange of information between KCC and C2K was accurate. A good audit trail of information around the decision process was in place.

The audit identified a potential gap in the process for identifying consultants/ contractors employed outside of the arrangement with C2K and the Procurement Team. The required HMRC tests for compliance may not have been carried out, with the possibility that consultants/ contractors may be treated incorrectly as being outside the HMRC IR35 arrangements.

Key Strengths

- Policies and procedures have been developed to provide information on the requirements of the HMRC IR35 legislation.
- Full information is available on KNET to supplement these policies and procedures.
- Good liaison and communication is in place between KCC and C2K to ensure that information is shared in a timely manner.
- The IR35 legislation is applied correctly on cases sourced by C2K with third party agencies.
- Finance work closely with Procurement to identify new suppliers who may need to be considered for IR35 status checks and moved onto the mandated agreement with C2K.

Areas for Development

- The audit identified nine consultants/ contractors employed outside of the mandated arrangements with C2K and paid direct by KCC. In these cases there may have been no assessment of the status of consultant/ contractor under IR35 as required by HMRC. There is therefore the potential for financial penalties on KCC from HMRC.
- A process is required to reconcile the information retained by KCC and C2K to ensure that data is complete and accurate. The audit confirmed that this process was under consideration but work had not yet been started. **See**
- There is no period set for the reassessment of consultant/ contractors status under IR35 to identify any changed circumstances.

Prospects for Improvement

- The officers in KCC and C2K are aware of the need to develop the processes to ensure that all consultants and contractors are captured for assessment against the IR35 regulations. Improvements have been discussed in regular liaison meetings and are planned to enhance the operation of the processes.
- There was a positive response to the audit findings within the teams responsible within KCC and C2K and good cooperation with the audit process

Summary of Management Responses

	Number of issues raised in previous audit	Management Action Plan completed	Management Action in progress
High Risk	1	1	n/a
Medium Risk	2	2	n/a
Low Risk	0	0	n/a

Audit Opinion	Substantial
Prospects for Improvement	Very Good

Overall the processes for managing the KCC Staff Payroll are effective, with only a few minor exceptions identified.

Key Strengths

- Supporting procedures are comprehensive and accessible for relevant staff.
- Access to the Oracle HR Payroll is well controlled, with only appropriate staff having relevant access according to duties undertaken.
- Staff training is well established, including personalised induction training for new staff, scheduled refresher training and team briefings on specific topics.
- Overall good records are maintained, although some minor exceptions were identified (see Areas for Development below).
- Officers and Members leaving KCC were processed promptly upon notification being received by the BSC.
- Payroll production processes are well established. A comprehensive checklist is in place and the whole cycle involves stages which are iterative to correct identified errors or changes required. Each step is signed off and verified by a senior member of staff and at critical stages by Operations Management.
- Amendments to pay e.g. maternity, prolonged sickness absence, change in hours and pay rises, were all processed timely and accurately by the BSC.

Areas for Development

- Quality assurance has been embedded since April 2015 and it would be prudent to revisit the process to establish if the current levels remain representative and the approach appropriate, based on previous results. In addition, some exceptions with the quality assurance were found.
- Some exceptions were found with arrangements for retaining supporting records in IDOX, however it is recognised that these represent a small percentage of the overall volume of the documents retained.
- One minor amendment is required to the Overpayments procedure.

Prospects for Improvement

Our overall opinion of **Very Good** for Prospects for Improvement is based on the following factors:

- The receptiveness and track record of staff to continuously improve processes and the control framework surrounding these is of note, particularly in relation to the overpayments processes where established procedures and communications have reduced the volume of cases and increased the recovery rate.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	n/a
Medium Risk	1	1	n/a
Low Risk	2	2	n/a

Grants Administration Follow-up

Audit Opinion	Adequate (Provisional)
Prospects for Improvement	Adequate (Provisional)

The follow up audit highlighted that the implementation of the Voluntary and Community Sector (VCS) policy and framework has provided a consistent approach within the authority to the application, awarding and monitoring of the grants paid to the voluntary and community sector organisations.

However, the administration of Non-VCS grants is inconsistent and a more structured framework needs to be implemented for applications, awards and monitoring. As a result we have concluded that only one of the recommendations in the 2015/16 Grant Administration audit has been fully implemented. The rest of the recommendations have been partially implemented. CMT are currently considering whether non-VCS grants should follow the VCS framework and the new issue we have raised into the Direct Award process.

Key Strengths

- A standardised grants process, including an application form and grant agreement, has been implemented and adopted for VCS grants across the authority.
- A centralised register of VCS grants is held by the Chief Accounts team and is published in line with the Transparency Code.

Areas for Development

- The processes followed for the administration of non-VCS grants (including the application, award, monitoring and reporting) remains inconsistent across the schemes.
- A standardised application form has been developed for each VCS grant, however, it does not ask for two of the minimum data requirements from 15/16 recommendations.
- There are varying practices of how non-VCS grants are awarded and there is inconsistency with the authorisation and/or recording of formal decisions for payments over £15,000; the required levels of authority do not align with the Council's scheme of delegation..
- There is no central record of grant agreements, contrary to the current Corporate Grant Procedure.
- The controls in place for the Direct Award process are absent and awards are not subject to scrutiny or challenge. Two of the Direct Award payments were over £15,000 but there was no formal record of Cabinet Member authorisation in line with the Corporate Grant Procedure.

Prospects for Improvement

TBC

Summary of Management Responses

	Number of issues raised in previous audit	Management Action Plan completed	Management Action in progress
High Risk	3	0	3
Medium Risk	2	1	1
Low Risk	0	n/a	n/a

Audit Opinion	Compliant
Prospects for Improvement	

We selected a sample of electricity and gas consumption figures for KCC properties and confirmed that the usage data was accurate based on the information held in the energy database (SystemLink). We confirmed the data extracted from Systemlink and used for the annual return conformed with the requirements and methodology set out in the Environment Agency CRC Guidance. In addition we tested the data supporting the Feed-In-Tariff Scheme and found the information had also been accurately compiled and reported. The CRC return for 2016/17 was completed and submitted to the Environmental Agency via an on-line portal in 26th July 2017.

Our evaluation of data and supporting documents within the evidence pack confirmed that it adheres to the requirements of the Environmental Agency. Minor administrative errors and omissions within the checklist were identified and resolved during the audit. The Head of Energy Management is responsible for reviewing and signing off the evidence pack. We have seen evidence to demonstrate that this was completed before the commencement of this audit.

The most recent purchase of CRC allowances in the buy-to-comply sale was completed in September 2017. Our testing confirmed that the allowance costs were paid timely and to the correct bank account. Our assurance rating of XXXX is based upon the following strengths and areas for development in relation to 2016/17 CRC Energy Efficiency Annual Return.

Key Strengths

- The energy consumption base data for the report is accurately and correctly collated in line with Environment Agency guidance;
- Responsibilities are clearly defined and followed, as evidenced in key documentation
- The CRC return was accurately produced, reflecting the energy base data;
- The evidence pack adheres to the requirements of the Environmental Agency;

Areas for Development

- Minor administrative errors and omissions within the evidence checklist were identified and resolved during the audit.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	n/a	n/a
Medium Risk	0	n/a	n/a
Low Risk	0	n/a	n/a

Appendix B - Audit Plan 2017/18 Progress

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
Core Assurance							
Business Continuity	Q4			Transformation & Change – 0-25 follow up	Postponed to 2018/19		
Performance Management, KPI's/Data quality	Q4			Transformation and Change – Adults phase 3 - Advisory	In Progress		
Risk Management	Q4			Transformation & Change – Business Service Centre - Advisory	Q4		
Annual Governance Statement	Complete	July 2017	Adequate/ Good	Transformation & Change – Checkpoint Reviews - Advisory	As required		
Information Governance	Q4			Transformation & Change – Change capacity and knowledge transfer	Planning		
Learning the lessons of LATCO's - Advisory	Complete	January 2018	Limited/Good	Declarations of Interest Priority 2			
Bribery & Corruption (follow up)	Complete	July 2017	Adequate/ Good	Income generation/ Commercialisation v business as usual Priority 2			
KCC Corporate Governance	Q4			Data Protection (including General Data Protection Regulations) GDPR element – Advisory Priority 2	Complete	January 2018	Adequate/ Good
Directorate Governance Review – Children, Young People and Education	Postponed to 2018/19			Service User feedback & engagement (KCC-wide) Priority 2			
Strategic Commissioning – new arrangements - Advisory	Q4			Directorate Governance Review – Adults Addition to plan in place of CY review	Q4		

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
Core Financial Assurance							
Revenue Budget Monitoring	In progress			Cashiers & Bank Recs	Complete	November 2017	Substantial/ Good
Schools Financial Services	Q4			T.D.M. System (for domiciliary care payments)	Planning		
Treasury Management	Complete	November 2017	High/ Good	Accounts Receivable Follow-Up Priority 2			
Financial Assessments	Complete	November 2017	Limited/ Good	Client Financial Affairs (KCC as Appointee) Priority 2	Q4		
Risk/Priority Based Audit							
Members Induction and Training	Complete	November 2017	Adequate/ Adequate	Young carers - contract management Priority 2	Complete (draft report)	January 2018	Adequate/ Good
Apprenticeship Levy	In Progress			Adults and Children's Finance Processes - Advisory Priority 2	Cancelled		
Use of Agencies and IR35	Complete	January 2017	Adequate/ Good	Domiciliary Care Priority 2			
KCC Payroll	Complete	January 2018	Substantial / Very Good	Redesign of 26+ Service – consultancy - Advisory Priority 2	Cancelled		
Developer Contributions (section 106 & CIL payments)	Q4			DCALDMH Service Provision redesign - Advisory Priority 2			
TFM Follow-up	Planning			Direct payments analytical review – Advisory Priority 2	Q4		

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
Health & Safety	Planning			Residence Arrangements - IFA,& Residential – including placements and payments Priority 2	Deferred to 18/19		
Grants Administration Follow-up	Complete (draft report)	January 2018	Adequate/ TBC	Troubled Families Returns	In progress & ongoing		
Property Income Management Priority 2	Complete (draft report)	January 2018	No/ Uncertain	Education Services Company - Advisory	Ongoing		
KNet and Website – including online payments Priority 2				School Themed Review - additional funding and SEN HNF	In progress		
KCC Recruitment/ entry controls Priority 2				SEN Transport	Postponed to 2018/19		
Recruitment and retention incentives (Social Care) Priority 2				EY systems Post-implementation	Postponed to 2018/19		
Contract management of GEN2 (including capital projects and data control) Priority 2				EHU revised model and outcomes	Cancelled due to Ofsted outcome		
Quality of Care themed review	Planning			Childrens Centres themed review follow-up	Complete	November 2017	Substantial/ Good
LD Lifespan Pathway Post Implementation	Deferred to 18/19			Youth Justice Priority 2	Cancelled		
Adult Safeguarding Follow-up	Complete	November 2017	Substantial/ Good	Front door - CRU & Triage integrated model Priority 2	Cancelled		

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
MCA/DoLS Follow-up	Complete	November 2017	Adequate/ Adequate	Economic Development inc Regional Growth Fund	Planning		
Protection of Property	In progress			BDUK –watching brief - Advisory	In progress		
Swift replacement project – consultancy - Advisory	Ongoing			Carbon Reduction Commitment – annual review	Complete	January 2018	Compliant
Disabled children - direct payments and managed service	In Progress			Kent Resilience Team Follow-Up Priority 2			
Foster Care - dependent on outcomes of service review could inc recruitment of foster carers	Cancelled due to Ofsted outcome			Local Growth Fund –phase 3 inc Major Highways Project Management Priority 2	Q4		
No Recourse to Public Funds	Complete	November 2017	Adequate/ Good	Contract Management in Libraries, Registration and Archives Priority 2			
Residence Arrangements 16+ (SAIFE) including placements and payments	In progress			Street Work Income Priority 2			
Childrens' Allowance Review Team inc SGOs	In progress						
ICT Audit							
ICT Strategy and Governance	Complete	November 2017	Substantial/ Good	Mobile Working Priority 2	Completer	January 2018	Substantial/ Good
Cloud Navigation – Programme Governance	Complete	November 2017	Limited/ Good	Software Licensing Priority 2			
Cloud Navigation – Watching Brief and Project Milestone Deep Dive	In progress			ISO27001 – BSC Readiness Assessment Priority 2			

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
ICT Asset Management	In Progress			Cloud Navigation – Programme Governance Follow-up	Complete (draft report)	January 2018	Substantial/ Good

Appendix C – Follow up of agreed audit actions



Limited assurance reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Highways Safety/ Crash Remedial Measures	05/12/16	2	1	1 1*	1					Amber
PCI DSS	19/06/15		2		1 1*					Amber
Member & Officer Expenses	09/08/16	1	1	1*	1					Amber
Financial Assessments	05/09/17	1	3	1*	3					Amber

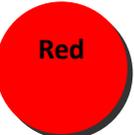
Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
The Old Rectory	18/08/16		1		1*					Amber
Cloud Navigation Programme Governance	03/08/17		1		1*					Amber
IT Disaster Recovery Planning	13/02/15	1		1						Green
Supervisions	07/07/15	1		1						Green
Optimisation	17/06/15	2		2						Green

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Contract Management Themed Review	25/04/16	1	1	1*	1					
Total Limited Audits		9	10	5 4*	7 3*	0	0	0		



Adequate assurance reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Unaccompanied Asylum Seeking Children (UASC)	05/08/15	1		1*						Amber
Customer Feedback	21/07/15	1	2	1	2					Green
Bribery and Corruption Follow-up	03/07/17	1	1	1*	1					Amber
Public Health Governance	01/03/16	1		1*						Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Transformation and Change – Delivery of Savings and Other Outcomes (Adults)	13/06/17		1		1					 Green
Accounts Receivable	22/05/17	1	1	1	1					 Green
Business Planning	17/01/17		1		1					 Green
Financial Assessments Follow-up	11/04/16	1		1						 Green
Schools Financial Services	09/06/15		1				1		<i>This will be followed-up during the upcoming audit of Schools Financial Services</i>	 Red

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Members Induction and Training	09/10/17	1		1*						Amber
Software Lifecycle Management	08/11/16		2		2*					Amber
Better Care Fund	02/02/16		2		1		1		<i>Risk accepted by management</i>	Red
Contact Point - Agilisys	11/10/16	2		2						Green
Property – Statutory Compliance	19/12/13		1		1*					Amber
Property – Disposal of Assets	11/05/17		1		1*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Carers Assessments	24/01/17	1	1	1*	1*					Amber
Enablement (KEaH) Service	28/07/15	1		1*						Amber
Central Purchasing Team	23/06/17	1	3	1	3					Green
OP Residential & Nursing Contract Re-Lets	16/12/15	1	1	1*	1*					Amber
UASC – Allocation of Accommodation	27/09/16	1	1	1	1					Green
Elective Home Education	21/08/17	2	4	2*	4*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
National Driver Offender Retraining Scheme – Phase 2	04/04/17	2	3	2*	1 2*					Amber
Risk Management	23/03/15		2		2				<i>Found as implemented as part of the 2016/17 Risk Management audit</i>	Green
Kent Resilience Team	19/07/16	2	3	2	3					Green
Total Adequate Audits		20	31	9 11*	17 12*	0	2	0		



Substantial assurance reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Departmental Governance Review - GET	28/03/17		5		5					
Workforce Planning and Talent Management			2		2*					
Community Learning and Skills	09/09/15		2		1 1*					
Children Centres Themed Review Follow-up	05/09/17		4		4					
Cashiers and Bank Income	11/08/17		2		2					

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Schools Improvement Team	03/01/16		3		2 1*					Amber
Oracle Application Review	10/09/15		1		1					Green
VAT	11/10/16		2		2					Green
ICES and Telecare Contract Management	12/01/17		1		1*					Amber
Quality Assurance Framework - Safeguarding Children / Online Case file audit process / Missing Children	06/11/15		2		1 1*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Early Help – Managing Step-up to Specialist Children’s Services	07/10/16		1		1*					Amber
Corporate Purchase Card	10/05/17		2		1 1*					Amber
Medium Term Financial Planning	03/01/17		1		1*					Amber
Family Placement Payments – Controcc Implementation Phase 2	05/07/17		1		1					Green
IT Strategy and Governance	26/07/17		1		1*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
KCC/ KMPT Partnership Agreement & AMHP (Approved Mental Health Professional) Service	18/07/16		3		2 1*					
Total Substantial Audits		0	33	0	22 11*	0	0	0		

Other types of engagement including consultancy

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Enablement Expenses	19/01/17	1		1*						
Safety Camera Partnership and Speed Awareness	21/11/16	1		1*						
Total Other Engagements		2	0	2*	0	0	0	0		

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Summary of all issues due:

	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
	High	Medium	High	Medium	High	Medium	
Total All Audits	31	74	14 17*	46 26*	0	2	0

Appendix D - Internal Audit Assurance Levels

Assurance opinion	Definition
High	There is a sound system of control operating effectively to achieve service/system objectives. Any issues identified are minor in nature and should not prevent system/service objectives being achieved.
Substantial	The system of control is adequate and controls are generally operating effectively. A few weaknesses in internal control and/or evidence of a level on non-compliance with some controls that may put system/service objectives at risk.
Adequate	The system of control is sufficiently sound to manage key risks. However there were weaknesses in internal control and/or evidence of a level of non-compliance with some controls that may put system/service objectives at risk.
Limited	Adequate 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 if unresolved they may result in system/service objectives not being achieved.
No assurance	The system of control is inadequate and controls in place are not operating effectively. The system/service is exposed to the risk of abuse, significant of error or loss and/or misappropriation. This means we are unable to form a view as to whether objectives will be achieved.
Not Applicable	Internal audit advice/guidance no overall opinion provided.

Prospects for Improvement

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.

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.

Adequate

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.

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.

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 18

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