

GOVERNANCE AND AUDIT COMMITTEE

Tuesday, 25th January, 2022

10.00 am

**Council Chamber, Sessions House, County Hall,
Maidstone**

**There will be a General Development Session for
Members of the Committee in the Council Chamber at
9.30 am on the day of the meeting.**





AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Tuesday, 25th January, 2022, at 10.00 am
Council Chamber, Sessions House, County
Hall, Maidstone

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

Membership (12)

Conservative (7)	Mrs R Binks (Chairman), Mr R A Marsh (Vice-Chairman), Mr N J D Chard, Mr D Jeffrey, Mr H Rayner, Mr R J Thomas and Mr S Webb
Labour (1)	Mr A Brady
Liberal Democrat (1):	Mr A J Hook
Green and Independent (1)	Mr M A J Hood
Independent Member (1)	Dr D A Horne

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 - 30 November 2021 (Pages 1 - 6)
5. Review of KCC's Risk Management Policy, Strategy and Programme (Pages 7 - 28)
6. Corporate Risk Register (Pages 29 - 98)
7. Treasury Management Update (Pages 99 - 118)

8. External Audit Progress Report and Sector Update (Pages 119 - 146)
9. Internal Audit Progress Report (Pages 147 - 178)
10. Counter-Fraud Update (Pages 179 - 186)
11. Governance and Audit Committee Effectiveness - Training and Development Programme (Pages 187 - 192)
12. Updated Financial Regulations (Pages 193 - 240)
13. Performance of KCC wholly owned companies (Pages 241 - 246)
14. Statutory Accounts for those Companies in which KCC has an interest. (Pages 247 - 254)
15. Code of Corporate Governance (Pages 255 - 276)
16. Policy Review (Pages 277 - 334)
 - a) Anti-Money Laundering Policy
 - b) Anti-Bribery Policy
 - c) Anti-Fraud and Corruption Strategy
 - d) Whistleblowing Policy – Internal and External
17. Other items which the Chairman decides are urgent
18. Motion to exclude the public
that under Section 100A of the Local Government Act 1972 that the public be excluded for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

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

19. Internal Audit Progress Reports (Pages 335 - 344)
20. Equity Schemes funded by the Regional Growth Fund (Pages 345 - 362)
KCC RGF Bespoke Equity Fund (KRBEF)
Discovery Park Technology Investment Fund (DPTI)
Kent Life Science Fund (KLS)
21. East Kent Opportunities LLP (Pages 363 - 380)

Benjamin Watts
General Counsel
03000 416814

Monday, 17 January 2022

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.

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 30 November 2021.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr N J D Chard, Mr M A J Hood, Mr D Jeffrey, Mr H Rayner, Mr R G Streatfeild, MBE (Substitute for Mr A J Hook), Mr R J Thomas and Mr S Webb

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mrs C Head (Head of Finance Operations), Miss E Feakins (Chief Accountant), Mr J Flannery (Principal Auditor), Ms F Smith (Audit Manager), Ms P Blackburn-Clarke (Quality Assurance Manager) and Mr M Rolfe (Head of Kent Scientific Services/Interim Head of Kent Resilience Team)

UNRESTRICTED ITEMS**56. Declarations of Interest**

(Item)

Mr S Webb informed the Committee that he was in receipt of a KCC Pension and would therefore not participate in any discussion that involved the Superannuation Fund.

57. Minutes

(Item 4)

RESOLVED that the Minutes of the meetings held on 22 September 2021 and 7 October 2021 are correctly recorded and that they be signed by the Chairman.

58. Draft Statement of Accounts

(Item 5)

(1) The Head of Finance Operations and the Chief Accountant presented the draft Statement of Accounts for 2020/21.

(2) The Corporate Director of Finance undertook to provide a response to Committee Members on the following questions:-

(a) The reason for the £13m Kings Hill smoothing reserve figure in paragraph 2.13 of the report.

(b) The proportion of “unknown unknowns” in the Assumptions of Fair Value Measurements set out in Note 5 of the report.

(c) The reason for the value of £1.316m for the 8 windmills in Note 21 of the report.

(d) The reason for the annual increase in the Vehicles, Plant and Equipment reserve in Note 25 of the report.

(e) The reason for unreceipted orders under the "Payments Reserves" heading in Note 25 of the report.

(3) Members commented that Schools should be challenged to explain why money was held in reserve rather than being spent on the needs of pupils during the school year.

(4) Mr H Rayner moved that approval of the Statement of Accounts be delayed pending the receipt of satisfactory answers to the questions set out in (2) above. This motion fell for lack of a seconder.

(5) RESOLVED that:-

(a) approval be given to the Statement of Accounts for 2020/21;

(b) approval be given to the Letters of Representation;

(c) the recommendations in the Audit Findings Report be noted; and

(d) the Corporate Director of Finance be requested to provide all Members of the Committee with answers to the questions set out in (2) above within 10 working days.

59. Annual Governance Statement

(Item 6)

(1) The General Counsel presented the final draft of the Annual Governance Statement.

(2) During discussion of this item, Members identified 3 areas for development. These were the process for Urgent Decisions; strengthening the Code of Conduct; and the process for proposing motions and amendments.

(3) Members commented that paragraph 16.2 of the Constitution did not give non-Committee Members an unequivocal right to speak; that there were concerns over KCC's preparedness to meet its statutory Unaccompanied Asylum-Seeking Children in the light of worldwide regional conflict; and that the High Needs deficit should be identified as both a statutory and budgetary risk. If the current level of debt under this heading were to continue, the Corporate Director of CYPE should be invited to discuss this matter with the Committee.

(4) On being put to the vote, the Annual Governance Statement was approved was approved by 8 votes to 0 with 1 abstention.

(5) RESOLVED that:-

- (a) approval be given to the Annual Governance Statement;
- (b) the update on governance activity set out in the report be noted subject to the comments set out in (2) and (3) above.

60. External Audit Audit Findings Report 2021/21- KCC
(Item 7)

(1) Mr Parris Williams from Grant Thornton UK LLP introduced the External Audit Findings for 2020/21 which gave an unqualified opinion.

(2) In response to Members' comments and questions, the General Counsel offered to provide a specific Exempt report on the "Related party interest of Councillors" to the next meeting of the Committee. He also undertook to provide the Committee Members with a full explanation of the "Unsigned Cantium Contract" identified in the Findings report.

(3) RESOLVED that subject to (2) above, the KCC External Audit Findings Report 2020/21 be noted for assurance.

61. External Audit - Draft Audit Findings Report 2020/21 - Kent Superannuation Fund
(Item 8)

(1) Mr Paull Dossett and Mr Parris Williams from Grant Thornton UK LLP presented the Kent Superannuation Fund draft External Audit Findings Report for 2020/21 explaining that no significant issues had arisen and that the report was now capable of being finalised.

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

62. Financial Reporting Council (FRC) Report on Local Audit
(Item 9)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the findings of the Financial reporting Council (FRC) which had examined 9 of Grant Thornton's audits, including those for KCC and the Kent Superannuation Fund. The results of this examination had been positive with no issues of significance being recorded.

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

63. Kent Pension Fund Auditor Risk Assessment
(Item 10)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report which set out a range of questions and Management's responses to them on the Pension Fund's processes in relation to general enquiries of management, fraud, law and regulations, going concern, related parties and accounting estimate.

- (2) RESOLVED that agreement be given to the management responses provided to Grant Thornton UK LLP.

64. KCC Annual Customer Feedback Report 2020-21

(Item 11)

- (1) The Delivery Manager – Engagement and Consultation provided a summary of the compliments, comments and complaints recorded by the Council. The report included statistics relating to customer feedback received by the Council and a sample of complaints considered by the Ombudsman.
- (2) In response to Members' concerns, the General Counsel said that the Corporate Management Team (CMT) was satisfied that home working was not undermining performance within the Council, but undertook to inform the CMT that the question had been raised at the Committee meeting that home working might have been responsible for the late responses to complaints.
- (3) RESOLVED that the report be noted for assurance.

65. Covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests 2020-21

(Item 12)

- (1) The Head of Kent Scientific Services reported on the use of covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2020 and 31 March 2021.
- (2) RESOLVED that the report be noted for assurance.

66. External Auditor appointment process

(Item 13)

- (1) The Corporate Director of Finance introduced the report which recommended that the should recommend to the County Council that it should opt into the national scheme for auditor appointments managed by *Public Sector Audit Appointments* (PSAA) as the appointing person.
- (2) RESOLVED that the County Council be recommended to accept PSAA's invitation to opt into the sector-led option for the appointment of its external auditors for five financial years from 1 April 2023.

67. Counter Fraud Update

(Item 14)

- (1) The Counter Fraud Manager presented the report on Counter Fraud activity undertaken for Quarter 1 of 2021/22, including reported fraud and irregularities.

(2) Members of the Committee noted that over half of Kent's Districts had reported no referrals for Blue Badge offences in the Quarter. The Counter Fraud Manager informed the Committee that since the Enforcement Days in August 2021, the number of referrals had risen , particularly in Dartford and Tonbridge and Malling.

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

68. Internal Audit Progress Report

(Item 15)

(1) The Head of Internal Audit and the Audit Manager introduced the Progress Report which provided an accumulative summary view of the work undertaken by Internal Audit during July to October 2021 together with the resulting conclusions, where appropriate.

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

EXEMPT ITEMS
(Open access to Minutes)

The Committee resolved under Section 100A of the Local Government Act 1972 that the public be excluded for the following business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

69. Internal Audit progress report (Exempt)
(Item 18)

(1) The Head of Internal Audit reported on audits carried out on the Adult Social Care and Health Day Care Centre Review; the Schools Themed Cyber Security Review; the Imprest Accounts Follow-Up; and the ICT Management of Backups for Applications, Data and Active Network Devices Audit.

(2) During discussion of these audits, The Committee agreed to ask the relevant Corporate Directors and Chief Officers to attend the next meeting of the Committee in order that it could consider these audits in detail. An invitation would also be extended to the Chairmen of the relevant Cabinet Committees.

(3) RESOLVED that:-

- (a) the report be noted;
- (b) the relevant Corporate Directors and Chief Officers be invited to attend the next meeting of the Committee in order that the audits can be considered in detail; and
- (c) the relevant Cabinet Committee Chairmen be invited to attend.

By: Roger Gough, Leader of the Council
David Cockburn, Corporate Director for Strategic &
Corporate Services and Head of Paid Service

To: Governance and Audit Committee – 25th January 2022

Subject: **Review of KCC’s Risk Management Policy, Strategy
and Programme**

Classification: Unrestricted

Summary:

The Governance and Audit Committee reviews the Council’s Risk Management Policy & Strategy and Programme annually.

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 covers a rolling 3-year period to reflect the medium-term nature of the strategy. This has not affected the requirement for the Policy & Strategy to be reviewed and approved annually.
- 1.3 KCC’s Risk Management Policy & Strategy draws on best practice from several sources, in particular the UK implementation of the international standard for risk management, *ISO 31000:2018 Risk management - Guidelines*; the HM Treasury and Government Finance Function’s “*Orange Book: Management of risk – Principles and Concepts*”; and examples from other organisations. The document was significantly refreshed ahead of its approval by this Committee in January 2021 and consequently only features very minor changes this year. The document is attached in appendix 1.
- 1.4 There is a small Corporate Risk and Assurance Team of 4.5 FTE that acts as corporate advisors of risk at a strategic level and has day-to-day responsibility for developing and co-ordinating risk management across the Council, providing advice, support and training and contributing to the ongoing reporting and analysis of risks. This also includes reinforcing KCC’s risk management framework throughout major change activity across the Council. The team looks to continually improve and update corporate risk management procedures based on current best practice and lessons learned and has aligned its work plan with the objectives set out in the Policy & Strategy.

2. Supporting Procedures, Communication and Review

- 2.1 The Risk Management Policy & Strategy is supported by a Risk Management Toolkit containing more detailed advice and guidance for managers, including a breakdown of risk management processes and other parts of the framework.

3. Review of Risk Management Work Programme 2021

- 3.1 The annual review of the KCC Risk Management Programme 2021, set against the objectives and priorities laid out in the Risk Management Policy & Strategy, is outlined below:

Objective / Action from Strategy	Current Position and Latest Developments
<p>Integrating risk management practices into the Council’s decision making, business planning, performance and management activities, particularly focusing on robust analysis, scrutiny and evaluation of mitigating controls and further actions.</p>	<p>The Corporate Risk Team engages regularly with senior and middle managers, at an individual level and with management teams at corporate, directorate, divisional and in some instances service level. This involves facilitation, including challenge, regarding suitability and effectiveness of controls, upcoming actions and risk ratings.</p> <p>Over the past year there has been greater emphasis on engagement with Heads of Services via divisional management team meetings in order to develop further oversight of operational risks and more of a “bottom-up” picture.</p> <p>Risk Management messages are aligned with business planning processes and timelines.</p> <p>Behavioural factors important for effective risk management are embedded in KCC values and cultural attributes – for example risk management features as part of the list of corporate responsibilities outlined for all managers at grade KR 12 and above.</p> <p>The Council’s Quarterly Performance Report, reported to Cabinet quarterly and County Council annually, contains a section on the Corporate Risk Register, including progress against mitigating actions.</p> <p>The Corporate Risk Team provides project management training sessions to support those looking to attain Association of Project Management (APM) qualifications, helping to build capacity across the organisation to manage significant projects.</p> <p>Annual Governance Statements are reviewed to give</p>

	<p>assurance that risk information is being used to feed into them and check whether issues being raised represent risks for KCC going forward.</p>
<p>Utilising available business technology to aid visibility and analysis of key risk information across the organisation, including connectivity between risks.</p>	<p>The Council's Risk Management database is used to capture business risks across the Council, improving visibility and enabling better corporate oversight. As of January 2022, there were 317 open risks on the system and the number of users has increased during the past year (63 users with edit access and 225 who can view the system). This reflects a focus on capturing more service-level risks.</p> <p>A training webinar has been developed and run to aid effective use of the system.</p> <p>Thematic analysis takes place on cross-cutting risks – examples in 2021 included workforce and information governance risks. The analysis acts as a prompt for discussions around risk and control ownership and effectiveness of mitigations.</p> <p>The Team has also been working with colleagues in the Governance, Law and Democracy division to develop an Information Governance dashboard to help build and monitor trends and patterns and aid decision-making.</p> <p>Risk information is shared with colleagues across the organisation involved in the coordination of risk management activities, including risk registers, via Microsoft Teams site.</p>
<p>Providing a varied risk management training and development offer for both officers and elected Members, as part of KCC's broader Leadership and Management Strategy.</p>	<p>A pre-existing universal eLearning package has been supplemented by new webinars relating to how KCC manages risk; a tutorial on the risk management database; and managing risk in a project environment. From January to December 2021, 67 people had completed the universal package, there were 63 attendees for the Managing Risk in KCC webinar; 24 for the Risk database webinar; and 22 attendees for the project risk session.</p> <p>In addition, there have been 11 attendees at study sessions for Association of Project Management (APM) exams that have been conducted throughout the year.</p> <p>Based on feedback received, a session on Tools and Techniques for identifying risks is planned for January 2022.</p>

	<p>The Risk Management Toolkit has also been refreshed to promote aspects of the Policy & Strategy, with further developments planned, such as ‘bitesize’ sessions on key topics.</p> <p>In conjunction with the Organisation Development team, Management of Risk (MoR) Foundation and Practitioner courses are now available on the KCC Delta learning and development site.</p>
<p>Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.</p>	<p>An Integrated Assurance approach was endorsed by the Strategic Reset Programme (SRP) Board in February 2021. This has included conducting, advising on and reviewing business cases for projects and programmes in the Strategic Reset Programme as they develop and providing recommendations.</p> <p>There is regular liaison with the Strategic Reset Programme Team on programme-wide risks and how they may connect with existing ‘core business’ risks.</p> <p>The approach is to be reviewed with the SRP Board in February 2022.</p>
<p>Reviewing the Council’s risk appetite to ensure it remains aligned with strategic objectives, while promoting a wide understanding of how it translates into tolerance levels within service or programme settings.</p>	<p>The Council’s overarching risk appetite statement is outlined in the KCC Risk Management Policy & Strategy.</p> <p>During autumn 2021 risk appetite conversations were built into the Corporate Risk Register refresh meetings with Corporate Management Team and Cabinet Members, alongside the budget development process and initial development of next KCC Strategic Statement.</p> <p>There is practical guidance for managers regarding risk appetite and tolerance within the Risk Management toolkit.</p> <p>Risk appetite has also been discussed as part of major change activity, including task and finish groups when considering development of a Data Strategy for KCC.</p> <p>Further work on risk appetite is planned with working groups in 2022 to review how risk appetite translates into policies and procedures across the council.</p>
<p>Intelligence sharing and collaboration between risk management and</p>	<p>The Corporate Risk Team has a positive, collaborative working relationship with the Internal Audit and Counter-Fraud function, sharing intelligence on</p>

<p>assurance disciplines across all Council activities, consolidating ongoing learning, experience and knowledge. This includes ensuring understanding of how each of the “three lines of assurance” contributes to the overall level of assurance required and how these can be best integrated and mutually supportive.</p>	<p>findings from risk reviews; on activities such as assurance mapping; as well as liaising to prevent duplication and complement each other’s work in instances where the Internal Audit function is offering consultancy-type services.</p> <p>The Risk Team has also given training to new auditors on Risk Management and how it operates at KCC, including use of the Risk Management database, which aids a more efficient process for reviewing risk registers.</p> <p>As part of a KCC Risk Management network the Lead Officers for risk specialisms i.e. Health & Safety, Resilience and Emergency Planning, Information Resilience and Transparency, Insurance, as well as Internal Audit and Counter Fraud meet to share intelligence and align activities where possible. A quarterly routine has been re-established from January 2022.</p> <p>Work on Key Risk Indicators is progressing in conjunction with directorate Management Information leads and the corporate Analytics and Performance function, to align with business planning and performance management processes.</p> <p>Representatives from the Corporate Risk Team are assigned to working groups associated to key risk areas for oversight and to offer a corporate perspective. Examples include involvement in cross directorate groups relating to information governance, business continuity / resilience and the PREVENT agenda.</p>
<p>Operating sound and transparent risk management arrangements with our partners and providers, underpinned by a culture that supports collaboration and the development of trust, ensuring clarity of risk and control ownership and striking a proportionate balance of oversight of partner / provider risks without being over-constrictive.</p>	<p>The Risk Team is part of a newly established, informal, Kent Risk Network along with District Council representatives involved in risk management processes, with part of its remit to focus on place-based risks that are common to local partners across the county.</p> <p>The Team is linking in with officers in the Strategic Commissioning function to ensure a risk management perspective is appropriately fed into the work to refresh commissioning standards for KCC.</p> <p>As a result of the corporate risk register refresh in autumn 2021, there has been increased emphasis on the impacts of risks in the supply chain and markets.</p>

	The Corporate Risk Team will be focusing more on these areas in the coming months.
Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.	<p>Key messages are communicated via regular engagement with management teams.</p> <p>Messages are sent out to promote new initiatives or training and Microsoft Teams sites are also being used to communicate targeted messages e.g. to Risk or Project Management networks.</p> <p>Liaison is taking place with the Internal Communications team regarding timing of risk management messages throughout the year i.e., alongside business planning processes. This includes a planned risk-focused session for the “Challenger” senior manager group, as well as the “T200” middle manager cohort.</p>
Subjecting KCC’s risk management arrangements to regular review to determine their continued adequacy and effectiveness.	<p>There is an annual audit of Risk Management arrangements by Internal Audit as part of its “core assurance” for the Council, which is reported to the Governance & Audit Committee and feeds into the Annual Governance Statement. The 2020/21 Audit Plan focused on the adequacy and robustness of risk management at ‘grass roots’ level. The audit attracted a “Substantial” audit opinion, with “Very Good” prospects for improvement.</p> <p>KCC chairs a regional Risk Management Network where good practice and ideas are shared, allowing for informal benchmarking against other local authorities.</p> <p>The Risk Team has membership of the national Association of Local Authority Risk Managers (ALARM) body, with access to resources, best practice etc.</p>

- 3.2 In addition to the summary of activity above, the team has been involved in conducting several reviews commissioned by the Corporate Management Team to capture lessons learned and support the principle from the risk management framework of continual improvement in the management of risk.
- 3.3 Work against these medium-term objectives will continue to be built into the Corporate Risk Team’s work plans for 2022-23, including any issues arising from the upcoming 2021-22 Internal Audit of Risk Management arrangements.

4. Recommendations

4.1 Members of the Governance and Audit Committee are asked to:

- a) APPROVE the Risk Management Policy & Strategy 2022-2025; and
- b) NOTE the report on the Risk Management Programme for assurance

Report Author:

Mark Scrivener
Corporate Risk Manager
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Relevant Director:

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance
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Risk Management Policy & Strategy 2022-25

January 2022

POLICY OWNER:

David Whittle

Director Strategy, Policy, Relationships and Corporate Assurance

Sessions House, Maidstone

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POLICY AUTHOR:

Mark Scrivener

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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. Statement of Commitment

- 1.1 The Cabinet and the Corporate Management Team are committed to effective risk management and see it as a key part of KCC's responsibility to deliver effective public services to the communities within Kent.
- 1.2 There is a shared commitment to embedding risk management throughout the organisation, promoting a positive risk culture and making it a part of everyday service delivery and decision-making, ensuring that sufficient resources are allocated. This includes fostering an environment that embraces openness, supports integrity, objectivity, accountability and transparency in the identification, assessment and management of risks, welcoming constructive challenge and promoting collaboration, consultation and cooperation. We must invite scrutiny and embrace expertise to support decision-making, invest in the necessary capabilities and seek to continually learn from experience.
- 1.3 By implementing sound management of our risks and the threats and opportunities that flow from them we will be in a stronger position to deliver our organisational objectives, provide improved services to the community, achieve better value for money and demonstrate compliance with the Local Audit and Accounts Regulations. Risk management will therefore be at the heart of our good management practice and corporate governance arrangements.
- 1.4 Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. To meet our objectives, improve service delivery and achieve value for money for the residents of Kent, risk management must be an essential and integral part of planning and decision-making.

2. Purpose and Scope of the Policy and Strategy

- 2.1 The aim of this Risk Management Policy and Strategy is to support the delivery of organisational aims and objectives through effective management of risks across the Council's functions and activities, applying appropriate risk management processes, analysis and organisational learning.
- 2.2 It explains our approach and outlines the principles of risk management, as well as clarifying risk management roles and responsibilities across the council. This document is aligned with the Council's key organisational strategies and plans and is part of our risk management framework.
- 2.3 This policy applies to all of KCC's 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. It is also expected that our significant contractors have risk management arrangements at a similar level, which should be established and monitored through commissioning processes and contract management arrangements.

- 2.4 This document draws on several sources. This includes the Cabinet Office publication *Management of Risk: Guidance for Practitioners*; the most recent HM Treasury publication “*The Orange Book: Management of Risk – Principles and Concepts*”; and is informed by the UK implementation of the international standard for risk management BS *ISO 31000: 2018*.
- 2.5 There are different but aligned risk management processes that are applied at different levels within the organisation. Risk specialists are embedded across the organisation in areas such as Health and Safety; Treasury Management; Emergency Resilience and Business Continuity; Insurance; Information Security and Governance; Counter-Fraud etc. These specialist risk areas each have their own policies, procedures and processes that are built into the governance arrangements of the council so that work is coordinated within the council’s overall risk management framework.
- 2.6 The Policy and Strategy is supported by a Risk Management Toolkit that guides, supports and assists staff in achieving successful risk management.

3. Risk Definitions

- 3.1 Risk is defined as, “The effect of uncertainty on objectives. It can be positive, negative or both and can address, create or result in opportunities and threats.”
- 3.2 Risk management is defined as: “Co-ordinated activities to direct and control an organisation with regard to risk.”
(*BS ISO 31000:2018 Risk Management Guidelines*)

4. Risk Management Strategy

- 4.1 The operating environment for local government has become increasingly challenging over the past decade, in terms of growing and complex service demand, additional statutory requirements and increasing resident expectations, all set against a backdrop of local government funding restraint. This continuing trend requires greater collaboration, system-wide planning and a strong understanding of risk across public services.
- 4.2 In addition, the coronavirus pandemic and its major social and economic impacts has been fundamentally changing the risk environment, with it likely to be even more volatile, complex and ambiguous for a number of years. The risks arising in this environment will often have no simple, definitive solutions and will require whole-system-thinking, aligned incentives, positive relationships and collaboration, alongside relevant technical knowledge, to support multi-disciplinary approaches to their effective management.
- 4.3 The operating environment will also require the Council to continually review its risk appetite, not only to ensure the right balance is struck between risk, innovation and opportunity, but to consider how much control can be exerted over risks, many of which cannot be directly mitigated by the Council alone.

4.4 In the context of continual and fast-paced change, our elected Members will need to make challenging policy and budgetary decisions, while maintaining a longer-term view, so officers will need to provide the right balance of evidence, insight, advice and understanding of risk and opportunity.

5. Risk Management Objectives

5.1 In support of the Council's governance and internal control arrangements and achievement of KCC's objectives, the Council is committed to:

- Managing risk in accordance with good practice and sound governance principles.
- Embedding effective risk management into the design, values and culture of the council.
- Integrating the identification and management of risk into policy and operational decisions.
- Proactively anticipating and responding to changing social, economic, political, environmental, legislative and technological requirements that may impact on delivery of our objectives.
- Eliminating or reducing negative impacts, disruption and loss from current and emerging events.
- Harnessing risk management to identify opportunities that current and emerging events may present and maximise benefits and outcomes
- Managing risks in line with risk appetite.
- Promoting openness and transparency in risk management processes.
- Raising awareness of the need for risk management by all those connected with the Council's delivery of services.

5.2 KCC will achieve these aims by:

- Integrating risk management practices into the Council's decision making, business planning, performance and management activities, particularly focusing on robust analysis, scrutiny and evaluation of mitigating controls and further actions.
- Utilising available business technology to aid visibility and analysis of key risk information across the organisation, including connectivity between risks.
- Providing a varied risk management training and development offer for both officers and elected Members, as part of KCC's broader Leadership and Management Strategy.
- Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.
- Reviewing the Council's risk appetite to ensure it remains aligned with strategic objectives, while promoting a wide understanding of how it translates into tolerance levels within service or programme settings.
- Intelligence sharing and collaboration between risk management and assurance disciplines across all Council activities, consolidating ongoing learning, experience and knowledge. This includes ensuring understanding of how each of the "three lines of assurance" contributes to the overall level of

assurance required and how these can be best integrated and mutually supportive.

- Operating sound and transparent risk management arrangements with our partners and providers, underpinned by a culture that supports collaboration and the development of trust, ensuring clarity of risk and control ownership and striking a proportionate balance of oversight of partner / provider risks without being over-constrictive.
- Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.
- Subjecting KCC's risk management arrangements to regular review to determine their continued adequacy and effectiveness.

6. Risk Management Principles and Framework

6.1 As an integral part of our management systems, and through the normal flow of information, our risk management framework harnesses the activities that identify and systematically anticipate and prepare successful responses.

6.2 The framework is designed to support a comprehensive view of the risk profile, aggregated where appropriate, in support of governance and decision-making requirements. It supports the consistent and robust identification and management of risks within desired levels across the organisation, supporting openness, challenge and innovation in the achievement of objectives.

6.3 There are five key principles of risk management that provide the basis on which KCC will manage risk:

A. Governance and Leadership – risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

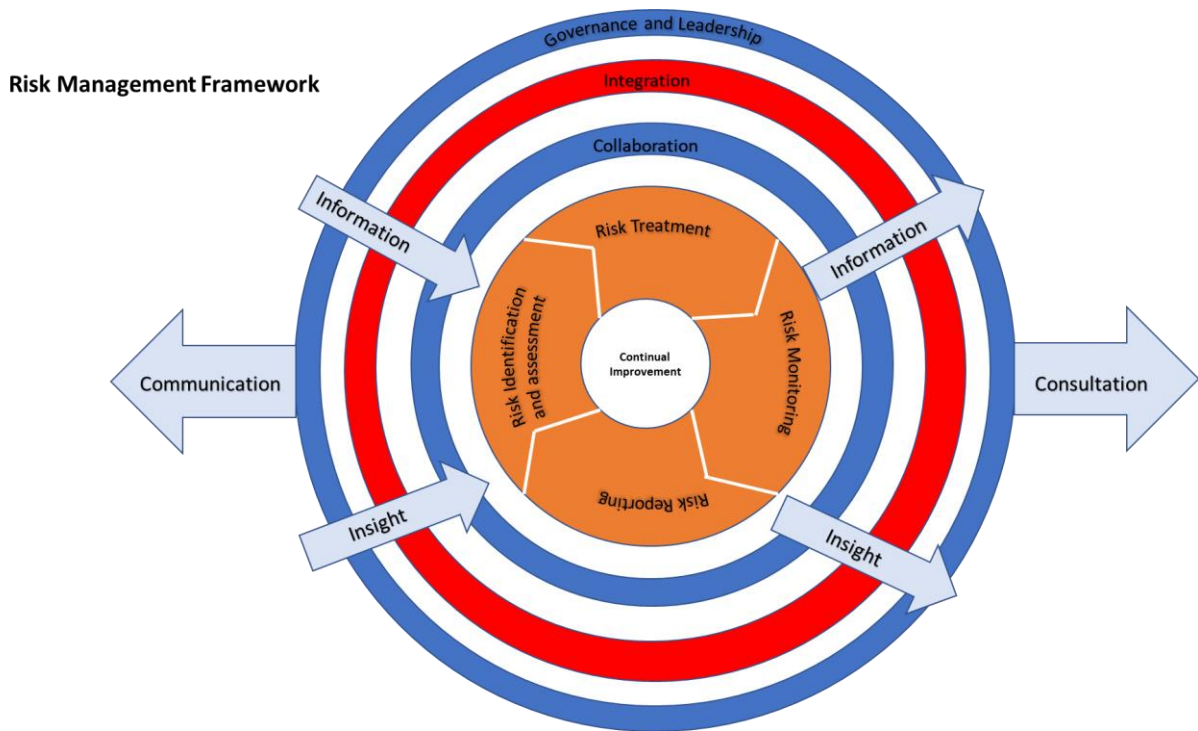
B. Integration – risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.

C. Collaboration and Best Information – risk management shall be collaborative and informed by the best available information.

D. Structured Processes – risk management processes are recognised as iterative in practice, rather than sequential, and shall be structured to include:

- **Risk Identification and Assessment** – to determine and prioritise how the risks should be managed.
- **Risk Treatment** – the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.
- **Risk Monitoring** – the design and operation of integrated, insightful and informative risk monitoring.
- **Risk Reporting** – timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

E. Continual Improvement – risk management shall be continually improved through learning and experience.



7. Risk Management Processes

Risk Identification and Assessment

- 7.1 The aim of risk identification is to recognise and articulate the risks that may help or prevent KCC to achieve its objectives. It is particularly relevant to consider new or emerging risks alongside business planning and strategy formulation processes.
- 7.2 There are several risk perspectives:
- Corporate - Those risks, which if they occurred, would have a major impact on the organisation or delivery of its priorities. Corporate risks also include cross-cutting risks that impact across directorates.
 - Change related (Programme / Project) – where we are exposed to risks that could affect our ability to successfully complete the desired transformational outcomes or deliver predefined outputs that enable us to deliver outcomes and realise benefits.
 - Operational / Service / Contract – where we are exposed to risks that could affect our control and ability to successfully and continually deliver or commission services to our service users / residents.
- 7.3 The following factors, and the relationship between these factors, should be considered when identifying risks:
- Changes in the external and internal context
 - Causes and events
 - Consequences and their impact on objectives
 - Threats and opportunities
 - Vulnerabilities and capabilities

- Uncertainties and assumptions within options, strategies, plans or initiatives
- Indicators of emerging risks
- Limitations of knowledge and reliability of information
- Time-related factors
- Any potential biases and beliefs of those involved.

7.4 Risks should be identified whether or not their sources are under KCC’s direct control, as they have the potential to impact on achievement of objectives, causing great damage or creating significant opportunity.

Risk Analysis

7.5 The aim of risk analysis is to build understanding of the nature of risk and its characteristics including, wherever possible, the level of risk. It involves consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use.

- 7.6 Risk Analysis considers factors such as:
- the likelihood of events and consequences occurring
 - the type and scale of consequences
 - complexity, connectivity and volatility
 - time-related factors
 - the effectiveness of existing controls
 - sensitivity and confidence levels

7.7 KCC uses a common set of risk criteria to foster consistent interpretation and application in defining the level of risk, based on the assessment of the likelihood of the risk occurring and the consequences should the event happen. Below is KCC’s 5x5 Risk Matrix used to determine risk ratings (outlined below), where the likelihood score is multiplied by the impact score in order to achieve an overall rating of between 1 and 25:

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				

- 7.8 Providing sufficient information is known, during assessment each risk is to be assigned a 'current' and 'target' risk rating. The 'current' risk rating refers to the current level of risk, taking into account any mitigating controls already in place and their effectiveness. The 'target' rating represents what is deemed to be a realistic, deliverable level of risk to be achieved once any additional actions have been put in place. Depending on our risk appetite and the level of direct control we have over the risk, the aim may be to contain the risk at the current level.
- 7.9 For risks that are judged to have reached their 'target' residual level, the Risk Owner and appropriate management team may wish to manage the risk at a lower level, unless management wishes to continue to monitor effectiveness of controls as part of the regular and structured risk management process. Alternatively, the risk can be withdrawn if it is no longer judged as relevant or significant.
- 7.10 Risk assessments and heat maps used for more conventional risks should be complemented by structured, creative discussions across services that bring different and collaborative risk perspectives on a topic. This will help us to better identify emerging risks and understand potential risk trajectories as well as 'knock-on' effects.

Risk Evaluation

- 7.11 Once analysed, risks will be evaluated to compare the results against the nature and extent of risks that the organisation is willing to take or accept to determine where and what additional action is required.

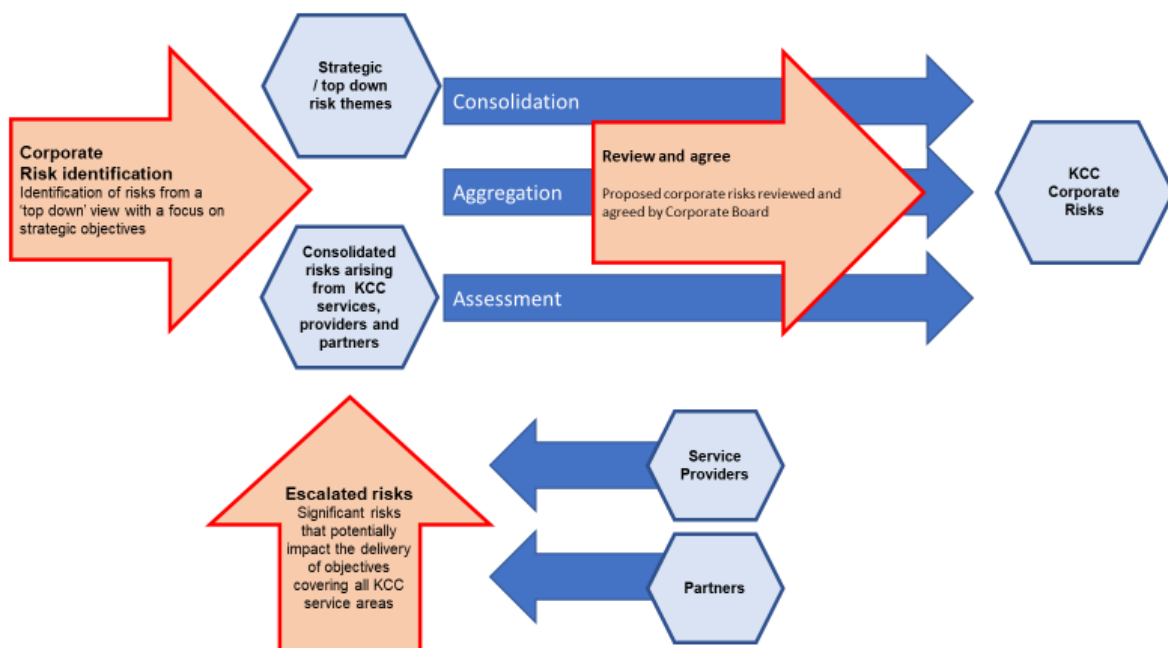
Risk Appetite, Tolerance and Escalation

- 7.12 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.
- 7.13 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 wherever possible, it is important that risks across the Authority are not over-controlled.
- 7.14 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).
- Adversely impact the financial security or resilience of the Council

7.15 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 (see section 7.7 above). 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 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.

Risk Escalation, Consolidation and Aggregation



7.16 Depending on the nature of the risk and availability of objective risk measures, tolerances will be agreed for Key Risk Indicators. Breaching those tolerances will mean increasing or decreasing the risk rating accordingly.

Risk Treatment

- 7.17 Potential benefits derived in relation to the achievement of objectives are to be balanced against the costs, efforts or disadvantages of implementation.
- 7.18 Justification for the design of risk treatments and the operation of internal control is broader than solely financial considerations and should consider all of the organisation’s obligations, commitments and stakeholder views.

Risk Monitoring

- 7.19 The frequency of risk assessment, analysis and review should be a function of how fast risks are emerging and the level of their materiality rather than determined by traditional institutional administrative cycles.
- 7.20 However, as a minimum, risks should be reviewed every 3 months, with risks rated as 'High' subject to more detailed and frequent monitoring. It is expected that in addition to the timely reviewing of individual risks by risk owners, key risks are subject to structured collective discussion by management teams, focusing on changes to the existing risk profile, trends and any emerging risks.
- 7.21 The Corporate Risk Manager may initiate a review of a corporate risk if it is felt that either external or internal changes are likely to impact on the level of risk exposure for the council.
- 7.22 Ongoing monitoring should support understanding of whether and how the risk profile is changing and the extent to which internal controls are operating as intended to provide reasonable assurance over the management of risks to an acceptable level in the achievement of organisational objectives.

Risk Reporting

- 7.23 Senior Officers and elected Members must receive unbiased information about the organisation's principal risks and how management is responding to those risks.
- 7.24 Reporting will take into account differing stakeholders and their specific information needs and requirements; cost, frequency and timeliness of reporting; method of reporting; and relevance of information to organisational objectives and decision-making.
- 7.25 As a public service body, it is imperative that we demonstrate transparency and accountability for managing the risks that impact on our staff, service users and residents. Therefore, our corporate risks shall be reported regularly in public forums.
- 7.26 The Corporate Risk Register is to be presented to Cabinet annually after its more formal annual refresh, in addition to any occasion where there has been a significant change to the Council's overall risk profile.
- 7.27 The Corporate Risk Register is also to be reported to the Governance & Audit Committee six-monthly for assurance purposes, alongside a summary of directorate risks.
- 7.28 Corporate Risks are subject to "deep dive" reviews by Corporate Board and the Governance & Audit Committee, with those responsible for the management of risks present, at an appropriate frequency, depending on the nature of the risk.

7.29 Progress against objectives set out in this Policy and Strategy will be reported to the Governance & Audit Committee annually.

8. Cultural Factors

8.1 Human behaviour and culture significantly influence all aspects of risk management at each level and stage. Several vital elements of an effective culture for risk are embedded within our organisational values and cultural attributes that we strive for as an organisation. In particular:

- KCC Values
 - We are brave. We do the right thing, we accept and offer challenge
 - We are curious to innovate and improve
 - We are strong together by sharing knowledge
- KCC Cultural Attributes
 - Flexible/agile – willing to take (calculated) risks
 - Empowering – our people take accountability for their decisions and actions
 - Curious – constantly learning and evolving

9. Review of this Policy

9.1 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.

9.2 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.

10. Roles and Responsibilities

Group or Individual	Responsibilities
Elected Members of the County Council	Seek to explore, understand and scrutinise risks in the process of formulating policy and decision making.
Governance & Audit Committee	On behalf of the County Council, ensure that risk management and internal control systems are in place that are adequate for purpose and are effectively and efficiently operated. Includes approval of KCC’s Risk Management Policy & Strategy.
Cabinet	Responsibility for the operation of the risk management framework, including the establishment of the Council’s risk appetite.

Cabinet Members	Responsibility for the effective management of risk within respective portfolio areas and ensuring that risks are considered in all decisions they make.
Cabinet Portfolio Holder for Corporate Risk	Ensure effective risk management arrangements are put in place.
Cabinet Committees	To provide pre-decision scrutiny to ensure that due consideration is given to associated risks.
Corporate Director Finance (Section 151 Officer)	Active involvement in all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered.
Head of Paid Service	Responsibility for the overall monitoring of strategic risks across the council, including the endorsement of priorities and management action. Responsible for ensuring sufficiency of risk management resources.
Corporate Management Team (CMT)	Adopt the Risk Management Policy and Strategy, ensuring the Council manages risks effectively. Actively consider, own and manage key strategic risks affecting the Council through the Corporate Risk Register. Promote and demonstrate the behaviours and values that support well-informed and considered risk decision-making. Promote the integration of risk management principles into the culture of the Council and its partners.
Directorate Management Teams (DMTs)	Responsibility for the effective management of risk within the directorate, including risk escalation and reporting to the Corporate Management Team as appropriate.
Divisional Management Teams (DivMTs)	Responsibility for the effective management of risk within the division, including risk escalation and reporting to the Directorate Management Team as appropriate.
Corporate Risk Manager	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. Facilitate maintenance of an up to date Corporate Risk Register and provide reports on corporate risk to Governance & Audit Committee, Cabinet Members and the Corporate Management Team. 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.
Corporate Risk Team	<p>Act as corporate advisors of risk at a strategic level.</p> <p>Day-to-day responsibility for developing and co-ordinating risk management across the Council, providing advice, support and training and contributing to the ongoing reporting and analysis of risks.</p> <p>Develop oversight, transparency and coordination of major change activity across the Council, including reinforcing KCC's risk management framework throughout major change activity.</p> <p>Continually improve and update corporate risk management procedures based on current best practice and lessons learned.</p>
Internal Audit	Assess 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 ensure the Council's exposure is at an acceptable level.</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.
In relation to individual risks:	
Risk Owner	Named individual or role who is accountable for the management and control of all aspects of the risks assigned to them, including determining, authorising, implementing and monitoring the selected controls and actions to address the threats and maximise the opportunities.
Control Owner	The individual or group accountable for ensuring or providing assurance that the specified management control is effective and fit for purpose.
Action Owner	A nominated owner of an action to address a risk. Required to manage action on the risk owner's behalf and to keep them apprised of the situation.

From: Roger Gough, Leader of the Council
David Cockburn, Corporate Director for Strategic & Corporate Services and Head of Paid Service

To: Governance and Audit Committee – 25th January 2022

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register every six months for assurance purposes.

FOR ASSURANCE

1. Background

- 1.1 The Corporate Risk Register is a ‘living document’ and is regularly reviewed and updated to reflect any significant new risks or changes in risk exposure that arise due to internal or external events; and to track progress against mitigating actions. It is subject to a more formal review each autumn, including conversations with Corporate Management Team and Cabinet Members and taking into consideration comments made by the Governance & Audit Committee.
- 1.2 The review process has taken place as the organisation continues to balance ongoing response and recovery from the Covid-19 emergency with delivery of more “business as usual” type activities, while also leading on the development of new ways of working and delivery of services. There has also been continued uncertainty in the operating environment for local government and in the wider external environment, including workforce and materials shortages, cost inflation etc.
- 1.3 The register was reported to Cabinet on 9th December 2021. At that time the Government had just published its Adult Social Care Reform White Paper. Since then, a one-year provisional local government settlement has been announced for 2022-23, while further details are expected early in 2022 on the Fair Funding Review; a White Paper on Health and Social Care integration; and a “Levelling Up” White Paper.

2. Corporate Risk Register summary

- 2.1 The latest version of the Corporate Risk Register is attached at appendix 1. One of the key considerations over the past year has been whether the increases in risk levels for many of the risks triggered by factors associated with Covid-19 were still valid, or whether they had dissipated.
- 2.2 The meetings with Risk Owners 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, the context of the risks continues to evolve, along with the Council's responses.
- 2.3 During the latest refresh process, several new risks are being added to the register, one de-escalated to directorate level, several risks have been merged, while others have been identified where the context has required reviewing and updating. The main changes are summarised below.
- 2.3.1 CRR0009 – Future financial and operating environment for local government.
This risk encapsulates a significant number of risks on the corporate register, as it relates to the funding envelope that the council has to work within, as well as some of the key dependencies the Council has. The Government's Spending Review, announced on 27th October 2021, has given the local government sector more certainty in terms of funding over 3 years, although the recently announced local government finance settlement only covers the one-year period of 2022-23. One of the main aspects of this risk now is whether spending growth pressures facing services across the council, as well as factors such as inflation, can be contained within the Council's core spending power over the medium term. Social care reforms and associated resourcing impacts are relevant, and therefore previous risks relating to social care resourcing implications have now been included as part of this risk. The risk rating has been reviewed in light of the provisional settlement and has consequently been moved down slightly but is still rated as High.
- 2.3.2 NEW: Impacts on fulfilling Statutory Duties due to Capital Programme Affordability – the corporate register has contained risks relating to specific elements of the capital programme, such as Basic Need grant shortfall to enable sufficient school place provision, as well as maintenance and modernisation of the KCC estate, including schools. These risks are now being included in a broader risk relating to the affordability of the capital programme and the potential implications for the achievement of statutory duties. This considers important service areas not explicitly covered before such as highways infrastructure. Details of this new risk are being developed in conjunction with officers in Finance and Infrastructure teams.
- 2.3.3 NEW: Impacts of Climate Change. The Council has a longstanding corporate risk relating to its response to major incidents and emergencies, which includes

our responses with partners to severe weather events such as flooding. However, there are specific, longer term adaptation challenges that will need to be factored into the council's operating model going forward. Hence a corporate risk focused on climate change adaptation has been proposed, with controls and mitigations currently being captured by the Risk and Control Owners.

- 2.3.4 NEW: Supply Chain and Market Factors. A key theme arising from this process has been external factors affecting KCC's supply chain and markets. A specific risk remains on the corporate register that focuses on the sustainability of the care market. However, workforce shortages are being experienced in key areas across the council such as bus drivers, which presents significant challenges, alongside shortages of materials that are driving associated cost inflation. Therefore, a specific risk covering supply chain factors is being considered. Initially, the Corporate Risk Team is reviewing supply chain exposures across existing corporate risks, liaising with relevant officers such as KCC's Interim Strategic Commissioner, with a corporate risk being drafted.
- 2.3.5 A risk covering the development of Integrated Care System (ICS) / Integrated Care Programmes (ICPs) in the Kent and Medway NHS system (CRR0005) has been on the corporate register for some time. The context to this is evolving. A paper was presented to County Council in July 2021 outlining KCC's ambition for Health and Care Partnership working in the wake of the White Paper "Integration and Innovation: working together to improve health and social care for all", which will be enacted by the Health and Social Care Bill currently being considered by Parliament. This clearly stated the importance of local authorities continuing to maintain their capacity to ensure that they are able to discharge their separate and distinct statutory responsibilities, maintain internal control, deliver annually balanced budgets and manage financial risk accordingly, which is understood by partners. This was a key element of this corporate risk previously, and therefore it was proposed that the risk be de-escalated to directorate level on the understanding that should any further risks become apparent via the upcoming Integration White Paper, the risk can be re-escalated up to corporate level.
- 2.3.6 Technological resilience and information security – the previous risk CRR0014 relating to cyber threats and their implications has been broadened to reflect the importance of ensuring our technology infrastructure remains fit for purpose as an enabler for the achievement of our Technology Strategy, as well as resilient in light of the ever-increasing dependency on technology to conduct day-to-day business. Specific cyber threat consequences remain as a key element of the risk.
- 2.3.7 The risk rating relating to civil contingencies and resilience (CRR0004) was raised in 2020 to the maximum level to reflect the potential "perfect storm" of simultaneous challenges faced by the council in relation to Covid-19 response and recovery efforts, UK/EU Transition preparedness and other winter pressures. The risk is still judged as high but given the way that the Council

and its partners at local and national level have responded to challenges so far, the risk has been reduced slightly.

2.3.8 There remains specific focus on managing workforce risks and opportunities during this time. A significant majority of the KCC workforce has been working remotely for nearly two years and regular surveys have been conducted during that time, indicating that our staff continue to show tremendous resilience in adapting to new working practices, finding innovative ways to engage with service users and residents and continuing to deliver services. However, there are still potential wellbeing concerns as we move through the winter period. The Corporate Management Team is ensuring regular engagement with staff to monitor the situation and respond appropriately, putting in place further interventions as necessary to supplement pre-existing support to aid health and wellbeing. The risk remains high and also focuses on adaptation to new working practices.

2.3.9 Workforce capacity challenges were also raised throughout the refresh process, with recruitment and retention difficulties being reported, for both KCC staff and those in the supply chain, reflecting some of the wider market conditions.

2.3.10 The corporate risk regarding suitable provision for unaccompanied asylum-seeking children (UASC) is being reviewed in light of the latest developments, in particular the Government's move to temporarily mandate the transfer of children to local authorities nationally.

2.3.11 The Council's Risk Management Policy & Strategy states, "*Corporate Risks are subject to "deep dive" reviews by Corporate Board and the Governance & Audit Committee, with those responsible for the management of risks present, at an appropriate frequency, depending on the nature of the risk.*" Therefore, the Committee may wish to consider whether any corporate risks require more in-depth review for assurance purposes.

3. Directorate Risks

3.1 A headline summary of directorate risks is reported to this Committee, to give it oversight of risks that are being regularly monitored and reviewed by Directorate Management Teams. These are attached at appendix 2 and are reported in more detail to Cabinet Committees annually, with accountable Risk Owners present.

4. Key Risk Indicators and Other Information

4.1 KCC's Risk Management Policy & Strategy emphasises the importance of utilising the information available to support risk analysis and evaluation processes. As part of this, work is in progress to draw together various risk indicators (sometimes referred to as Early Warning Indicators) of relevance to each risk, some of which are already reported in various committees or forums

across the Council. An approach to the development of Key Risk Indicators (KRIs) has now been endorsed by the Corporate Management Team. Management Information teams are currently reviewing key performance and activity indicators for the coming year, and the Risk Team is working with those teams to align our KRI reporting processes with that of existing business planning and performance monitoring arrangements.

- 4.2 As discussed at the previous presentation of the Corporate Risk Register in September 2021, further information highlighting more in-depth coverage of corporate risk areas and their presentation to formal Committees and Council meetings has been added to the corporate risk register.
- 4.3 The Committee also discussed at its last meeting the direction of travel in relation to current risk ratings and their progress towards realistic and deliverable “target” residual ratings. This question was put to Risk Owners as part of the refresh of the autumn Corporate Risk Register refresh, and while there are many external factors that can influence achievement of these target ratings, the proposal is to estimate time bands for them (i.e., within 1 year; 1-3 years; or 3 plus years) according to the nature of the risks. These timescales are being discussed with Risk Owners and Corporate Board, with outputs to be reported to this Committee.

5. Monitoring and Review

- 5.1 The corporate risks led by each Corporate Director are presented to the relevant Cabinet Committees annually in March, alongside existing arrangements for presentation of directorate risks.
- 5.2 There is a 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 to Cabinet quarterly via the Quarterly Performance Report.

6. Recommendation

- 6.1 The Governance and Audit Committee is asked to:
 - a) NOTE the report for assurance.

Report Author:

Mark Scrivener, Corporate Risk Manager

Email: mark.scrivener@kent.gov.uk

Relevant Director

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

Email: David.whittle@kent.gov.uk



KCC Corporate Risk Register

FOR PRESENTATION TO GOVERNANCE & AUDIT COMMITTEE – 25th JANUARY 2022

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 Sept 2021
CRR0001	Safeguarding – protecting vulnerable children	High (20)	Medium (15)	↔
CRR0002	Safeguarding – protecting vulnerable adults	High (20)	Medium (15)	↔
CRR0003	Securing resources to aid economic recovery and enabling infrastructure for growth	High (20)	High (16)	↔
CRR0004	Simultaneous Emergency Response and Resilience	High (20)	Medium (15)	↓
CRR0005	Development of Integrated Care System (ICS) / Integrated Care Programmes (ICPs) in Kent and Medway NHS system	De-escalated to directorate level		
CRR0006	Resourcing implications arising from increasing complex adult social care demand	Incorporated into CRR0009		
CRR0007	Resourcing implications arising from serious and complex children’s services demand	Incorporated into CRR0009		
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	↓
CRR0010	Suitable Provision for Unaccompanied Asylum-Seeking Children (UASC)	TBC – risk being reviewed in light of Government temporarily mandating National Transfer Scheme		
CRR0014	Technological resilience and information security threats	High (20)	High (16)	Revised Risk Scope
CRR0015	Managing and working with the social care market	High (25)	Medium (15)	↔
CRR0016	Delivery of New School Places is constrained by capital budget pressures and dependency upon the Basic Need allocation and the Education and Skills Funding Agency (ESFA)	Incorporated into Statutory Duties and Capital Programme risk CRR0053		
CRR0039	Information Governance	High (20)	Medium (12)	↔

CRR0042	Post-Transition border systems, infrastructure and regulatory arrangements	High (20)	Medium (12)	↔
CRR0044	High Needs Funding shortfall	High (20)	High (16)	↔
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment for local government	Medium (10)	Low (5)	↔
CRR0047	Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – response to Written Statement of Action	High (20)	Medium (10)	↔
CRR0048	Maintenance and modernisation of the KCC estate	Incorporated into Statutory Duties and Capital Programme risk CRR0053		
CRR0049	Fraud and Error	High (12)	Low (6)	↓
CRR0050	CBRNE incidents, communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Covid-19 public health emergency	High (25)	Medium (15)	↔
CRR0051	Maintaining or Improving workforce health, wellbeing and productivity	High (16)	Medium (8)	↔
CRR0052	Impacts of Climate Change	NEW risks – details of ratings and controls being devised by Risk and Control Owners		
CRR0053	Impacts on fulfilment of Statutory Duties due to Capital Programme affordability			
CRR0054	Supply Chain and market factors			

*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.

** Risk rating to be reviewed after local government finance settlement is confirmed.

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.

Likelihood & Impact Scales					
Likelihood	Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Very Likely (5)
Impact	Minor (1)	Moderate (2)	Significant (3)	Serious (4)	Major (5)

Risk ID	CRR0001	Risk Title	Safeguarding – protecting vulnerable children			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The Council must fulfil its statutory obligations to effectively safeguard vulnerable children in a complex and challenging environment. e.g., the challenge of recruiting and retaining suitably experienced and qualified permanent staff.	Failure to fulfil statutory safeguarding obligations. Failure to meet the requirements of the “Prevent Duty” placed on Local Authorities.	Incident of serious harm or death of a vulnerable child. Serious impact on vulnerable people. Impact on ability to recruit the quality of staff critical to service delivery.	Matt Dunkley Corporate Director Children, Young People and Education (CYPE)	Likely (4)	Major (5)	
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 radicalisation.	Safeguarding risks are not identified to / by KCC in a timely fashion. Spike(s) in demand impact on robustness of controls	Serious operational and financial consequences. Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities.	Responsible Cabinet Member(s): Sue Chandler, Integrated Children’s Services Shellina Prendergast Education and Skills Mike Hill (Lead Member for PREVENT)	Target Residual Likelihood Possible (3)	Target Residual Impact Major (5)	
‘Lockdown’ restrictions due to Covid-19 meant that children and families were at home for long periods of time, with significantly reduced numbers of children in schools. This has introduced uncertain impacts for children’s mental health and resilience and the potential for latent demand to build. We are starting to see more complex demand arising, with later referrals.						
Quality of placements, availability of appropriate accommodation, the role of the independent						

fostering sector and the increase in the number of unregulated placements are increasingly becoming impacting factors.	
Control Title	Control Owner
Active strategy in place to attract, recruit and retain social workers through a variety of routes with particular emphasis on experienced social workers.	Sarah Hammond, Director of Integrated Services (Children's Social Work Lead) / Amanda Beer, Corporate Director People and Communications
Kent Safeguarding Children Multi Agency Partnership (KSCMP) arrangements in place, replacing the previous Kent Safeguarding Children Board. Includes, a Scrutiny and Assurance Framework.	Matt Dunkley Corporate Director (CYPE) / David Whittle, Director SPRCA
Children's Assurance Board established to give assurance to the rest of the council, including safeguarding arrangements. Includes review of qualitative audit information and triangulates with quantitative picture	Matt Dunkley Corporate Director (CYPE)
Consistent scrutiny and performance monitoring through Divisional Management Team, "Performance, Challenge and support" meetings and audit activity.	Matt Dunkley Corporate Director (CYPE) / Sarah Hammond, Director of Integrated Services (Children's Social Work Lead)
Multi agency Crime and Sexual Exploitation Panel (MACSE) provides a strategic, county wide, cross agency response to CSE	Matt Dunkley Corporate Director (CYPE)
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.	Craig Chapman, Head of Fair Access / Christine McInnes, Director of Education
Introduction and appointment of independent scrutineer as part of multi-agency safeguarding children arrangements	David Whittle, Director SPRCA

Communities of Practice introduced during the Covid-19 pandemic, offering support for practitioners, with over 100 practitioners attending weekly	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
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	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
Safeguarding and Quality Assurance Unit conducts audits, reviews of practice, identifies themes and patterns for accountable managers to respond and provides challenge.	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
Multi Agency Public Protection arrangements (MAPPA) in place	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
Kent & Medway 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 Multi Agency Partnership).	Richard Smith, Corporate Director ASCH
Manageable caseloads per social worker and robust caseload monitoring. Social work vacancies monitored with action taken to address as required.	Sarah Hammond, Director of Integrated Services (Children's Social Work Lead)
'Deep Dive' activity undertaken to investigate vacancy rates for staff that reflects factors such as maternity leave	Sarah Hammond, Director of Integrated Services (Children's Social Work Lead)
Integrated practice model	Sarah Hammond, Director of Integrated Services (Children's Social Work Lead) / Stuart Collins, Director Integrated Services (Early Help and Preventative Services lead)
Extensive staff training - Quality Assurance Framework has been rolled out and Integrated Children's Services team has received mandatory training related to this	Sarah Hammond, Director of Integrated Services (Children's Social Work Lead) / Stuart Collins, Director Integrated Services (Early Help and Preventative Services lead)

Kent Channel Panel (early intervention mechanism providing tailored support to people who have been identified as at risk of being radicalised) in place.	Nick Wilkinson, Prevent and Channel Strategic Manager	
Joint Exploitation Group (Kent & Medway) children and adults focuses on PREVENT, gangs, Modern Slavery, human trafficking and online safeguarding matters. Reports to Kent and Medway Adults Safeguarding Board and KSCMP.	Nick Wilkinson, Prevent and Channel Strategic Manager	
KCC cross directorate PREVENT group meets regularly and ensures the PREVENT duty is embedded across the organisation. Regular updates are provided to the Corporate Management Team. PREVENT training strategy in place and regularly reviewed.	Nick Wilkinson, Prevent and Channel Strategic Manager	
The annual assurance statement is a self-declaration approved by the Head of Paid Service which captures the Authority's compliance with the requirements of the Counter Terrorism Act. Actions identified within the annual assurance statement are transferred to the Kent and Medway Action Plan. Kent and Medway Board for PREVENT have oversight of action progress.	Nick Wilkinson, Prevent and Channel Strategic Manager	
Semi-regional PREVENT model of delivery across Kent & Medway developed	Nick Wilkinson, Prevent and Channel Strategic Manager	
New adolescent risk management process agreed, and approach signed off.	Stuart Collins, Director Integrated Services (Early Help and Preventative Services lead)	
Kent and Medway Gangs Strategy 2018-21 outlines the multi-agency approach to ending the criminal exploitation of vulnerable children and adults by gangs	Stuart Collins, Director Integrated Services (Early Help and Preventative Services lead)	
Education Safeguarding Team in place as part of the contract with The Education People	Christine McInnes, Director of Education	
Section 11 audit conducted periodically to provide assurance that relevant agencies and individuals are cooperating to safeguard children and promote their welfare, with feedback and follow up. .	Jennifer Maiden-Brooks, Systems Improvement Manager, Kent Safeguarding Children Multi-Agency Partnership	
Action Title	Action Owner	Planned Completion Date
Recommendations from the recent Kent and Medway PREVENT Peer review to improve and promote best practice are being implemented.	Nick Wilkinson, Prevent and Channel Strategic Manager	April 2022

Examples of Committee reports of relevance to this risk since April 2021:

Kent Community Safety Partnership 18 th November 2021	Item D3 - Kent and Medway PREVENT Duty Delivery Board Update https://democracy.kent.gov.uk/documents/g8912/Public%20reports%20pack%2018th-Nov-2021%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10
Kent Community Safety Partnership 18 th November 2021	Item B1 - Kent and Medway Domestic Abuse Strategy Update https://democracy.kent.gov.uk/documents/g8912/Public%20reports%20pack%2018th-Nov-2021%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10

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, in a complex and challenging environment e.g., challenges relating to demand for services and consistent quality of care in the provider market.	Failure to fulfil statutory obligations. Failure to meet the requirements of the “Prevent Duty” placed on Local Authorities.	Incident of serious harm or death of a vulnerable adult. Serious impact on vulnerable people. Serious impact on ability to recruit the quality of staff critical to service delivery.	Richard Smith 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. There has also been an increase in domestic abuse referrals.	Safeguarding risks are not identified to / by KCC in a timely fashion during the Covid-19 pandemic.	Serious operational and financial consequences.	Responsible Cabinet Member(s): Clair Bell, Adult Social Care and Public Health	Target Residual Likelihood Possible (3)	Target Residual Impact Major (5)	
The Covid-19 pandemic and the associated ‘lockdown’ measures raised concerns of increases in hidden harm, self-harm and neglect resulting in impacted demand profiles.	Spike(s) in demand impact on quality of controls	Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities.				
Social care services have made substantial adaptations to service delivery across the system.			Mike Hill (Lead Member for PREVENT)			
In addition, the Government’s “Prevent Duty” requires the Local Authority to act to prevent vulnerable people from being drawn into terrorism.						

Control Title	Control Owner
Quality Surveillance Group - regular KCC meetings with Care Quality Commission to share intelligence. This is currently being relaunched and the function of the group reconsidered.	Sharon Dene, Strategic Commissioning
Strategic Safeguarding and Quality Assurance team in adult social care and health leads on a strategic framework for policy, service development, strategic safeguarding and quality assurance	Sarah Denson, Service Manager ASCH
Kent and Medway 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.	Richard Smith, Corporate Director ASCH
KCC is a partner in multi-agency public protection arrangements (MAPPA) for managing sexual and violent offenders, a mechanism through which agencies can better discharge their statutory responsibilities and protect the public in a coordinated manner.	Richard Smith, Corporate Director ASCH
KCC contributes to the Multi-agency risk assessment conference (MARAC) process, which allows for the best possible safety planning for victims of domestic abuse who are considered to be at high risk of experiencing further significant harm/injury.	Chris McKenzie, Director, Adult Social Care and Health
Safeguarding activity and practice is under review as a specific workstream within the Practice Pillar of the Make A Difference Everyday approach. Current Activity includes: An "as is" systems review to explore the current delivery of safeguarding activity and performance Suite of performance data to be developed to provide practice intelligence	Helen Gillivan, Head of ASCH Business Delivery Unit
KCC Safeguarding Competency Framework in place, including Mental Capacity Act requirements.	Julie Davidson, Head of Adult Safeguarding
Quarterly safeguarding report brings together key information to enable scrutiny and performance monitoring for management teams and the Cabinet Member.	Julie Davidson, Head of Adult Safeguarding
KCC Safeguarding Competency Framework reviewed to ensure currency and look for areas for improvement.	Julie Davidson, Head of Adult Safeguarding
KCC is a member of the Kent & Medway Safeguarding Adults Board – a statutory service which exists to make sure that all member agencies are working together to help Kent and Medway's adults safe from harm and protect their rights. The Board has an independent Chair and its work carried out by a number of working groups.	Julie Davidson, Head of Adult Safeguarding / David Whittle Director SPRCA

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	
PREVENT training strategy in place and regularly reviewed.	Nick Wilkinson, Prevent and Channel Strategic Manager	
Semi-regional PREVENT model of delivery across Kent and Medway developed.	Nick Wilkinson, Prevent and Channel Strategic Manager	
KCC cross-directorate PREVENT group meets regularly and ensures the PREVENT duty is embedded across the organisation. Regular updates are provided to the Corporate Management Team.	Nick Wilkinson, Prevent and Channel Strategic Manager	
Joint Exploitation Group (Kent & Medway) focuses on PREVENT agenda, gangs, modern slavery, human trafficking and online safeguarding matters reports to Adults Safeguarding Board and Children's Partnership.	Nick Wilkinson, Prevent and Channel Strategic Manager	
The annual assurance statement is a self-declaration approved by the Head of Paid Service which captures the Authority's compliance with the requirements of the Counter Terrorism Act. Actions identified within the annual assurance statement are transferred to the Kent and Medway Action Plan. Kent and Medway Board for PREVENT have oversight of action progress	Nick Wilkinson, Prevent and Channel Strategic Manager	
Quarterly safeguarding report brings together key information to enable scrutiny and performance monitoring for management teams and the Cabinet Member.	ASCH Divisional Directors	
Action Title	Action Owner	Planned Completion Date
A Quality Assurance Working Group is in place to develop the Quality Assurance Framework and associated mechanisms. Practice Standards and Roles and Responsibilities have been agreed for testing	Julie Davidson	January 2022
A draft Quality Assurance Framework will be delivered to the Making a difference every day Meaningful Measures Group		
Preparation for introduction of new Liberty Protection Safeguards system under the Mental Capacity (Amendment) Act 2019.	Maureen Stirrup, Head of Deprivation of Liberty Safeguards	April 2022
The safeguarding operating model, is being reviewed within the practice pillar of the Making A Difference Everyday approach, and this will consider	Julie Davidson	January 2022

how to optimise outcomes for people who become subject to safeguarding enquiries

Recommendations from the recent Kent and Medway PREVENT Peer review to improve and promote best practice are being implemented.

Nick Wilkinson, Prevent and Channel Strategic Manager

April 2022

Examples of Committee reports of relevance to this risk since April 2021:

<p>Adult Social Care Cabinet Committee 1st December 2021</p>	<p>Item 6 - Making a Difference Every Day: Our Strategy for Adult Social Care in Kent, 2022 – 2027</p> <p>https://democracy.kent.gov.uk/documents/g8816/Public%20reports%20pack%2001st-Dec-2021%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10</p>
<p>Kent Community Safety Partnership 18th November 2021</p>	<p>Item B1 - Kent and Medway Domestic Abuse Strategy Update</p> <p>https://democracy.kent.gov.uk/documents/g8912/Public%20reports%20pack%2018th-Nov-2021%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10</p>
<p>Kent Community Safety Partnership 18th November 2021</p>	<p>Item D3 - Kent and Medway PREVENT Duty Delivery Board Update</p> <p>https://democracy.kent.gov.uk/documents/g8912/Public%20reports%20pack%2018th-Nov-2021%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10</p>
<p>County Council 4th November 2021</p>	<p>Item 8 - Building Back Better - Update on Making a Difference Every Day</p> <p>https://democracy.kent.gov.uk/documents/g8752/Public%20reports%20pack%2004th-Nov-2021%2009.30%20County%20Council.pdf?T=10</p>
<p>Health Reform and Public Health Cabinet Committee 12th October 2021</p>	<p>Item 6 - Suicide Prevention Strategy</p> <p>https://democracy.kent.gov.uk/documents/g8876/Public%20reports%20pack%2012th-Oct-2021%2010.00%20Health%20Reform%20and%20Public%20Health%20Cabinet%20Committee.pdf?T=10</p>

Adult Social Care Cabinet Committee 22 nd June 2021	Item 10 - 21/00051 - Deprivation of Liberty Safeguards Mental Health Assessments Contract Extension and Transition to Liberty Protection Safeguards https://democracy.kent.gov.uk/documents/g8538/Public%20reports%20pack%2022nd-Jun-2021%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10
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Risk ID	CRR0003	Risk Title	Securing resources to aid economic recovery and enabling infrastructure for growth			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
<p>The Covid-19 pandemic is impacting on the economy in Kent & Medway and the impacts could be disproportionate across the county (e.g. in coastal areas).</p> <p>To gain an understanding of the implications, an impact assessment has been conducted, which has led to the preparation and launch of an 18-month local economic renewal and resilience plan, which aims to act as a stimulus for improvement.</p> <p>The Council actively seeks to secure the resources/funding necessary to provide the infrastructure required to support growth, which often need to be bid for in very tight timescales and are increasingly subject to the drive to deliver economic impact, housing and employment outputs.</p> <p>EU structural funds are set to be replaced by UK funds, with further detail awaited.</p> <p>At a local level there is often a significant gap between the overall costs of the infrastructure required and the Council's ability to secure sufficient funds through</p>	<p>The inability to secure sufficient funding, including contributions from development, to deliver the infrastructure necessary to support growth may require gap funding in order for KCC to fulfil its statutory duties.</p> <p>Deferral of developer contributions and / or elongated planning consents leads to delayed or compromised infrastructure.</p>	<p>Key opportunities for growth missed.</p> <p>The Council finds it increasingly difficult to fund services across Kent and fully mitigate the overall impact of housing growth on KCC services and, therefore communities.</p> <p>Kent becomes a less attractive location for inward investment and business.</p> <p>Our ability to deliver an enabling infrastructure becomes constrained.</p> <p>Reputational risk associated with delayed delivery of infrastructure required</p> <p>Additional revenue costs incurred due to infrastructure delays e.g. Home to school transport</p>	<p>Simon Jones, Corporate Director Growth, Environment and Transport (GET)</p> <p>Responsible Cabinet Member(s): On behalf of Cabinet</p> <p>Derek Murphy Economic Development</p> <p>David Brazier Highways & Transport</p>	<p>V. Likely (5)</p> <p>Target Residual Likelihood Likely (4)</p>	<p>Serious (4)</p> <p>Target Residual Impact Serious (4)</p>	

the current funding systems, including Section106 contributions, Community Infrastructure Levy and other growth levers.	
Control Title	Control Owner
Active pipeline in place of projects for potential funding arrangements.	David Smith, Head of Business and Enterprise (KCC lead)
Multi-agency Kent and Medway Employment Task Force has been established.	David Smith, Head of Business and Enterprise (KCC lead)
Single Monitoring System (SMS) is used to track individual s106 planning obligations from the Council's initial request for developer contributions through the issue of invoice for payment.	David Smith, Head of Business and Enterprise (KCC lead) / Stephanie Holt-Castle, Director Growth and Communities.
Strong engagement of private sector through Kent and Medway Economic Partnership (KMEP), Business Advisory Board and Kent Developer Group	David Smith, Head of Business and Enterprise (KCC lead)
Strong engagement with South-East LEP and central Government to ensure that KCC is in a strong position to secure resources from future funding rounds.	David Smith, Head of Business and Enterprise (KCC lead)
Teams across the Growth, Environment and Transport directorate work with each individual District on composition of local infrastructure plans including priorities for the CIL and Section 106 contributions, to articulate needs for the demands on services	Nigel Smith, Head of Development (GET) / Stephanie Holt-Castle, Director Growth and Communities.
Local Transport Plan 4 produced and approved by County Council	Tom Marchant, Head of Strategic Planning and Policy
Government consultations on proposals for reform of the planning system in England considered and responded to.	Tom Marchant, Head of Strategic Planning and Policy
Officers are working on bids to secure funding as appropriate including Local Growth Fund, Housing Infrastructure Fund, Major Roads Network	Joe Ratcliffe, Transport Strategy Manager

Economic Recovery Dashboard in place	Rachel Kennard, Chief Analyst	
Kent and Medway Renewal and Resilience Plan Economic Impacts Evidence Base sets out a high-level assessment of the impacts of the Covid-19 crisis on the Kent and Medway economy to inform the Renewal and Resilience Plan for the next 12-18 months.	Rachel Kennard, Chief Analyst	
Growth and Infrastructure Framework for Kent and Medway published, setting out the infrastructure needed to deliver planned growth.	Stephanie Holt-Castle, Director, Growth & Communities	
Action Title	Action Owner	Planned Completion Date
<p>Contribute to implementation of the Kent and Medway Economic Partnership's local Economic Renewal and Resilience Plan, key delivery principles of which are:</p> <ul style="list-style-type: none"> • Greener Futures (building a sustainable, lower carbon economy) • Open and Productive (supporting long term productivity growth in an economy that welcomes investment and trade) • Better Opportunities, Fairer Chances (ensuring that people are supported through recession and stand to gain from a more resilient economy in the return to growth). <p>Participation on the Renewal and Resilience Group Plan group and the Employment Taskforce plans are being scoped to support key delivery principles.</p>	David Smith, Head of Business and Enterprise (KCC lead)	April 2022
The Kent & Medway Business Fund opened to pre application on 31 October, with the KMBF Small Business Boost opening in December 2021. The next phase of the Innovation Loan is to be scoped.	David Smith, Head of Business and Enterprise (KCC lead)	March 2022
Workstreams include Government Relations, Infrastructure Priorities, Joint Planning, Delivery modelling, KCC Support of Housing Growth, Governance and Infrastructure Proposition Bid.	Simon Jones, Corporate Director GET	February 2022

Examples of Committee reports of relevance to this risk since April 2021:

<p>Growth, Economic Development and Communities Cabinet Committee 17th November 2021</p>	<p>Item 6 - KCC's Infrastructure Funding Statement 2020-2021</p> <p>https://democracy.kent.gov.uk/documents/g8882/Public%20reports%20pack%2017th-Nov-2021%2010.00%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10</p>
<p>Growth, Economic Development and Communities Cabinet Committee 17th November 2021</p>	<p>Item 9 – Kent & Medway Business Fund New Loan Programme</p> <p>https://democracy.kent.gov.uk/documents/g8882/Public%20reports%20pack%2017th-Nov-2021%2010.00%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10</p>
<p>Growth, Economic Development and Communities Cabinet Committee 21st September 2021</p>	<p>Item 7 - Regional Growth Fund Monitoring Report Q1 2021/22</p> <p>https://democracy.kent.gov.uk/documents/g8881/Public%20reports%20pack%2021st-Sep-2021%2010.00%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10</p>
<p>Environment and Transport Cabinet Committee 8th September 2021</p>	<p>Item 13 - Local Transport Plan 5 - Early review</p> <p>https://democracy.kent.gov.uk/documents/g8792/Public%20reports%20pack%2008th-Sep-2021%2010.00%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10</p>
<p>Environment and Transport Cabinet Committee 29th June 2021</p>	<p>Item 16 - 21/00028 - Adoption of Highways Asset Management Plan 2021/22 to 2025/26</p> <p>https://democracy.kent.gov.uk/documents/g8560/Public%20reports%20pack%2029th-Jun-2021%2010.00%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10</p>

Risk ID	CRR0004	Risk Title	Simultaneous Emergency Response, Recovery and Resilience			
Source / Cause of Risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
<p>The County Council, along with other Category 1 Responders in the Kent, has a legal duty to undertake risk assessment and planning to reduce the likelihood and impact of major incidents and emergencies.</p> <p>This includes responses associated with the Government's Counter-terrorism Strategy (CONTEST).</p> <p>Ensuring that the Council works effectively with partners to plan for, respond to, and recover from, emergencies and service disruptions is becoming increasingly important in light of climate change impacts, national and international security threats, severe weather incidents, threats of 'cyber attacks' and uncertainties around implications of the future UK/EU relationship.</p> <p>The response to, and recovery from the Covid-19 pandemic is putting significant strain on organisational capacity and resources.</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>Focus on Covid-19 response and recovery and post UK/EU transition contingency planning means less opportunity to progress other aspects of emergencies and resilience agenda.</p> <p>Future wave(s) of pandemic / winter pressures put further strain on capacity and resource.</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>Significant harm to the natural and build environment of Kent.</p> <p>Increased financial cost in terms of recovery and insurance costs.</p> <p>Damage and disruption to local businesses and the Kent economy.</p> <p>Potential for public unrest and reputational damage.</p> <p>Legal actions and intervention for failure to fulfill KCC's obligations under the Civil Contingencies Act or other associated legislation.</p>	<p>On behalf of CMT: Rebecca Spore, Director of Infrastructure</p> <p>Responsible Cabinet Member(s): On behalf of Cabinet: Mike Hill, Community & Regulatory Services</p>	<p>Likely (4)</p> <p>Target Residual Likelihood Possible (3)</p>	<p>Major (5)</p> <p>Target Residual Impact Major (5)</p>	

Control Title	Control Owner
Management of financial impact to include Bellwin scheme	Cath Head, Head of Finance (Operations)
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	Lisa Guthrie, Head of Kent Resilience Team
On-going programme of review relating to ICT Disaster Recovery and Business Continuity arrangements. ICT resilience improvements are embedded as part of the ICT Transformation Programme.	Dave Lindsay, Interim Head of ICT Strategy and Commissioning
Local multi-agency flood response plans in place for each district/borough in Kent, in addition to overarching flood response plan for Kent	Andy Jeffery, KCC Manager, Kent Resilience Team
Review of Kent Resilience Forum Local Authorities Emergency Planning group's mutual aid arrangements with District Councils and other councils across the region undertaken.	Andy Jeffrey, KCC Manager, Kent Resilience Team
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.	Tony Harwood, Resilience and Emergencies Manager
KCC has a Major Emergency Plan that is refreshed regularly	Tony Harwood, Resilience and Emergencies Manager
Ensure business continuity governance arrangements focus on directorate issues and complement KCC's cross directorate resilience groups and forum	Tony Harwood, Resilience and Emergencies Manager
Multi-agency recovery structures are in place	Tony Harwood, Resilience and Emergencies Manager
Emergency planning training rolled out at strategic, tactical and operational levels. Resilience and Emergency planning service business plan in place	Tony Harwood, Resilience and Emergencies Manager
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.	Tony Harwood, Resilience and Emergencies Manager / Allison Duggal, Interim Director of Public Health

Work programme implemented to deliver Kent County Council compliance with the Radiation (Emergency Preparedness and Public Information) Regulations 2019, including amendments to the Dungeness Offsite Emergency Plan	Tony Harwood, Resilience and Emergencies Manager
KCC Business Continuity Management Policy and overarching Business Continuity Plan in place, underpinned by business continuity plans at service level.	Rebecca Spore, Director Infrastructure
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.	Rebecca Spore, Director Infrastructure
KRF and KCC Command and Control structures planned and in place to deal with simultaneous events	Rebecca Spore, Director Infrastructure
Kent & Medway Prevent Duty Delivery Board established (chaired by KCC) 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	Richard Smith, Corporate Director ASCH
The Director of Public Health works through local resilience forums to ensure effective and tested plans are in place for the wider health sector to protect the local population from risks to public health.	Allison Duggal, Interim Director of Public Health
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
KCC Strategic Prevent Lead is a member of the Covid-19 District Recovery Cell and disseminates appropriate protective security advice and online tension monitoring reports.	Nick Wilkinson, Prevent and Channel Strategic Manager
Ongoing development of a PREVENT counter-terrorism risk assessment	Nick Wilkinson, Prevent and Channel Strategic Manager
The annual assurance statement is a self-declaration approved by the Chief Executive/Head of Paid Service which captures the Authority's compliance with the requirements of the Counter Terrorism Act. Actions identified within the annual assurance statement are transferred to the Kent and Medway Action Plan. Kent and Medway Board for PREVENT have oversight of action progress.	Nick Wilkinson, Prevent and Channel Strategic Manager
Implementation of Kent's Climate Adaption Action Plan	Stephanie Holt-Castle, Director of Growth and Communities

Fire Safety Guidance provided by KCC reviewed and updated	Stewart Baxter-Smith, Head of Health & Safety	
Ensure all 13 Emergency Plans are regularly updated and validated with exercises	Tony Harwood, Resilience and Emergencies Manager	
Ensure 24/7 Emergency Planning cover and response, including a 24/7 Duty Emergency Planning Officer (DEPO), Duty Director, and Recovery Director function, and fully equipped County emergency Centre (CEC)	Tony Harwood, Resilience and Emergencies Manager	
Maintain and support relevant KRF and KCC groups, including KCC Horizon Scanning Group, Cross Directorate Resilience Forum, and Directorate Resilience Groups	Tony Harwood, Resilience and Emergencies Manager	
Action Title	Action Owner	Planned Completion Date
Continued preparations for, and response to, implications of future UK/EU relationship in relation to border friction, regulatory change etc. (cross-reference to CRR0042)	Simon Jones, Corporate Director GET	Ongoing up to July 2022

Examples of Committee reports of relevance to this risk since April 2021:

Kent Flood Risk Committee 24 th November 2021	Item 7 - Environment Agency and Met Office Alerts and Warnings and KCC severe weather response activity (Pages 13 - 18) https://democracy.kent.gov.uk/documents/g8787/Public%20reports%20pack%2024th-Nov-2021%2010.00%20Kent%20Flood%20Risk%20Management%20Committee.pdf?T=10
Environment and Transport Cabinet Committee 8 th September 2021	Item 12 - Winter Service Policy https://democracy.kent.gov.uk/documents/g8792/Public%20reports%20pack%2008th-Sep-2021%2010.00%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10

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 Government Spending Review in October 2021 has set out the 3-year picture for local government. However, the local government finance settlement announced in December 2021 only provided detailed allocations for 2022-23 to allow scope to update the data and methodology for allocations in later years, which presents a risk (or possible opportunity) for the Council, depending on the nature of the changes.</p> <p>Over the medium term the only additional funding for future spending growth within the settlement comes from council tax, other than for reforms to social care charging, where a separate grant was made available in the settlement for the reforms to social care charging (with further amounts outlined for 2023-24 and 2024-25), with uncertainty as to its sufficiency.</p> <p>The overall settlement for 2022-23 was insufficient to fully fund forecast demand and cost growth pressures facing services across</p>	<p>Levels of spending and growth pressures across services outstrip the Council's core spending power, threatening the 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. Quality of KCC commissioned / delivered services suffers as financial situation continues to worsen.</p> <p>Continued delays and uncertainty surrounding review of local government funding impacts on KCC's medium term financial planning.</p>	<p>Unsustainable financial situation, ultimately resulting in s114 notice.</p> <p>Failure to delivery statutory obligations and duties or achieve social value.</p> <p>Potential for partner or provider failure – including sufficiency gaps in provision.</p> <p>Reduction in resident satisfaction and reputational damage.</p> <p>Increased and unplanned pressure on resources.</p> <p>Decline in performance.</p> <p>Legal challenge resulting in reputational damage to the Council.</p> <p>Impact on Council Tax.</p>	<p>On behalf of CMT:</p> <p>Zena Cooke, Corporate Director Finance (Section 151 Officer)</p> <p>Responsible Cabinet Member(s):</p> <p>All Cabinet Members</p>	<p>Likely (4)</p> <p>Target Residual Likelihood</p> <p>Likely (4)</p>	<p>Major (5)</p> <p>Target Residual Impact</p> <p>Serious (4)</p>	

the council (even after setting challenging targets to bear down on future cost growth). Background inflation pressures are also a relevant factor.

Uncertainty also applies to services funded via ring-fenced specific grants. Of particular concern is the special educational needs and disability (SEND) provision funded by the Dedicated Schools Grant (DSG). The high needs block of DSG has not kept pace with the substantial increase in demand for SEND (see CRR0044) resulting in deficit accruing on DSG spending.

Control Title	Control Owner
Processes in place for monitoring delivery of savings and challenging targets to bear down on future cost growth, as well as the budget as a whole.	Zena Cooke, Corporate Director Finance (Section 151 Officer)
Regular analysis and refreshing of forecasts to maintain a level of understanding of volatility of demand and cost pressures, which feeds into the relevant areas of the MTFP and business planning process.	Richard Smith, Corporate Director ASCH / Matt Dunkley, Corporate Director CYPE / Simon Jones, Corporate Director GET
Robust budgeting and financial planning in place via Medium Term Financial Planning (MTFP) process, including stakeholder consultation.	Zena Cooke, Corporate Director Finance (Section 151 Officer)
Financial analysis conducted after each budget statement	Dave Shipton, Head of Finance (Policy, Strategy and Planning)

Ensure evidence of any additional KCC spend required to cover impacts relating to new burdens imposed, e.g. EU exit, Supporting Families grant.	Dave Shipton, Head of Finance (Policy, Strategy and Planning)	
Continued engagement with Government regarding High Needs funding concerns	Matt Dunkley Corporate Director (CYPE) / Christine McInnes, Director of Education / Dave Shipton, Head of Finance (Policy, Strategy and Planning)	
Engagement with County Councils Network, Society of County Treasurers and other local authorities and Government of potential opportunities and issues around devolution and public service reform	David Whittle, Director Strategy, Policy, Relationships and Corporate Assurance (SPRCA)	
KCC Interim Strategic Plan and Strategic Reset Framework developed, outlining how the Council will operate in future, taking into account implications of the Covid-19 pandemic.	David Whittle, Director SPRCA / Amanda Beer, Corporate Director People & Communications	
KCC Quarterly Performance Report monitors key performance and activity information for KCC commissioned or delivered services. Regularly reported to Cabinet.	Rachel Kennard, Chief Analyst, KCC	
Ongoing monitoring and modelling of changes in supply and demand in order to inform strategies and service planning going forward.	Rachel Kennard, Chief Analyst, KCC	
Action Title	Action Owner	Planned Completion Date
Respond to consultation around local government spending reforms.	Dave Shipton, Head of Finance (Policy, Strategy and Planning)	April 2022 (dependent on further information from Government).
Assess impact of and respond to Government plans for the future of social care, including Health and Social Care Integration White Paper. To include assessing and quantifying the costs of social care reforms to analyse sufficiency of additional funding over the medium term to cover the cost of the reforms.	Richard Smith, Corporate Director ASCH / Zena Cooke, Corporate Director Finance	July 2022 – (dependent on further information from Government)
Assess impact of Government 'Levelling Up' White Paper once published.	David Whittle, Director SPRCA	March 2022 – (dependent on

White Paper publication)		
Ensuring the achievement of challenging targets in 2022-23 to bear down on future cost growth, particularly in areas of complex / volatile demand, identifying management action where necessary.	Richard Smith, Corporate Director ASCH / Matt Dunkley, Corporate Director CYPE / Simon Jones, Corporate Director GET	March 2023
Outcomes Based Budgeting approach being developed to strengthen links between outcomes and funding, using robust analysis and evidence.	Zena Cooke, Corporate Director Finance	March 2022 (review)

Examples of Committee reports of relevance to this risk since April 2021:

Cabinet 9 th December 2021	Item 7 Revenue and Capital Budget Monitoring Report https://democracy.kent.gov.uk/documents/g8894/Public%20reports%20pack%2009th-Dec-2021%2010.00%20Cabinet.pdf?T=10
Cabinet 28 th October 2021	Item 4 – Spending Review https://democracy.kent.gov.uk/documents/g8892/Public%20reports%20pack%2028th-Oct-2021%2010.00%20Cabinet.pdf?T=10
Policy & Resources Committee 13 th July 2021	Item 7 - Covid-19 Financial Monitoring https://democracy.kent.gov.uk/documents/g8531/Public%20reports%20pack%2013th-Jul-2021%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10
Cabinet 24 th June 2021	Item 6 - Revenue and Capital Outturn 2020/21 https://democracy.kent.gov.uk/documents/g8582/Public%20reports%20pack%2024th-Jun-2021%2010.00%20Cabinet.pdf?T=10

Adult Social Care Cabinet Committee 22 nd June 2021	Item 8 - Adult Social Care and Health Winter Pressure Plan 2020-21 Review https://democracy.kent.gov.uk/documents/g8538/Public%20reports%20pack%2022nd-Jun-2021%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10
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Risk ID	CRR0014	Risk Title	Technological Resilience and Information Security			
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>It should also ensure confidentiality, integrity, availability of its information assets</p> <p>The shift to remote/flexible working, and changes in how services are offered increases need for, and dependency on, resilient IT systems.</p> <p>KCC's ICT Strategy is moving 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>Attempts to gain access to secure networks and servers are increasing nationally and becoming more sophisticated and damaging when they succeed.</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</p>	<p>Information security incidents (caused by both human error and / or system compromise) resulting in loss of data or breach of privacy / confidentiality.</p> <p>Business information is lost, stolen, copied, or otherwise compromised (a breach)</p> <p>Significant business interruption caused by a successful cyber security attack.</p> <p>Successful cyber-attack (e.g., 'phishing' scam or ransomware attack) leading to loss or unauthorised access to sensitive business data.</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>Loss or corruption of data.</p> <p>Loss of key systems potentially impacting ability to deliver statutory services.</p> <p>Partners unable to discharge their duties</p> <p>Complaints</p>	<p>Rebecca Spore, Director Infrastructure</p> <p>Ben Watts, General Counsel and KCC Data Protection Officer</p> <p>Amanda Beer, Corporate Director People and Communications</p> <p>Responsible Cabinet Member(s):</p> <p>Peter Oakford, Finance, Corporate and Traded Services</p> <p>Bryan Sweetland Communications, Engagement, People and</p>	<p>Likely (4)</p> <p>Target Residual Likelihood Likely (4)</p>	<p>Major (5)</p> <p>Target Residual Impact Serious (4)</p>	

in terms of IT and information security.	partnerships
Control Title	Control Owner
Changes and additions to security controls remains an on-going theme as the authority updates and embraces new technologies.	Dave Lindsay, Interim Head of ICT Strategy and Commissioning
Electronic Communications User Policy, Virus reporting procedure and social media guidelines in place	Dave Lindsay, Interim Head of ICT Strategy and Commissioning
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.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Procedures to address data breaches from KCC 'client-side' perspective are covered within the Infrastructure business continuity plan	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Further training introduced relating to cyber-crime, cyber security and social engineering to raise staff awareness and knowledge.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
External reviews of the Authority's security compliance are carried out to maintain accreditation and confirm best practice is applied.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer

Monthly updated remediation plans produced for the Director of Infrastructure and Senior Information Risk Owner. Quarterly reporting to the Directorate Management Team.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Service Partners / Providers liaised with to ensure clarity regarding support available and respective responsibilities to address data breaches should they occur.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Persistent monitoring of threats, network behaviours and data transfers to seek out possible breaches and take necessary action.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
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.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
A Cyber incident response and management policy has been developed which strengthens the responsibilities and accountabilities across the Authority.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Procedure for incident management being reviewed and updated and responses to liaison picked up under consolidated action plan.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly.	Ben Watts, General Counsel and KCC Data Protection Officer / Amanda Beer, Corporate Director People & Communications.

Additional messages warning staff of cyber threats are being sent out regularly.		Diane Trollope, Service Manager OD and Engagement
Messages to encourage increased awareness of information security amongst staff are communicated to align with key implementation milestones of the ICT Transformation Programme.		Diane Trollope, Service Manager OD and Engagement
Action Title	Action Owner	Planned Completion Date
Implementation of actions within the ICT Consolidated Security Action Plan	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	April 2022 (review)
Continuation of roll out of Microsoft Security and Compliance Package	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	January 2022 (review)
Business case for a cloud-native security information and event manager being developed	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	December 2022

Examples of Committee reports of relevance to this risk since April 2021:

Policy and Resources Cabinet Committee 9 th November 2021	Item 8 Kent Connects Partnership Update https://democracy.kent.gov.uk/documents/g8821/Public%20reports%20pack%2009th-Nov-2021%2014.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10
Policy & Resources Committee 13 th July 2021	Item 9 - Kent Public Service Network Update https://democracy.kent.gov.uk/documents/g8531/Public%20reports%20pack%2013th-Jul-2021%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10

Policy & Resources Committee 13 th July 2021		Item 11 - 21/00041 - Total Refresh Programme https://democracy.kent.gov.uk/documents/g8531/Public%20reports%20pack%2013th-Jul-2021%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10
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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	
<p>The current social care system is under significant strain as a result of the increasing cost and complexity of demand for services and constrained local authority budgets.</p> <p>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.</p> <p>The market has high vacancy levels, and high staff turnover rates. Factors such as the increase to the National Living Wage, inflationary pressures, mandated vaccinations, and a buoyant job market mean that the care market is under pressure to recruit and retain adequate numbers of staff.</p> <p>The Covid-19 pandemic has added additional pressures, further threatening sustainability of the market. Latent demand and a reduction in access to</p>	<p>Social Care market particularly domiciliary care is not sustainable.</p> <p>Inability to obtain the right kind of provider supply at affordable prices.</p> <p>Significant numbers of care home closures or service failures.</p> <p>Increases in hand backs of care</p> <p>Providers choose not to tender for services at Local Authority funding levels or accept service users with complex needs.</p>	<p>Gaps in the care market for certain types of care or in geographical areas meaning difficulty in placing some service users.</p> <p>Unable to offer care packages immediately leading to delays with discharging from Health Services</p> <p>Reduction in quality of care provided due to workforce pressures</p>	<p>Richard Smith, Corporate Director ASCH, in collaboration with Clare Maynard, Interim Strategic Commissioner</p> <p>Responsible Cabinet Member(s): Clair Bell, Adult Social Care and Public Health</p>	<p>V. Likely (5)</p> <p>Target Residual Likelihood Possible (3)</p>	<p>Major (5)</p> <p>Target Residual Impact Major (5)</p>	

health care has led to an increase in clients presenting with more complex needs. There is increased demand for care and support, and pressures arising from hospital discharges.	
Control Title	Control Owner
KCC is part of local and regional Quality Surveillance Groups that systematically bring together the different parts of the health and care system to share information, identify and mitigate risks to quality, including those relating to care providers.	Sharon Dene, Strategic Commissioning
New contracts commenced relating to Disability and Mental Health Residential Care services.	Simon Mitchell, Strategic Commissioning
Ongoing work to improve maturity of the market	Clare Maynard, Interim Strategic Commissioner
Ongoing monitoring of Home Care market and market coverage. Commissioners and operational managers review the capacity of the Home Care market with a view to developing a strategy to ensure market coverage.	Paula Watson, Senior Commissioner
Ongoing Contract Monitoring, working in partnership with the Access to Resources team	Clare Maynard, Interim Strategic Commissioner
Opportunities for joint commissioning and procurement in partnership with key agencies (i.e. Health) being regularly explored, including joint work regarding the provision of dementia nursing beds.	Clare Maynard, Interim Strategic Commissioner
Regular engagement with provider and trade organisations	Clare Maynard, Interim Strategic Commissioner
Older Persons Accommodation Strategy refreshed, which analyses demand and need and sets the future vision and direction for accommodation to support vulnerable Kent residents alongside the Adult Social Care Strategy - Your Life, Your Wellbeing	Richard Smith, Corporate Director ASCH
Ensuring contracts have indexation clauses built-in, managed through contract monitoring	Louise Merchant / Christopher Wimhurst, Strategic Commissioning

As part of the <i>Commissioning Success</i> model, Analytics function utilises data to inform decision making before moving commissioning activity forward.	Rachel Kennard, Chief Analyst	
Phase 2 of the Care in the Home Services refresh commenced, bringing the various Discharge services and Supported Living Services under the Care in the Home Umbrella.	Tracey Schneider, Senior Commissioner	
Phase 1 of Care and Support in the Home Services contract live, combining homecare and community based supporting independence services. This has reduced the number of care packages being placed off contract	Tracey Schneider, Senior Commissioner	
Analytical work is being conducted on assessments and reviews in adult social care to help inform key commissioning activity, including Winter planning and impact of Covid.	Rachel Kennard, Chief Analyst	
Daily risk assessment for people in the community awaiting packages of care and short-term bed provision for those at high risk	Chris McKenzie, Director ASCH	
Adult Social Care Pressures Plan 2021/22 - outlining the strategic and operational response to a range of factors including COVID-19, vacancies in the health and social care workforce, waiting lists for care and support, winter pressures and budgetary pressures.	Richard Smith, Corporate Director for Adult Social Care and Health	
Action Title	Action Owner	Planned Completion Date
Community Support Market Position Statements being refreshed, to inform market shaping, oversight and sustainability	Clare Maynard, Interim Strategic Commissioner	February 2022

Examples of Committee reports of relevance to this risk since April 2021:

Adult Social Care Cabinet Committee 1 st December 2021	Item 10 - 21/00106 - Development of Micro Provider Market in Kent https://democracy.kent.gov.uk/documents/g8816/Public%20reports%20pack%2001st-Dec-2021%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10
Adult Social Care Cabinet Committee 1 st December 2021	Item 11 - Adult Social Care Pressures Plan 2021-2022 https://democracy.kent.gov.uk/documents/g8816/Public%20reports%20pack%2001st-Dec-

		2021%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10
Adult Social Care Cabinet Committee 29 th September 2021		Item 10 - Care And Support In The Home Service Phase 2 - Supported Living https://democracy.kent.gov.uk/documents/g8815/Public%20reports%20pack%2029th-Sep-2021%2010.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10
Adult Social Care Cabinet Committee 22 nd June 2021		Item 9 - 21/00050 - Discharge Services Contract Extensions and Future Commissioning https://democracy.kent.gov.uk/documents/g8538/Public%20reports%20pack%2022nd-Jun-2021%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10

Risk ID	CRR0039	Risk Title	Information Governance			
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, including disposal of data under the Data Protection Act 2018, which is particularly challenging given the volume of information handled by the authority on a daily basis.	Failure to embed the appropriate processes, procedures and behaviours to meet 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 Data Protection Officer in collaboration with David Whittle, Senior Information Risk Owner	V. Likely (5)	Serious (4)	
The Council has regulatory obligations into the management of SAR/FOI/EIR requests	Failure to meet regulatory reporting deadlines	Serious breaches under UK GDPR could attract a fine of c£17m.		Target Residual Likelihood	Target Residual Impact	
United Kingdom General Data Protection Regulations (UK GDPR) came into effect that have introduced significantly increased obligations on all data controllers, including the Council.	Information security incidents (caused by both human error and / or system compromise) resulting in loss of personal data or breach of privacy / confidentiality.	Increased risk of litigation.	Responsible Cabinet Member(s):	Possible (3)	Serious (4)	
The Covid-19 pandemic has introduced new risks e.g. staff adapting to new ways of working and increasing information security threats.	Council accreditation for access to government and partner ICT data, systems and network is withdrawn.	Reputational damage.	Roger Gough, Leader			
There is insufficient resource available to undertake comprehensive oversight / assurance activity that provides assurance on compliance with existing information governance standards.	Cantium Business Solutions prioritises commercial work or does not undertake information governance compliance work in an appropriate and timely fashion.		Bryan Sweetland Communications, Engagement, People and Partnerships			
There is a critical dependency on	Providers processing KCC data fail to embed the appropriate processes and behaviours.		Peter Oakford, Deputy Leader and Cabinet Member for			

<p>the Council's Local Authority Trading Companies (CBS) and other material third parties to support Information Governance compliance for the KCC systems and network.</p> <p>KCC services' requirement for non-standard systems creates vulnerabilities.</p>	Corporate and Traded Services
Control Title	Control Owner
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 KCC Data Protection Officer / Amanda Beer, Corporate Director People and Communications
Senior Information Risk Owner for the Council appointed with training and support to undertake the role.	David Whittle, Director SPRCA
ICT Commissioning function has necessary working/contractual relationship with the Cantium Business Solutions to require support on KCC ICT compliance and audit.	Rebecca Spore, Director Infrastructure
Caldicott Guardian appointed with training and support to undertake the role	Richard Smith, Corporate Director ASCH
Corporate Information Governance group to allow for effective management of information governance risks and issues between the DPO, SIRO and Caldicott Guardian.	Ben Watts, General Counsel and KCC Data Protection Officer
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 and reviewed regularly. Data Protection Officer in place to act as a designated contact with the ICO.	Ben Watts, General Counsel and KCC Data Protection Officer
Management Guide/operating modules on Information Governance in place, highlighting key policies and procedures.	Ben Watts, General Counsel and KCC Data Protection

		Officer
Privacy notices as well as procedures/protocols for investigating and reporting data breaches reviewed and updated		Caroline Dodge, Team Leader Information Resilience & Transparency
Information Resilience and Transparency team in place, providing business information governance support.		Caroline Dodge, Team Leader Information Resilience & Transparency
Cross Directorate Information Governance Working Group in place.		Michael Thomas-Sam, Strategic Business Adviser Social Care
Corporate Information Governance Group established, chaired by the DPO and including the SIRO and Caldecott Guardian acting as a point of escalation for information governance issues and further escalation to the Corporate Management Team if required		Ben Watts, General Counsel and KCC Data Protection Officer
Action Title	Action Owner	Planned Completion Date
Continuation of roll out of Microsoft Security and Compliance Package	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	April 2022 (review)
Detailed action plan is being prepared for changes to the recording of data breaches and identification.	Ben Watts, General Counsel and KCC Data Protection Officer	March 2022
Working from Home Information Governance and Records Management audits - implementation of recommendations	Ben Watts, General Counsel / David Whittle, Director SPRCA	March 2022
Each directorate is responsible for carrying out data mapping exercises to find out what personal data is held and to understand how the information flows through the organisation	Michael Thomas-Sam, Chair of Cross-Directorate Information Governance Working Group	March 2022

Examples of Committee reports of relevance to this risk since April 2021:

Policy & Resources Cabinet Committee 22 nd September 2021	Item 7 - Information Governance Update https://democracy.kent.gov.uk/documents/g8820/Public%20reports%20pack%2022nd-Sep-2021%2014.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10
Policy & Resources Cabinet Committee 19 th January 2022	Item 9 – Information Governance Update (Public Pack)Agenda Document for Policy and Resources Cabinet Committee, 19/01/2022 10:00 (kent.gov.uk)

Risk ID	CRR0042	Risk Title	Post Transition period border systems, Infrastructure and regulatory arrangements –			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
On 1 January 2021 the Transition period with the European Union ended, and the United Kingdom now operates a full, external border as a sovereign nation. This means that controls are now placed on the movement of goods between the UK and the EU.	That changes in border customs, checking and processing routinely affect local communities and both the strategic and local road networks. That the Government does not provide sufficient capital and revenue financial support to departments, agencies, local authorities and other infrastructure stakeholders necessary to address the necessary infrastructure, legislation and controls to ensure long term plan for frictionless border movements.	Significant slowdown in the existing flow of goods and people through the Kent Ports leads to long delays in accessing Dover Ports and Eurotunnel. Impacts on major traffic routes to support Operation Brock and other mitigations for port delays and the consequential increase in local and pan-Kent road journey times, impacting on local residents and businesses. Significant detrimental impact on county's economic competitiveness, attractiveness for inward investment and quality of life for Kent residents. Significant increase in imported goods subject to statutory checks by Trading Standards including consumer	Simon Jones, Corporate Director GET	Likely (4)	Major (5)	
To afford industry extra time to make necessary arrangements, the UK Government has taken the decision to introduce the new border controls in three stages up until 1 July 2022. KCC has been working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios. KCC is reliant on coherent, coordinated governance and information across Government to aid the Local Authority and partners locally in planning their contingency arrangements and responding appropriately.			Responsible Cabinet Member(s): David Brazier, Highways & Transport Mike Hill, Community & Regulatory Services	Target Residual Likelihood Possible (4)	Target Residual Impact Serious (4)	

goods and animal feeds.
 Imported animals now subject to welfare checks at Border controls posts, breaches of welfare subject to investigation by Trading Standards. Shortages and delay may impact supply chains.

Control Title

Control Owner

KCC engagement with and support for the Kent Resilience Forum

Lisa Guthrie, Head of Kent Resilience Team

Regular engagement with senior colleagues in relevant Government Departments on the impacts and implications of transition on KCC's regulatory responsibilities relating to Trading Standards and the resilience of Kent highways.

Simon Jones, Corporate Director GET

Several training exercises have taken place to prepare for various scenarios

Simon Jones, Corporate Director, GET / Tony Harwood, Resilience and Emergencies Manager

KCC involvement in Operation Fennel Strategic and Tactical Groups (multi-agency planning groups for potential disruption at Port of Dover and Eurotunnel).

Simon Jones, Corporate Director GET

Operation Fennel strategic plan in place

Simon Jones, Corporate Director GET

KCC Cross Directorate Resilience Forum reviews latest situation regarding transition impacts

Tony Harwood, Resilience and Emergencies Manager

KCC contribution to multi-agency communications in the 'response' phase, and leadership of communications in the 'planning' and 'recovery' phases

Christina Starte, Head of Communications

KCC services are continually reviewing business continuity arrangements, taking potential scenarios into consideration (cross-reference to CRR0004), with co-ordination via Directorate Resilience Groups	Service Managers	
KCC membership of the Delivery Models Operational Group and associated working groups such as Emergency Planning, Infrastructure etc.	Steve Rock, Head of Trading Standards	
Action Title	Action Owner	Planned Completion Date
KCC continues to make a case for further funding from the Ministry of Housing, Communities and Local Government (MHCLG) and Department for Transport (DfT) for direct impact costs of Transition preparedness in the county.	Simon Jones, Corporate Director GET	July 2022
Recruitment of additional staff for Ports Team to provide capacity and deal specifically with imported goods through the 7-8 Ports and Inland border facilities in Kent.	Steve Rock, Head of Trading Standards	July 2022
Recruitment of additional animal health officers to provide capacity to deal with increased pressures on animal health and welfare in Kent.	Steve Rock, Head of Trading Standards	January 2022
Recruitment of Trainee Trading Standards Officers to increase capability of the service to cover statutory functions requiring qualified staff, in particular Animal Feed.	Steve Rock, Head of Trading Standards	January 2022

Examples of Committee reports of relevance to this risk since April 2021:

Cabinet 9 th December 2021	Item 9 Border Readiness https://democracy.kent.gov.uk/documents/g8894/Public%20reports%20pack%2009th-Dec-2021%2010.00%20Cabinet.pdf?T=10
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Risk ID	CRR0044	Risk Title	High Needs Funding shortfall			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The demand for Special Educational Needs and Disability (SEND) support is rising and at a much faster rate than the school age population, and the Council's Dedicated Schools Grant (DSG) budget is overspending on the High Needs Block and has already accrued a deficit of £62m on the DSG reserve.	Inability to manage within budget going forward.	Continued funding of deficit on the DSG reserve by net surplus balances in other reserves becomes unsustainable, impacting on the financial resilience of the Council.	Matt Dunkley, Corporate Director CYPE	Likely (4)	Major (5)	
Corresponding pressure on some of KCC's non-DSG SEND related budgets e.g. SEN Home to School Transport, is also being experienced.	Inability to reduce accumulated deficit on Dedicated Schools Grant reserve.	Impact on support for children with SEND (cross reference to CRR0047)	Responsible Cabinet Member(s): Shellina Prendergast, Education & Skills	Target Residual Likelihood Likely (4)	Target Residual Impact Serious (4)	
Consequently, meeting the needs of children and young people with SEND within available resources is becoming ever more challenging.						
The ability to forecast costs in future years is difficult.						
The Department for Education (DfE) is introducing tighter reporting requirements on local authorities who have a deficit in their DSG account.						

Control Title	Control Owner	
Block payment arrangement negotiated with Further Education colleges. For this early confirmation and certainty in funding colleges are expected to absorb inflationary pressures and provide support to any growth in the number of post 16 young people with High Needs.	Karen Stone, Revenue Finance Manager (0 - 25 services) / Christine McInnes, Director of Education	
Continual lobbying of Government on two matters; increased funding in both the short and medium term, and structural changes to government policy to help reduce the demand i.e. via County Council Network, Association of Directors' of Children's Services. Includes provision of evidence of the impact of the High Needs pressures on the quality of education children receive, schools, other providers and the Local Authority.	Roger Gough, Leader of the Council / Shellina Prendergast, Cabinet Member, Education and Skills / Matt Dunkley Corporate Director (CYPE)	
KCC conducted a review of provision of pupils in mainstream schools with High Needs, introducing changes aiming to ensure the number of High Needs pupils in mainstream schools does not contribute to the current budget pressures.	Christine McInnes, Director of Education / Karen Stone, Revenue Finance Manager (0 - 25 services)	
As required by the DfE, a recovery plan is produced (if the LA is either in deficit or if there is a significant reduction in their surplus) outlining how KCC can bring in-year spending in line with in-year funding, and options for how the accumulated deficit could be repaid. To be presented to the Schools' Funding Forum and approved by the Council's Section 151 Officer	Zena Cooke, Corporate Director Finance (Section 151 Officer) / Christine McInnes, Director of Education	
Action Title	Action Owner	Planned Completion Date
High Needs Funding review to be undertaken and recommendations to be agreed with the School's Funding Forum. This links to Workstream B of the Written Statement of Action in supporting Inclusive Practices in schools.	Karen Stone, Revenue Finance Business Partner / Christine McInnes, Director of Education	March 2022
Implementation of SEND Written Statement of Action Inclusion workstream to better address the relationship between learner need, outcomes, provision and cost. Including: - Tighter commissioning arrangements to drive down the cost of placements in Independent Non-Maintained Special Schools	Matt Dunkley, Corporate Director CYPE	March 2022
Building capacity and an inclusive ethos in mainstream schools to improve teaching and confidence in supporting more children with higher levels of need.	Matt Dunkley, Corporate Director CYPE	March 2022

Examples of Committee reports of relevance to this risk since April 2021:

<p>CYPE Cabinet Committee 11th January 2022</p>	<p>Item 12 – SEND Update</p> <p>Item 12 SEND Revisit Presentation 13.12.21.pdf (kent.gov.uk)</p>
<p>CYPE Cabinet Committee 11th January 2022</p>	<p>Item 10 – Special Educational Needs Strategy 2021-24 - Update</p> <p>THE REPORT (kent.gov.uk)</p>
<p>CYPE Cabinet Committee 14th September 2021</p>	<p>Item 8 - SEND Update</p> <p>https://democracy.kent.gov.uk/documents/g8871/Public%20reports%20pack%2014th-Sep-2021%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10</p>
<p>CYPE Cabinet Committee 30th June 2021</p>	<p>Item 10 - Non-Maintained and Independent Special School Commissioning Strategy</p> <p>https://democracy.kent.gov.uk/documents/g8525/Public%20reports%20pack%2030th-Jun-2021%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10</p>

Risk ID	Risk Title	Maintaining effective governance and decision making in a challenging financial and operating environment for local government					
Risk ID	CRR0045	Risk Title	Maintaining effective governance and decision making in a challenging financial and operating environment for local government				
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact		
<p>The continuation of a challenging financial and operating environment for Local Government (see risk CRR0009) will require difficult policy decisions to be made in a timely manner, which requires continued effective governance and decision making as well as robust internal control mechanisms.</p> <p>Examples from other local authorities has shown the impact that ineffective decision making can have on financial resilience.</p> <p>KCC's constitution explicitly references the demarcation of Member and Officer roles which consequently places dependency on the effectiveness of the member governance of the Council. Elected Members may require additional training and expertise to enable capability of effective challenge.</p>	<p>Members are unwilling or unable to agree necessary policy (service) decisions to deliver a legally balanced budget and sustainable medium-term financial plan (MTFP).</p> <p>Members agree a budget requiring unrealistic and undeliverable efficiency savings leading to significant in-year overspends.</p>	<p>Decisions challenged under judicial review on the appropriateness of the decision-making within KCC.</p>	<p>David Cockburn, Head of Paid Service</p>	<p>Unlikely (2)</p>	<p>Major (5)</p>		
	<p>Statutory officers (S151, Monitoring Officer, Head of Paid Service) are required to use their powers to intervene or alert the Council to inappropriate/illegal decision-making.</p>	<p>Monitoring Officer / Head of Paid Service statutory report to Council.</p>	<p>Zena Cooke, Corporate Director Finance (s151 Officer)</p>	<p>Target Residual Likelihood</p> <p>V. Unlikely (1)</p>	<p>Target Residual Impact</p> <p>Major (5)</p>		
		<p>Reputational damage to the Council.</p> <p>S114 Notice issued by the S151 Officer.</p>	<p>Ben Watts, General Counsel and Monitoring Officer</p>	<p>Responsible Cabinet Member(s):</p> <p>Roger Gough, Leader of the Council</p> <p>Peter Oakford, Deputy Leader and Cabinet Member for Corporate and Traded Services</p>			

Control Title	Control Owner
Interim Strategic Plan agreed by County Council and published setting out objectives and priorities for the Council in 2021/22.	Roger Gough, Leader of the Council
Medium Term Financial Plan and Budget Book agreed by Full Council and support/briefings provided for all political groups by officers on budget development options	Zena Cooke, Corporate Director Finance (Section 151 Officer)
Effective internal audit arrangements in place and robust monitoring arrangements for the delivery of internal audit recommendations to Governance & Audit Committee	Zena Cooke, Corporate Director Finance (Section 151 Officer)
Appropriately detailed and timely financial monitoring reports considered by Cabinet and Cabinet Committees	Zena Cooke, Corporate Director Finance (Section 151 Officer)
Governance reviews from across the local government sector are analysed to identify any lessons learned and reported to relevant stakeholders, including Governance & Audit Committee.	Zena Cooke, Corporate Director Finance (Section 151 Officer)
Appropriate officer development and training programme in place and overseen by CMT	Amanda Beer, Corporate Director People and Communications
Appropriate and effective corporate risk management procedures in place for the Council	David Whittle, Director SPRCA
Informal governance arrangements authorised by the KCC Constitution have been published on KNet as a practical guide for how officers work with elected Members to help them support effective decision making for our service users, residents and communities.	David Whittle, Director SPRCA
Operating standards for KCC officers that support KCC's constitution published on KNet, signposting officers to essential policy information and additional guidance on specific topics, to help officers discharge their responsibilities effectively.	David Whittle, Director SPRCA
Key and significant decision-making process in place for Executive decisions and appropriately published Forward Plan of Executive Decisions	Ben Watts, General Counsel and KCC Data Protection Officer
Annual Governance Statement (AGS) arrangements in place with returns made across both senior and statutory officers	Ben Watts, General Counsel and KCC Data Protection Officer

Democratic Services support effective Committee governance and scrutiny arrangements	Ben Watts, General Counsel and KCC Data Protection Officer
Member and Officer codes of conduct in place and robustly monitored and enforced	Ben Watts, General Counsel and KCC Data Protection Officer
Member development and training programme in place and overseen by Selection and Member Services Committee	Ben Watts, General Counsel and KCC Data Protection Officer
Provision for Chief Officers to seek written direction from Executive Members within the KCC Constitution	Ben Watts, General Counsel and KCC Data Protection Officer
Appropriate performance reporting of service and corporate performance to Cabinet, Cabinet Committee and Full Council	David Cockburn, Head of Paid Service
Transformation plans and/or business cases for strategic change underpinning MTFP shared with non-executive members through Cabinet Committees as part of the executive decision-making arrangements	David Cockburn, Head of Paid Service
Details of a five-year governance refresh programme laid out to County Council in December 2021	Ben Watts, General Counsel and KCC Data Protection Officer
Action Title	Action Owner
Review of KCC Operating Standards	David Whittle, Director SPRCA
	Planned Completion Date
	March 2022

Examples of Committee reports of relevance to this risk since April 2021:

County Council 16 th December 2021	Item 10 - Developing KCC's next Strategic Statement https://democracy.kent.gov.uk/documents/g8753/Public%20reports%20pack%2016th-Dec-2021%2010.00%20County%20Council.pdf?T=10
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County Council 16 th December 2021	Item 11 Five Year Governance Refresh Programme https://democracy.kent.gov.uk/documents/g8753/Public%20reports%20pack%2016th-Dec-2021%2010.00%20County%20Council.pdf?T=10
Cabinet 24 th June 2021	Item 7 - Medium Term Financial Outlook https://democracy.kent.gov.uk/documents/g8582/Public%20reports%20pack%2024th-Jun-2021%2010.00%20Cabinet.pdf?T=10

Risk ID	CRR0047	Risk Title	Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – implementation of Kent Local Area SEND Written Statement of Action			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Kent in early 2019, to judge the effectiveness of the area in implementing the disability and special educational needs reforms set out in the Children and Families Act 2014.	Insufficient improvement in areas identified within timescales.	Adverse impact on outcomes for vulnerable young people Dissatisfaction from families Potential for legal action if statutory time limits or processes are not met.	Matt Dunkley, Corporate Director CYPE	Likely (4)	Major (5)	
While a number of strengths were identified, a number of weaknesses and areas of concern were raised.			Responsible Cabinet Member(s):	Target Residual Likelihood	Target Residual Impact	
In response to these concerns a programme has been identified across both KCC and Clinical Commissioning Groups to implement the changes and improvements required.			Sue Chandler, Integrated Children's Services	Unlikely (2)	Major (5)	
The programme is being delivered against a challenging backdrop of significant increases in demand and a shortfall in High Needs funding (see risk CRR0044), while some aspects of the programme are being revised to take account of implications of the Covid-19 pandemic.						

Control Title	Control Owner	
SEND Steering Group in place, with responsibility for coordinating activity and tracking progress across the five identified workstreams in the Written Statement of Action, reporting into the Improvement Board.	Mark Walker, Director for SEND	
Effective use of SEND Improvement Programme Risk register.	Mark Walker, Director for SEND	
Local area SEND Strategy developed in collaboration with partners, which goes beyond the Written Statement of Action to enable sustained improvement and transform Kent's SEND offer.	Matt Dunkley, Corporate Director CYPE (KCC lead)	
Kent Joint SEND vision established	Matt Dunkley, Corporate Director CYPE (KCC lead)	
SEND Improvement Board established, meeting monthly, to ensure collaborative working across education, health and social care, to have a strategic overview of services and drive the operational workstreams that have been developed to address each area of significant weakness.	Matt Dunkley, Corporate Director CYPE (KCC lead)	
Robust programme management in place, ensuring appropriate integration between workstreams and delivery plan.	Matt Dunkley, Corporate Director CYPE (KCC lead)	
0-25 Health and Wellbeing Board is the strategic board for children's services that oversees delivery of these services in Kent. A new joint governance with health has been established from November 2020.	Matt Dunkley, Corporate Director CYPE (KCC lead)	
Action Title	Action Owner	Planned Completion Date
<p>SEND Improvement Programme, which includes delivery of requirements detailed in the Kent Written Statement of Action, covering five key workstreams relating to:</p> <ul style="list-style-type: none"> -Parental engagement and co-production -Inclusive practice and the outcomes, progress and attainment of children and young people. - Quality of Education, Health and Care Plans - Joint commissioning and governance - Service provision - Preparation of adulthood. 	Mark Walker, Director for SEND	April 2022 (review)

Examples of Committee reports of relevance to this risk since April 2021:

CYPE Cabinet Committee 11 th January 2022	Item 12 – SEND Update Item 12 SEND Revisit Presentation 13.12.21.pdf (kent.gov.uk)
CYPE Cabinet Committee 11 th January 2022	Item 10 – Special Educational Needs Strategy 2021-24 - Update THE REPORT (kent.gov.uk)
CYPE Cabinet Committee 14 th September 2021	Item 8 - SEND Update https://democracy.kent.gov.uk/documents/g8871/Public%20reports%20pack%2014th-Sep-2021%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10

Risk ID	CRR0049	Risk Title	Fraud and Error			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
<p>As with any organisation, there is an inherent risk of fraud and/or error that must be acknowledged and proactively managed.</p> <p>The fraud threat posed during emergency situations is higher than at other times, and all public bodies should be attuned to the risks facing their organisations and the public sector.</p> <p>It is critical that management implements a sound system of internal control and demonstrates commitment to it at all times, and that investment in fraud prevention and detection technology and resource is sufficient.</p> <p>This includes ensuring that new emerging fraud/error issues are sufficiently risk assessed.</p>	<p>Failure to prevent or detect significant acts of fraud or error from internal or external sources, in that within any process or activity there are:</p> <ul style="list-style-type: none"> - false representations are made to make a gain or expose another to a loss - failure to notify a change of circumstances to make a gain or expose another to a loss - abuses their position, in which they are expected to safeguard to make a gain or expose another to a loss. 	<p>Financial loss leading to pressures on budgets that may impact the provision of services to service users and residents</p> <p>Reputational damage, particularly if the public see others gaining services or money that are not entitled to, leading to resentment by the public against others.</p>	<p>On behalf of CMT:</p> <p>Zena Cooke, Corporate Director Finance (Section 151 Officer)</p> <p>Responsible Cabinet Member(s):</p> <p>Peter Oakford, Finance, Corporate and Traded 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>Significant (3)</p>	
Control Title				Control Owner		
KCC is part of the Kent Intelligence Network (KIN), a joint project between 12 district councils, Medway Council, Kent Fire & Rescue and Kent County Council which analyses and data matches financial and personal information to allow fraudulent activity in locally administered services to be detected more proactively within Kent				Nick Scott, Operations Manager, Kent Intelligence Network / James Flannery, Counter-Fraud Manager KCC		

Training and awareness raising is conducted periodically	Amanda Beer, Corporate Director People and Communications / James Flannery, Counter-Fraud Manager
An agreed Memorandum of Understanding is in effect with partners (District Councils, Police and Fire Service) outlining the minimum standards expected to be applied by collection authorities (District Councils) to address fraud and error relating to council tax and business rates. Additional work jointly funded to identify and investigate high risk cases based on each authority's share of the tax base.	Dave Shipton, Head of Finance (Policy, Strategy and Planning)
Internal Audit includes proactive fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity.	Jonathan Idle, Head of Internal Audit
Whistleblowing Policy in place for the reporting of suspicions of fraud or financial irregularity	James Flannery, Counter-Fraud Manager
Preventing Bribery Policy in place, presenting a clear and precise framework to understand and implement the arrangements required to comply with the Bribery Act 2010.	James Flannery, Counter-Fraud Manager
Anti-fraud and corruption strategy in place and reviewed annually	James Flannery, Counter-Fraud Manager
Counter Fraud Manager liaises with CMT regarding all new policies, initiatives and strategies to be assessed for the risk of fraud, bribery and corruption through engagement with the Counter Fraud Team.	James Flannery, Counter-Fraud Manager
Systems of internal control which aim to prevent fraud and increase the likelihood of detection	Statutory Officers / Corporate Management Team
Fraud risk assessments have been developed by the Counter-Fraud team and are being considered by service directorates to aid awareness and facilitate appropriate mitigations.	Directorate Management Teams
Commissioning standards reviewed, including rules relating to "Spending the Council's Money", which have been clarified.	Clare Maynard, Interim Strategic Commissioner

Examples of Committee reports of relevance to this risk since April 2021:

<p>Governance & Audit Committee 30th November 2021</p>	<p>Item 14 - Counter Fraud Update</p> <p>https://democracy.kent.gov.uk/documents/g8938/Public%20reports%20pack%2030th-Nov-2021%2010.00%20Governance%20and%20Audit%20Committee.pdf?T=10</p>
<p>Governance & Audit Committee 7th October 2021</p>	<p>Item 10 - Report on use of covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2020 - 31 March 2021</p> <p>https://democracy.kent.gov.uk/documents/g8721/Public%20reports%20pack%2007th-Oct-2021%2010.00%20Governance%20and%20Audit%20Committee.pdf?T=10</p>
<p>Governance & Audit Committee 22nd July 2021</p>	<p>Item 12 - Annual Counter Fraud Report 2020/21 and proposed Counter Fraud Plan 2021/22</p> <p>https://democracy.kent.gov.uk/documents/g8720/Public%20reports%20pack%2022nd-Jul-2021%2014.00%20Governance%20and%20Audit%20Committee.pdf?T=10</p>

Risk ID	CRR0050	Risk Title	CBRNE incidents, communicable diseases and incidents with a public health implication			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
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. 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.	Insufficient capacity / resource to deliver response and recovery concurrently for a prolonged period, including potential future wave(s) of Covid-19.	Potential increased harm or loss of life if response is not effective. Increased financial cost in terms of damage control and insurance costs. Adverse effect on local businesses and the Kent economy. Possible public unrest and significant reputational damage. Legal actions and intervention for failure to fulfil KCC's obligations under the Civil Contingencies Act or other associated legislation.	On behalf of CMT: Allison Duggal, Interim Director of Public Health Responsible Cabinet Member(s): Clair Bell, Adult Social Care and Public Health	V. Likely (5)	Major (5)	
				Target Residual Likelihood	Target Residual Impact	
				Possible (3)	Major (5)	
Control Title			Control Owner			
There is coverage across Kent for Covid-19 testing, with regional and / or mobile testing sites.			Allison Duggal, Interim Director of Public Health			
"Protect Kent and Medway, Play your part" media campaign			Allison Duggal, Interim Director of Public Health			
Utilising data sets from Public Health England to give a picture of Covid-19 across Kent.			Allison Duggal, Interim Director of Public Health			

<p>DPH now has oversight of the delivery of immunisation and vaccination programmes in Kent through the Health Protection Committee</p> <p>DPH has regular teleconferences with the local Public Health England office on the communication of infection control issues</p> <p>DPH or consultant attends newly formed Kent and Medway infection control committee</p>	Allison Duggal, Interim Director of Public Health
<p>Kent Resilience Forum has a Health sub-group to ensure co-ordinated health services and Public Health England planning and response is in place</p>	Allison Duggal, Interim Director of Public Health
<p>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. The Director of Public Health has additionally sought and gained assurance from the local Public Health England office and the NHS on preparedness and maintaining business continuity</p>	Allison Duggal, Interim Director of Public Health
<p>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.</p>	Allison Duggal, Interim Director of Public Health
<p>Multiple governance – e.g. Health Protection Board feeds into KRF Health and Care cell.</p>	Allison Duggal, Interim Director of Public Health
<p>Kent Resilience Forum Outbreak Control Plan published, building on existing health protection plans already in place between Kent County Council, Medway Council, Public Health England - South East, the 12 Kent District and Borough Council Environmental Health Teams, the Strategic Coordinating Group of the Kent Resilience Forum, Kent and Medway Clinical Commissioning Group and other key partners</p>	Allison Duggal, Interim Director of Public Health
<p>Kent Local Tracing Partnership, supporting Government Test and Trace scheme.</p>	Allison Duggal, Interim Director of Public Health / Christina Starte, Head of Communications
<p>Mass testing and vaccination rollout supported</p>	Allison Duggal, Interim Director of Public Health

Examples of Committee reports of relevance to this risk since April 2021:

Kent and Medway Joint Health & Wellbeing Board 7 th December 2021	Item 5 - COVID-19 Local Outbreak Control Plan Update https://democracy.kent.gov.uk/documents/g8747/Public%20reports%20pack%2007th-Dec-2021%2014.00%20Kent%20and%20Medway%20Joint%20Health%20and%20Wellbeing%20Board.pdf?T=10
Health Overview and Scrutiny Committee 11 th November 2021	Item 4 - Covid-19 response and vaccination update https://democracy.kent.gov.uk/documents/g8760/Public%20reports%20pack%2011th-Nov-2021%2010.00%20Health%20Overview%20and%20Scrutiny%20Committee.pdf?T=10

Risk ID	CRR0051	Risk Title	Maintaining or Improving workforce health, wellbeing and productivity			
Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact	
The council's workforce is substantially adapting the way it operates and delivers services.	Lack of managerial capacity and / or capability to deliver in new environment	Increased absence levels	On behalf of CMT:	Likely (4)	Serious (4)	
Hybrid/flexible working in the delivery of services brings with it opportunities to accelerate programmes of change, improve productivity, wellbeing and promote our employer brand, but also, in the short term at least, risks that require close monitoring and management.	Staff mental and physical fatigue due to prolonged period of response and recovery, while adapting to a new working environment.	Impact on productivity (could be positive or negative)	Amanda Beer, Corporate Director People and Communications	Target Residual Likelihood	Target Residual Impact	
Staff across the organisation continue to work under significant operational pressures and capacity constraints.	Lack of depth / resilience of key personnel or teams.	Recruitment and retention challenges.		Unlikely (2)	Serious (4)	
	Insufficient capacity should future wave of winter pressures materialise.		Responsible Cabinet Member(s): Bryan Sweetland Communications, Engagement, People and Partnerships			
Control Title			Control Owner			
Regular engagement with recognised trades unions.			Paul Royel, Head of HR and OD			
KCC's Organisation Design principles have been refreshed to ensure they remain fit for purpose.			Paul Royel, Head of HR and OD			
Comprehensive resources and tools available for staff to access, including Support Line counselling services, I-resilience tool, mindfulness and wellbeing sessions, tailored to staff groups as appropriate.			Amanda Beer, Corporate Director People and			

		Communications
Additional guidance for staff on Display Screen Equipment self-assessments when working from home on a semi-permanent basis.		Stewart Baxter-Smith, Head of Health & Safety
Health & Safety team support for services, including updated Covid-19 related advice and guidance e.g. with Task Safety Analysis and supporting use of premises safety during response and recovery.		Stewart Baxter-Smith, Head of Health & Safety
Working and Wellbeing Surveys conducted, to build understanding of current picture and inform future planning and action with managers, alongside regular reviews of a suite of management information.		Diane Trollope, Head of Engagement and Consultation
Refocused medium-term Organisation Development Plan		Diane Trollope, Head of Engagement and Consultation
Intranet site contains dedicated Covid-19 area, with latest advice and guidance - including staff FAQs, Keeping Well, Comfort and Safety and Remote Working.		Diane Trollope, Head of Engagement and Consultation
Promoting even more regular communications between managers and their teams while working remotely via "Good Conversations" tools etc.		Diane Trollope, Head of Engagement and Consultation
KCC's values, behaviours and culture embedded by managers, linked to KCC Strategic Reset programme.		Diane Trollope, Head of Engagement and Consultation
Action Title	Action Owner	Planned Completion Date
Development of a new People Strategy for 2022-2027.	Paul Royel, Head of HR and OD	April 2022

Examples of Committee reports of relevance to this risk since April 2021:

Personnel Committee 11 th November 2021	Item 5 - People Strategy 2017 to 2022 Evaluation https://democracy.kent.gov.uk/documents/g8932/Public%20reports%20pack%2011th-Nov-2021%2014.00%20Personnel%20Committee.pdf?T=10
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Personnel Committee 30 th September 2021	Item 5 - Future of Work https://democracy.kent.gov.uk/documents/g8931/Public%20reports%20pack%2030th-Sep-2021%2014.00%20Personnel%20Committee.pdf?T=10
Personnel Committee 23 rd June 2021	Item 8 - Staff Survey https://democracy.kent.gov.uk/documents/g8870/Public%20reports%20pack%2023rd-Jun-2021%2014.00%20Personnel%20Committee.pdf?T=10

APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since January 2021
Children, Young People and Education				
CY0030	Management of the CYPE Directorate in year budget	High (20)	Medium (12)	↑
CY0040	Availability of Specialist Providers for Disabled Children and Children with Complex Needs	High (16)	Medium (12)	ESCALATED FROM DIVISIONAL REGISTER
CY0038	Potential increase in NEETs following Covid-19	Medium (12)	Medium (12)	NOT PREVIOUSLY RATED
CY0009	Children not in full time education not receiving a suitable education	Medium (12)	Low (6)	↔
CY0034	Business Continuity and Resilience	Medium (12)	Medium (8)	↔
CY0032	Information Governance	Medium (9)	Low (6)	↔
CY0039	Performance of the Liberi and EHM business applications	Medium (8)	Medium (8)	ESCALATED FROM DIVISIONAL REGISTER
Growth, Environment and Transport				
GT0004	Skills shortage and capacity issues	High (20)	Medium (12)	↑
GT0001	Health, Safety and Wellbeing considerations	High (20)	Medium (10)	↔
GT0025	Capital Investment and Asset Management	Medium (15)	Medium (9)	NEW RISK
GT0003	Directorate preparedness for, management of and impact of severe weather incidents	Medium (12)	Medium (9)	↓
GT0024	Information Governance	Medium (12)	Low (6)	↔
GT0008	Ash Dieback	Medium (12)	Medium (12)	↔
GT0021	Internal services provided to the directorate do not meet an acceptable standard	Medium (12)	Medium (9)	↓
GT0027	Failure of ICT systems	Medium	Medium	NEW RISK

		(12)	(12)	
GT0026	Net Zero and Insufficiency of Funding	Medium (12)	Medium (9)	NEW RISK
GT0019	Delivery of in-year budget targets	Medium (12)	Medium (9)	↔
GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets	Medium (12)	Low (4)	↓
Strategic and Corporate Services				
ST0023	Workforce capacity across the directorate	High (16)	Medium (12)	↔
Adult Social Care and Health				
AH0005	Continued pressures on public sector funding impacting on revenue and capital budgets	High (20)	Medium (12)	↔
AH0033	Adult Social Care Workforce	High (20)	Medium (9)	↑
AH0011	Business disruption	Medium (12)	Medium (9)	↔
AH0037	Information Asset Management	Medium (12)	Medium (9)	NEW RISK
AH0040	Development of Integrated Care System / Integrated Care Partnerships in Kent and Medway NHS system	Medium (12)	Medium (8)	DELEGATED FROM CORPORATE REGISTER
AH0038	Information Governance	Medium (12)	Medium (9)	ESCALATED FROM DIVISIONAL REGISTER
AH0035	Making a Difference Every Day Approach – joint working opportunities	Medium (9)	Low (6)	NEW RISK

From:	Peter Oakford, Deputy Leader and Cabinet Member for Finance, Traded and Corporate Services Zena Cooke, Corporate Director of Finance
To:	Governance and Audit Committee – 25 January 2022
Subject:	Treasury Management Update
Classification:	Unrestricted
Future Pathway of report	County Council

Summary:

This report provides a review of Treasury Management Activity up to the end of November 2021 and developments in 2021-22 up to the date of this report.

Recommendation:

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

FOR DECISION

1. Introduction

- 1.1 This report covers Treasury Management activity up to the end of November 2021 and developments in 2021-22 up to the date of this report.
- 1.2 If agreed by members this report will go on to Council.
- 1.3 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.
- 1.4 The Council's Treasury Management Strategy for 2021-22 was approved by full Council on 11 February 2021.
- 1.5 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. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy. This report covers treasury activity and the associated monitoring and control of risk.

2. External context

- 2.1 **Economic background:** The economic recovery from coronavirus pandemic has continued to be the dominant issue.
- 2.2 The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. However at its meeting on 16 December Bank Rate was raised to 0.25% while the Quantitative Easing programme was unchanged.
- 2.3 First estimates for Q3 2021 suggest that GDP increased 1.3% on the previous quarter and is up 6.6% on the previous year but remains 2.1% below its pre pandemic level. Estimates for growth in Q4 2021 have been revised down as the pace of the global recovery has shown signs of slowing and there are concerns inflationary pressures may be more persistent.
- 2.4 UK Consumer Price Inflation (CPI) for November 2021 registered 5.1% year on year, up from 4.2% in the previous month reflecting higher transport, housing and household service costs. Core inflation, which excludes the more volatile components, also rose to 4.0% year on year from 3.4% in October. CPI is expected to remain at 5% throughout the winter, rising further in April 2022 largely reflecting the pass-through of current rises in wholesale gas and electricity prices.
- 2.5 Government initiatives supporting the economy came to an end on 30 September 2021 with the end of the furlough scheme. The most recent labour market data for the three months to October 2021 showed a quarterly increase in the employment rate to 75.5%, while the unemployment rate decreased to 4.2%.
- 2.6 In October, the headline 3-month average annual growth rates for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.7% while regular pay was up 1.0%. However pay growth is now being impacted by base effects compared to 12 months ago when earnings were first affected by the coronavirus pandemic. The change in pay growth has been affected by a changing composition of employee jobs, where we have seen a fall in the number and proportion of lower-paid employee jobs.
- 2.7 The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% throughout the period.
- 2.8 Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period, albeit with a bumpy ride towards the end. The Dow Jones hit another record high while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.
- 2.9 Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested bond markets were expecting any general price increases to be less severe, or more transitory, that was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV

and lorry drivers with companies willing to pay more to secure their services, has caused problems for a range of industries and, in some instance, lead to higher prices.

- 2.10 The 5-year UK benchmark gilt yield began the financial year at 0.36% rising to 0.61% at the end of November. The 10-year gilt yield fluctuated during the period ending up at 0.81%, slightly below its level at the beginning of April. The 20-year yield declined over the 8 months from 1.31% to 0.98% at the end of November.

3. Local context

- 3.1 At 31 March 2021 the Council had borrowed £853.7m and invested £502.1m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. A summary of the Council's borrowing and investments are shown in the following table.

	31 Mar 2021 Actual £m
Loans CFR	1,033.4
External borrowing	-853.7
Internal borrowing	179.7
Less: Usable reserves	-533.7
Less: Working capital	-148.1
Net investments	502.1

- 3.1 Lower official interest rates have reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing, in order to reduce risk and keep interest costs low. This strategy is regularly reviewed with the Council's treasury advisors.
- 3.2 The treasury management position on 30 November 2021 and the change over the eight months is shown in the following table.

	31 Mar 2021 Balance £m	Movement £m	30 Nov 2021 Balance £m	30 Nov 2021 Rate %
Long-term borrowing	853.7	-25.2	828.5	4.46
Total borrowing	853.7	-25.2	828.5	4.46
Long-term investments	261.8	+32.2	294.0	2.93
Short-term investments	105.4	+50.9	156.3	0.04
Cash and cash equivalents	135.0	-80.7	54.3	0.00
Total investments	502.1	+2.4	504.5	1.76
Net borrowing	351.6	-27.6	324.0	

4. Borrowing Update

- 4.1 **PWLB loans:** Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.
- 4.2 Changes to the CIPFA Prudential Code were published in December 2021 and they prohibit borrowing from any source for the primary purpose of commercial return.
- 4.3 Kent County Council is not planning to purchase any investment assets primarily for yield within the next three years and so is fully able to access the PWLB.
- 4.4 In August 2021 HM Treasury published further guidance on PWLB borrowing and details of the sanctions which can be imposed for inappropriate use of the PWLB loans. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.
- 4.5 Changes were also announced to PWLB Terms and Conditions with effect from 8 September 2021 including the settlement time for a PWLB loan being extended from two working days (T+2) to five working days (T+5) in a move to protect the PWLB against negative interest rates. The minimum interest rate for PWLB loans has also been set at 0.01% and the interest charged on late repayments will be the higher of Bank of England Base Rate or 0.1%.
- 4.6 **Other lenders:** Local authorities now also have the option of borrowing from the Municipal Bonds Agency with the minimum loan size expected to be £25 million. The UK Infrastructure Bank launched in June 2021 has earmarked £4bn for lending to local authorities. and loans will be available for qualifying projects at lower rates than those available from the PWLB.

5 Borrowing Strategy during the period

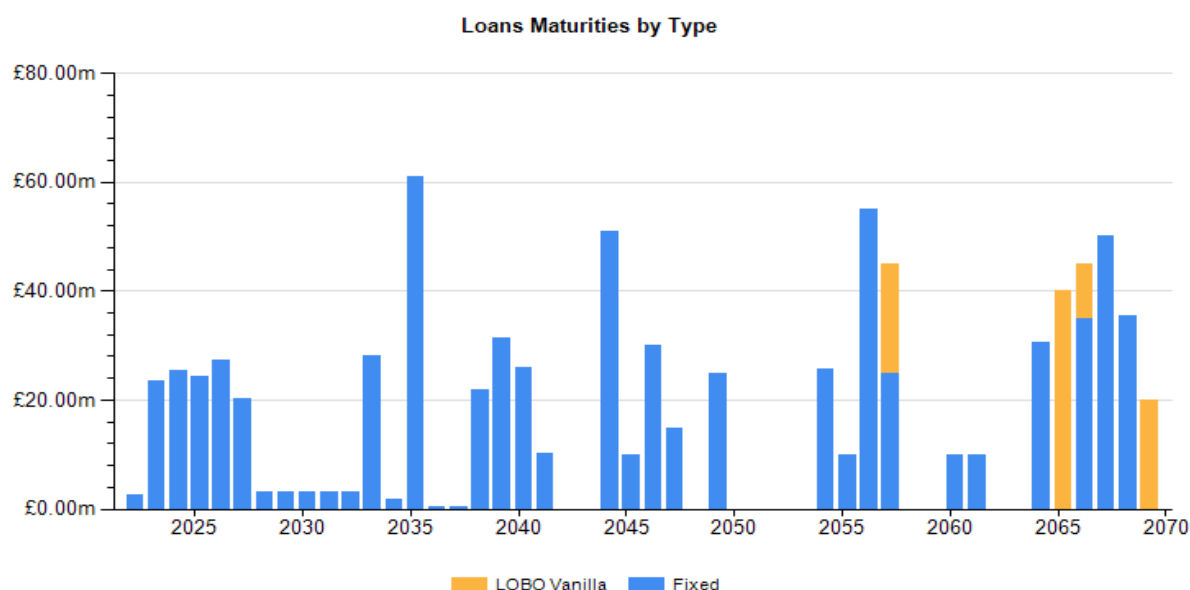
- 5.1 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 5.2 At 30 November 2021 the Council held £828.5m of loans as part of its strategy for funding previous capital programmes. In keeping with its objectives no new borrowing has been undertaken in 2021-22 and £25.2m of existing loans have been allowed to mature without replacement.
- 5.3 With short-term interest rates remaining much lower than long-term rates, the Council has considered it to be more cost effective in the near term to use internal resources. The Council's strategy has enabled it to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

5.4 The Council 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 at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the period.

5.5 The Council's borrowing activity in the 8 months to 30 November is as follows:

	31 Mar 2021	2021-22	30 Nov 2021	30 Nov 2021	30 Nov 2021
	Balance	Movement	Balance	Average Rate	Value Weighted Average Life
	£m	£m	£m	%	yrs
Public Works Loan Board	449.6	-21.3	428.3	4.69%	16.01
Banks (LOBO)	90.0	0.0	90.0	4.15%	42.21
Banks (Fixed Term)	291.8	0.0	291.8	4.40%	36.84
Streetlighting project	22.3	-3.9	18.5	1.51%	10.78
Total borrowing	853.7	-25.2	828.5	4.46%	26.08

5.6 The maturity profile of the Council's outstanding debt at 30 November was as follows:



5.7 The following table shows the maturity profile of our debt in 5 year tranches.

Loan Principal Maturity Period	Total Loan Principal Maturing	Balance of Loan Principal Outstanding
Balance 30 Nov 2021		£828,522,486
Maturity 0 - 5 years	£105,744,001	£722,778,486
Maturity 5 - 10 years	£3,616	£722,774,870

Maturity 10 - 15 years	£117,472,634	£605,302,236
Maturity 15 - 20 years	£97,702,236	£507,600,000
Maturity 20 - 25 years	£105,800,000	£401,800,000
Maturity 25 - 30 years	£25,000,000	£376,800,000
Maturity 30 - 35 years	£135,700,000	£241,100,000
Maturity 35 - 40 years	£20,000,000	£221,100,000
Maturity 40 - 45 years	£165,600,000	£55,500,000
Maturity 45 - 50 years	£55,500,000	£0
Total	£828,522,486	

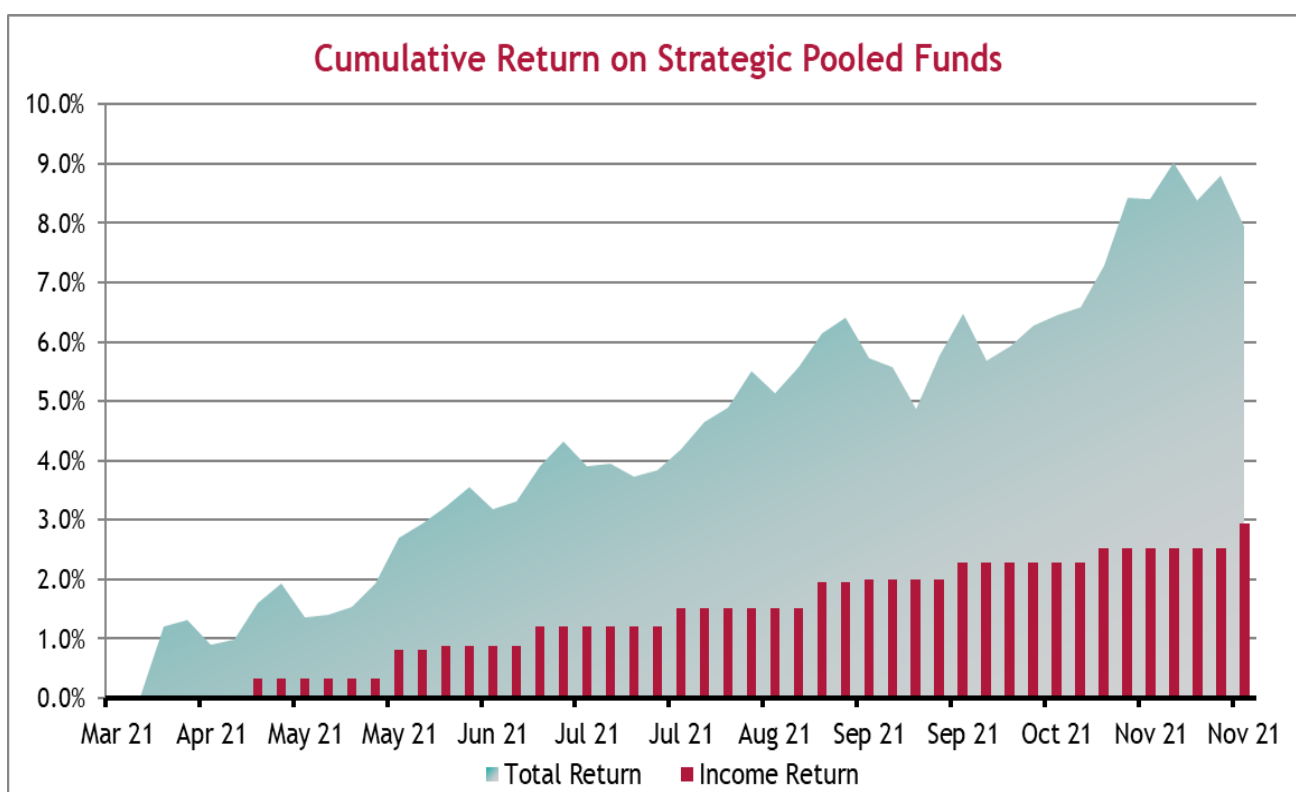
6 Treasury investment activity

- 6.1 The Council holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During the period the Council's investment balance ranged between £484m and £657m due to timing differences.
- 6.2 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.
- 6.3 The Council continues to hold significant cash balances in money market funds as well as in bank call accounts which have same day availability. This liquid cash was diversified over several counterparties and money market funds to manage both credit and liquidity risks.
- 6.4 On 30 November the Council had lent £14m to one other local authority. We do not have explicit information about how individual local authority applicants for loans plan to apply the funds they borrow however each request to borrow or to renew an existing loan is assessed in terms of our own cashflow requirements and within our effective lending policies and procedures. We are also mindful of the perceived financial and reputational risks of this lending.
- 6.5 During the 8 months the Council also made loans totalling £12.8m to the no use empty loans programme achieving a return of 1.5% which is available to fund general services.
- 6.6 The Council's investments during the 8 months to the end of November are summarised in the table below and a detailed schedule of investments as at 30 November is in Appendix 1.

	31 Mar 2021	2021-22	30 Nov 2021	30 Nov 2021	30 Nov 2021
	Balance	Movement	Balance	Rate of Return	Average Credit Rating
	£m	£m	£m	%	
Bank Call Accounts	45.0	-9.8	35.2	0.06	A+
Money Market Funds	135.0	-80.6	54.3	0.00	A+
Local Authorities	51.0	-37.0	14.0	0.05	A+
Covered Bonds	79.7	16.6	96.3	0.47	AAA
DMO Deposits (DMADF)	9.4	80.7	90.1	0.02	AA-
Government Bonds	0.0	17.0	17.0	0.04	AA-
No Use Empty Loans	6.1	6.7	12.8	1.50	
Equity	2.1	0.0	2.1		
Internally managed cash	327.4	-5.7	321.7	0.16	AA
Strategic Pooled Funds	174.7	8.1	182.8	4.36	
Total	502.1	2.4	504.5	1.76	

7 Externally managed investments

- 7.1 The Council is invested in equity, multi-asset and property funds. Because the pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed.
- 7.2 Strategic pooled fund investments are made in the knowledge that capital values will fluctuate however the Council is invested in these funds for the long term and with the confidence that over a three to five year period total returns will exceed cash interest rates.
- 7.3 Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost. The IFRS 9 statutory override ends in 2024 so the Council is exploring options for mitigating the risks related to the fluctuation in the value of its investments in pooled funds
- 7.4 **Performance YTD.** Since March 2021 financial markets have continued to recover with the value of our holdings increasing in value to £182.8m at the end of the month, a gain of £8.1m since the end of March 2021. The following chart tracks the returns earned on the pooled funds over the 8 months to end November 2021.

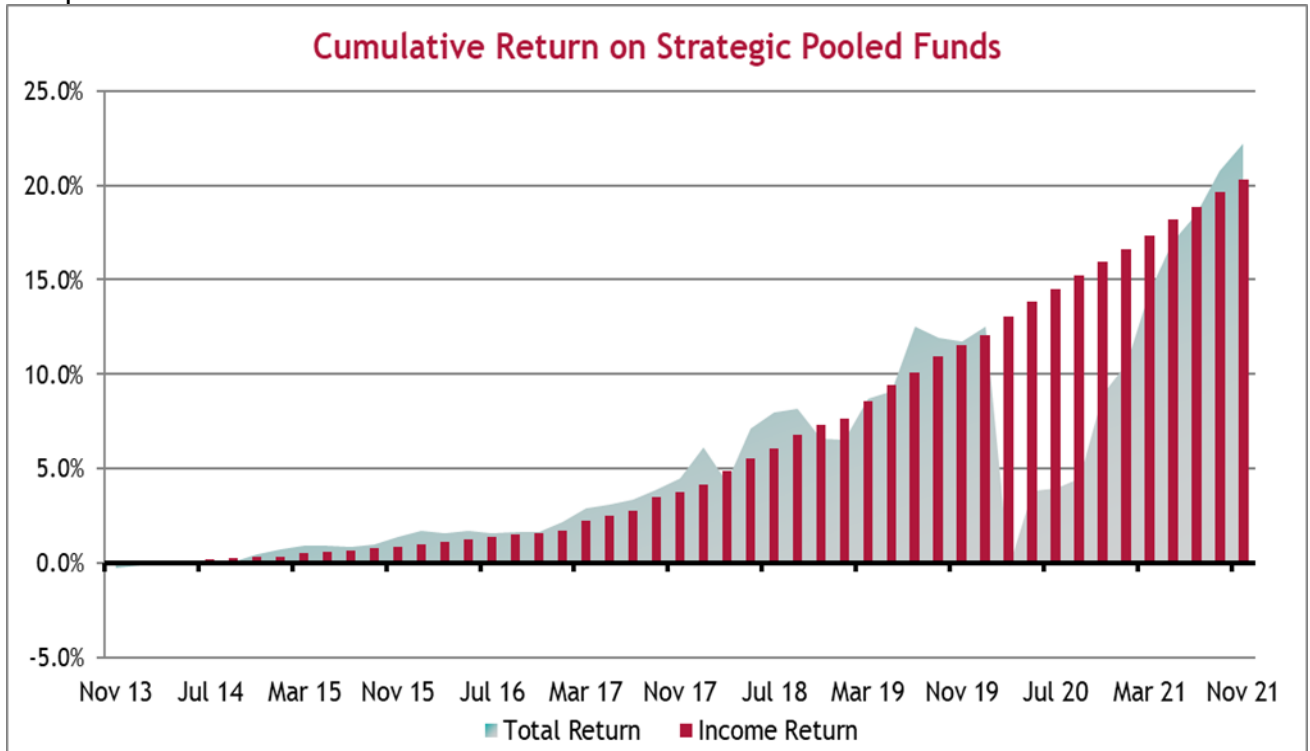


7.5 As shown in the next table the increase in the value of KCC's pooled fund portfolio mainly resulted from the good performance of the CCLA LAMIT property fund after a period of uncertainty. All the funds have continued to pay significant dividends.

		31 Mar 2021	2021-22	30 Nov 2021	30 Nov 2021	
Investment Fund		Market Value	Movement	Market Value	8 months	
	Book cost				Income return	Total return
	£m	£m	£m	£m	%	%
Aegon (Kames) Diversified Monthly Income Fund	20.0	20.1	0.0	20.1	3.33%	3.38%
CCLA - Diversified Income Fund	5.0	4.9	0.4	5.3	1.39%	8.53%
CCLA – LAMIT Property Fund	60.0	57.5	5.6	63.1	2.54%	12.37%
Fidelity Global Multi Asset Income Fund	25.0	24.8	0.1	24.9	2.93%	3.97%
M&G Global Dividend Fund	10.0	12.3	0.9	13.2	1.31%	8.95%
Ninety One (Investec) Diversified Income Fund	10.0	10.1	-0.3	9.8	2.57%	-0.76%
Pyrford Global Total Return Sterling Fund	5.0	5.1	-0.1	5.0	1.07%	1.17%
Schroder Income Maximiser Fund	25.0	19.4	0.5	19.9	5.56%	7.97%
Threadneedle Global Equity Income Fund	10.0	10.9	0.4	11.3	2.39%	6.52%

Threadneedle UK Equity Income Fund	10.0	9.6	0.6	10.2	1.93%	8.70%
Total Externally Managed Investments	180.0	174.7	8.1	182.8	2.82%	7.66%

7.6 **Performance since inception:** KCC initially invested in pooled funds in 2013. By the end of November 2021 the pooled funds had achieved a total income return of £34.1m, 16.63%, with a rise in the capital value of the portfolio of £3.2m, 1.59%. We are long term investors and invested for income to support the Council's services. The following chart tracks the returns earned on the pooled funds over the period from inception.



8 Investment benchmarking at 30 September 2021

8.1 The Council's treasury advisor, Arlingclose, monitors the risk and return of some 130 local authority investment portfolios. The metrics over the 6 months to 30 September 2021 extracted from their quarterly investment benchmarking, per the table below, show that the risk within the Kent internally managed funds has been consistent throughout the 6 month period and in line with that of other local authorities. The income return has fallen reflecting reduced rates payable on our cash investments.

Internally managed investments	Credit Score	Credit Rating	Bail-in Exposure %	Weighted Average Maturity (days)	Rate of Return %
Kent - 31.03.2021	3.76	AA-	53	146	0.21
Kent - 30.09.2021	3.58	AA-	41	117	0.14
Similar LAs	4.48	AA-	56	116	0.22

All LAs	4.69	A+	69	10	0.08
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8.2 The following table shows that overall KCC's investments in strategic pooled funds are achieving a strong income return compared with that of other local authorities.

	Rate of Return – Income only %	Total Rate of Return %
Strategic Funds at 30.09.2021		
Kent	4.60	12.35
Similar LAs	4.31	10.10
All LAs	4.27	9.42
Total Investments at 30.09.2021		
Kent	1.52	5.34
Similar LAs	0.91	2.73
All LAs	0.78	2.35

9 Actual and forecast outturn

9.1 Over the 8 months to end November the Council's strategic investments generated an average total return of 10.48%, comprising a 2.82% income return which is used to support services in year, and 7.66% of unrealised capital gains. Our view is that during 2021-22 income from the pooled funds will be in line with 2020-21 and higher than the returns available on cash investments. We are invested for income.

9.2 Bank interest rates have moved higher but the returns on our cash deposits are expected to remain close to zero for the foreseeable future.

9.3 Forecast net debt costs remain in line with budget with lower investment income offset by savings on borrowing costs

10 Compliance

10.1 The Corporate Director of Finance reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

11 Treasury Management Indicators

11.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

11.1 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment

(AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Actual 30/11/2021	Target
Portfolio average credit rating	AA	AA

11.2 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Actual 30/11/2021	Target
Total cash available within 3 months	£193m	£100m

11.3 **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Actual 30/11/2021	Upper Limit
One-year revenue impact of a 1% <u>rise</u> in interest rates	£1.5m	£10m
One-year revenue impact of a 1% <u>fall</u> in interest rates	-£898K	-£10m

11.4 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

	Actual 30/11/2021	Upper limit	Lower limit
Under 12 months	0.31%	100%	0%
12 months and within 5 years	14.56%	50%	0%
5 years and within 10 years	1.92%	50%	0%
10 years and within 20 years	21.94%	50%	0%
20 years and within 40 years	34.58%	50%	0%
40 years and longer	26.69%	50%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

11.5 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	Actual	Limit	Limit	Limit
Price risk indicator	30/11/2021	2021/22	2022/23	2023/24
Principal invested beyond year end	£254.5m	£300m	£300m	£300m

12 Recommendation

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

Alison Mings, Acting Business Partner – Kent Pension Fund

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17 January 2022

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Investments as at 30 November 2021

1. Internally Managed Investments

1.1 Term deposits, Call accounts and Money Market Funds

Instrument Type	Counterparty	Principal Amount £	Interest Rate	End Date
Fixed Deposits	Conwy County Borough Council	3,000,000	0.05%	21/12/21
Fixed Deposits	Conwy County Borough Council	3,000,000	0.05%	04/01/22
Fixed Deposits	Conwy County Borough Council	5,000,000	0.05%	06/01/22
Fixed Deposits	Conwy County Borough Council	3,000,000	0.03%	31/01/22
Total Local Authority Deposits		14,000,000		
Treasury Bills	DMO	9,998,754	0.025%	20/12/21
Treasury Bills	DMO	6,997,906	0.060%	09/05/22
Total Treasury Bills		16,996,660		
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	6,000,000	0.0100%	10/12/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	16,930,000	0.0350%	17/12/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	22,125,000	0.0300%	25/01/22
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	45,000,000	0.0200%	23/12/21
Total DMADF		90,055,000		
Call Account	National Westminster Bank plc	5,195,000	0.01%	
Call Account	Santander UK plc	15,000,000	0.12%	
Call Account	Lloyds Bank plc	15,000,000	0.01%	
Total Bank Call Accounts		35,195,000		
No Use Empty Loans		12,757,264	1.50%	
Registered Provider	£10m loan facility – non utilisation fee		0.40%	31/03/23
Registered Provider	£5m loan facility – non utilisation fee		0.40%	16/06/23
Money Market Funds	HSBC Sterling Liquidity Fund	1,440,998	0.10%	
Money Market Funds	LGIM Sterling Liquidity Fund 4 KCC	727	0.00%	
Money Market Funds	Aberdeen Liquidity Fund (Lux) KCC	4,996,377	0.42%	
Money Market Funds	Deutsche Managed Sterling Platinum	19,997,033	0.03%	
Money Market Funds	Northern Trust Sterling Cash Fund	7,874,833	0.01%	
Money Market Funds	Aviva Investors Sterling Liquidity Fund 3 GBP Inc	19,997,948	0.02%	
Money Market Funds	Federated Short-term Sterling Prime Fund GBP	7,005	0.50%	
Total Money Market Funds		54,314,920		
Equity and Loan Notes	Kent PFI (Holdings) Ltd	2,135,741		n/a

1.2 Bond Portfolio

Bond Type	Issuer	Adjusted Principal £	Coupon Rate	Maturity Date
Fixed Rate Covered Bond	Bank of Scotland - Bonds	4,484,701	1.71%	20/12/24
Fixed Rate Covered Bond	Leeds Building Society Bonds	4,202,516	1.29%	17/04/23
Fixed Rate Covered Bond	Barclays - Bonds	20,530,604	0.07%	12/01/22
Fixed Rate Covered Bond	Bank of Scotland - Bonds	6,918,772	0.43%	20/12/24
Floating Rate Covered Bond	Royal Bank of Canada - Bonds	9,039,194	0.22%	03/10/24
Floating Rate Covered Bond	TSB Bank - Bonds	2,501,891	0.88%	15/02/24
Floating Rate Covered Bond	Lloyds - Bonds	2,501,096	0.31%	27/03/23
Floating Rate Covered Bond	Lloyds - Bonds	2,501,462	0.30%	27/03/23
Floating Rate Covered Bond	Nationwide Building Society - Bonds	3,995,755	0.76%	10/01/24
Floating Rate Covered Bond	Lloyds - Bonds	4,500,000	0.65%	14/01/22
Floating Rate Covered Bond	Australia and New Zealand Banking group - bonds	3,000,000	0.73%	24/01/22
Floating Rate Covered Bond	Santander UK - Bonds	2,001,518	0.74%	12/02/24
Floating Rate Covered Bond	Nationwide Building Society - Bonds	4,501,808	0.35%	12/04/23
Floating Rate Covered Bond	Bank of Montreal - Bonds	5,002,002	0.47%	17/04/23
Floating Rate Covered Bond	Lloyds - Bonds	5,002,582	0.30%	27/03/23
Floating Rate Covered Bond	Canadian Imperial Bank of Commerce - Bonds	5,003,041	0.30%	10/01/22
Floating Rate Covered Bond	Santander UK - Bonds	5,000,867	0.32%	16/11/22
Floating Rate Covered Bond	Nationwide Building Society - Bonds	5,581,610	0.33%	12/04/23
Total Bonds		96,269,420		

Total Internally managed investments	321,724,005
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2. Externally Managed Investments

Investment Fund	Market Value at 30-Nov-21 £
Aegon (Kames) Diversified Monthly Income Fund	20,101,716
CCLA - Diversified Income Fund	5,307,197
CCLA - LAMIT Property Fund	63,116,666
Fidelity Global Multi Asset Income Fund	24,924,373
M&G Global Dividend Fund	13,158,247
Ninety One (Investec) Diversified Income Fund	9,770,417
Pyrford Global Total Return Sterling Fund	5,006,201
Schroder Income Maximiser Fund	19,858,266
Threadneedle Global Equity Income Fund	11,305,367
Threadneedle UK Equity Income Fund	10,242,926
Total External Investments	182,791,376

3. Total Investments

Total Investments	£504,515,381
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GLOSSARY

Local Authority Treasury Management Terms

Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
CET 1	Core equity tier 1 - the purest form of capital for a financial institution, which is available to absorb losses while it remains a going concern, usually expressed as a ratio to risk weighted assets.
CFR	Capital Financing Requirement. A local council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee, measured on a harmonised basis across the European Union
CPIH	The Consumer Prices Index including owner occupiers' housing costs
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
IMF	International Monetary Fund
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund

Municipal bond	Bond issued or guaranteed by local authorities.
Municipal bond Agency	Company that issues bonds in the capital market and lends the proceeds back to local authorities. The bonds are guaranteed by the local authorities
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code
PWLB	Public Works Loan Board – a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
Share	An equity investment, which usually also confers ownership and voting rights
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors
Weighted average life (WAL)	The weighted average time for principal repayment, that is, the average time it takes for every dollar of principal to be repaid. The time weights are based on the principal payments,
Weighted average maturity (WAM)	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.

By: Benjamin Watts – General Counsel
To: Governance and Audit Committee – 25 January 2022
Subject: **External Audit Progress Report and Public Sector Update**
Classification: Unrestricted

Summary: This report from the External Auditors, Grant Thornton UK LLP is presented to the Committee for its consideration.

FOR ASSURANCE

Recommendations

- Members of the Governance and Audit Committee are asked to note the current progress on external audit work for assurance.

Andrew Tait
Senior Democratic Services Officer
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Kent County Council Progress Report and Sector Update

Year ending 31 March 2022

20 January 2022

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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

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 www.grantthornton.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 Paul or Parris.

Progress at January 2022

2020/21 Financial Statements Audit

We undertook our initial planning and interim audit work for the 2020/21 audit in January to March 2021 to inform the Audit Plan.

In April 2021 we issued a detailed audit plan, setting out our proposed approach to the audit of the Council and Pension Fund's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities needed to publish their draft financial statements to the first working day of August. In 2020 this date was pushed back to 31 August. The Council published their accounts in July 2021.

The date by which authorities were required to publish audited financial statements was 30 September. In 2020 this date was pushed back to 30 November 2021.

We began our work on your draft financial statements in July 2021. We reported our initial findings from our work in the Audit Findings Report (AFR) to the Committee in December 2021 and then completed the outstanding work in the following week. The accounts were approved and we provided an unqualified opinion on the financial statements on 13th December 2021.

2019/20 Audit – Whole of Government Accounts

We have issued the certificate for the 2019/20 audit year on 15 December 2021 following completion of the audit of the Whole of Government Accounts (WGA) return. The WGA return was delayed due to technical issues on the reporting platform that was resolved by HM Treasury in December 2021.

2020/21 Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office (NAO) has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements.

Value for Money 2020/21 risk assessment

Our Value for Money risk assessment, as communicated in our Audit Plan in April 2021, did not identify any areas of significant weakness. We did however identify 6 areas of focus:

- The Council’s arrangements for setting the Medium Term Financial Plan and achieving financial sustainability.

Progress at January 2022 (cont.)

- The Council's arrangements to produce, monitor and ensure delivery of the Strategic Plan
- The Council's governance arrangements including a focus on the Council's response to findings in relation to Woodford
- The Council's arrangements for service transformation, innovation and cultural change.
- The Council's arrangements for the effective use of data to make informed business decisions
- The Council's arrangements in response to the Covid-19 pandemic and capitalising on the benefits from the different models of service delivery and ways of working brought about by the pandemic.

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linked to the first 'area of focus' in relation to financial sustainability, a key aspect will be the growing educational deficit in the special needs area.

Progress at January 2022 (cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certificate work for 2018/19 and the 2019/20 claim is ongoing. There have been delays with the Council's provider arrangements which have delayed the process. Work in relation to the Council's 2020/21 claim is due to take place in early 2022 following receipt of the claim and associated working papers.

IAS19 Assurance Letters to Admitted Bodies auditors

We have provided written assurances to the auditors of admitted bodies to the Pension Fund in accordance with the agreed timescales.

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Meetings

We plan to next meet with the Head of Paid Service on the 18 January 2022 as part of our regular liaison meetings.

We also continue to meet and be in regular correspondence with Finance Officers at both the Council and the Pension Fund. There continues to be good engagement between us and your finance teams during the final accounts audit enabling us to complete work planned.

On the 20 December 2021, we met with the Council's finance team to debrief on the 2020-21 close down and audit process. The meeting was useful and together we identified several joint actions to improve the close down and audit process for the 2021-22 year. Both teams will hold each other to account for delivery on these actions.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers have been invited to attend our Financial Reporting Workshop in January and February 2022, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Governance and Audit Committee are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Corporate Governance Committee. The final proposed fees for the 2020/21 audit are included within the Progress Report.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 437">Audit Plan</p> <p data-bbox="120 456 1391 560">We are required to issue a detailed audit plan to the Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	April 2021	Complete
<p data-bbox="120 584 546 612">Audit Findings Report (ISA 260)</p> <p data-bbox="120 632 1312 663">The Audit Findings Report will be reported to the October Governance and Audit Committee.</p>	October 2021	Complete (December 2021)
<p data-bbox="120 695 338 724">Auditors Report</p> <p data-bbox="120 743 1189 775">This is the opinion on your financial statements and annual governance statement.</p>	October 2021	Complete (December 2021)
<p data-bbox="120 815 450 844">Auditor's Annual Report</p> <p data-bbox="120 863 1391 935">The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR).</p>	February 2022	Not yet due

Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

Financial Reporting Council annual report (cont.)

Quality Assurance Department (QAD) Reviews

In addition to the reviews undertaken by the FRC on major local audits, the QAD team from the ICAEW undertake annual reviews of non-major local audits as well as reviews of Foundation Trusts on behalf of NHSE&I.

The QAD reviewed five of our audits this year and graded all of them (100%) as 'Satisfactory / generally acceptable' for both the financial statements and VFM elements of the audit, which is the highest grading.

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Grade	Number 2020/21	Number 2019/20	Number 2018/19
Satisfactory / generally acceptable	5	6	2
Improvement required	0	1	0
Significant improvement required	0	0	0
Total	5	7	2

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Local government, in particular, have been at the forefront of supporting local communities and businesses.

As auditors we have had to recognise the competing priorities and challenges facing the finance teams and the whole local government sector whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Final Audit Fees for 2020-21

We confirm below our final fees charged for the audit and provision of non-audit services. We would also note that PSAA have made a distribution of £23,690 to support 2020/21 fees. MHCLG Have also agreed a further £15m to support the cost of audit fees in 20/21- the allocation for Kent County Council has been confirmed as £61,892.

Audit fees for Kent County Council Audit	2020-21 Planned fee	* 2020-21 Final fee
Scale Fee published by PSAA	£120,062	£120,062
Raising the bar / regulatory factors	£13,500	£13,500
Enhanced audit procedures for Property, Plant and Equipment	£9,500	£9,500
Enhanced audit procedures for Pensions	£4,000	£4,000
Group consolidation	£4,000	£4,000
Additional work on Value for Money (VFM) under new NAO Code	£28,870	£28,870
Additional work in relation to specific issues arising during the 2020/21 audit*	-	£12,000
Total audit fees (excluding VAT)	£191,432	£203,432

*The £12,000 fee variation for 2020/21 is for additional work performed pertaining to three specific issues arising during the audit outlined below:

- **CHAPS** – as a result of having identified specific weaknesses in the controls and governance of CHAPS payments, we performed specific additional procedures and reported the outcome of these in the AFR.
- **Group Consolidation** – Delays in preparing the Group accounts and underlying working papers meant that certain procedures had to be performed twice and additional resources were needed to complete this work.
- **£4m invoice** – As a result of identifying this error, additional work was performed to respond to the risk of fraud which included a review of all invoices to/from NHS organisations.

The final fee variation is subject to approval by PSAA.

Final Audit Fees for 2020-21 (cont.)

We confirm below our final fees charged for the audit and provision of non-audit services.

Non-audit fees for other services	Proposed fee
Audit Related Services	
Teachers' pensions	10,000
Kent & Medway Active Sports Partnership*	4,000
Regional Growth Fund Assurance**	100,000
Non-audit related	
FO insights	12,500
Total non-audit fees (excluding VAT)	£126,500

*The Kent & Medway Active Sports Partnership is a separate entity although the fee is billed to the Council and recharged which is why it is not disclosed in the accounts as fees payable to the auditor in respect of other services.

** The Regional Growth Fund Assurance is subject to PSAA. In September 2021 PSAA approved the work to be carried out. The work began in October and therefore relates to 2021/22 but we are reporting it here for transparency.

Sector Update

Authorities continue to try 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 local government sector 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 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

What can be learned from Public Interest Reports? – Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership.

The full report is available here:

<https://www.grantthornton.co.uk/en/insights/lessons-from-recent-public-interest-reports/>

Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

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The transparency report provides details of our:

- Leadership and governance structures
- Principal risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \[grantthornton.co.uk\]](https://www.grantthornton.co.uk/transparency-report-2020)

Local authority Covid-19 pressures – MHCLG

Outturn figures from the Ministry of Housing, Communities & Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to COVID-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	0.473	1,254.880	848.656	663.404	413.842	3,181.254
Children's social care - total (excluding SEND)	0.000	94.933	131.127	89.799	62.987	378.846
Housing - total (including homelessness services) excluding HRA	63.129	5.254	74.949	42.281	112.971	298.584
Environmental and regulatory services - total	33.564	68.097	67.512	66.704	63.556	299.433
Finance & corporate services - total	48.222	53.445	83.984	76.923	78.284	340.858
All other service areas not listed in rows above	184.550	634.578	584.924	564.737	395.137	2,363.926
Total	329.937	2,111.187	1,791.153	1,503.848	1,126.777	6,862.902



The figures are available in full here: <https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276.498	0.000	194.192	207.351	537.667	1,215.708
Council tax	399.037	0.000	217.633	191.219	232.727	1,040.616
Sales fees and charges	516.426	194.923	553.907	396.745	475.728	2,137.728
Commercial income	82.448	24.159	120.629	204.211	52.154	483.600
Other	33.494	39.947	27.163	53.664	45.166	199.435
Total	1,307.903	259.029	1,113.524	1,053.190	1,343.441	5,077.087

Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG

Government has published a response to the Housing, Communities & Local Government (HCLG) Committee report on local authority financial sustainability and the section 114 regime, published in July.

The HCLG report states “In recent years, the financial sustainability of local government has faced successive challenges, including increased demand for services, especially social care, changes to the level of funding equalisation between councils and, most recently, the COVID-19 pandemic. In some instances, councils have been in such acute financial trouble that they have approached the Ministry of Housing, Communities and Local Government for financial assistance; three of these—Northamptonshire in 2018, Croydon in late 2020 and Slough in July 2021—issued section 114 notices, essentially declaring they had run out of money. Our inquiry has sought to identify the most serious threats facing local councils’ finances. In light of the various factors we consider in the report, including the somewhat delayed Fairer Funding Review, renewed discussion about property taxes and the need to reform funding for social care, the time is right to consider a more radical review of local government finances—and our report makes various recommendations about how this should be done. We also consider what happened at Croydon—which prompted us to look at the section 114 regime—in the annex to our report.”

The report includes sections on:

- Social Care
- Funding
- COVID-19
- Local authority commercial investment
- Audit and control

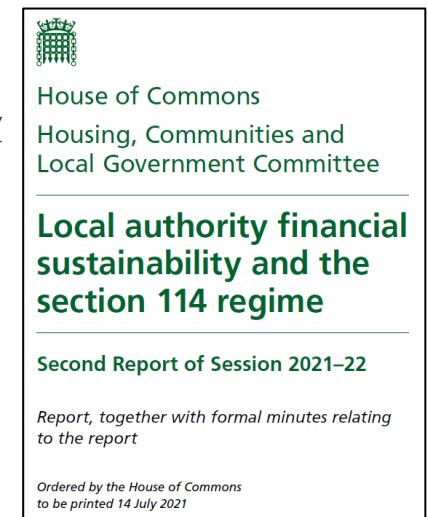
The report made 13 recommendations, and the Government response to these was published in October. The response notes “Moving forward, we will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline service and support other government priorities. We will also take stock, including of the impact of the pandemic on local authority resources and service pressures, to determine any future reforms.”

The initial report can be found here:

<https://committees.parliament.uk/publications/6777/documents/72117/default/>

Government response can be found here:

<https://www.gov.uk/government/publications/local-authority-financial-sustainability-and-the-section-114-regime>



Government response to Redmond review – MHCLG

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond’s independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states “The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively.”

The press release goes on to state the “measures finalise the government’s response to Sir Tony Redmond’s independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



The press release can be found here:

[Government publishes update to audit review response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response)

Public Accounts Committee (PAC) – Local auditor reporting on local government in England & government response

The PAC inquiry examined the timeliness of auditor reporting on English local public bodies' financial statements covering 2019-20. The National Audit Office (NAO) report, on which this inquiry is based, found that “delays in the delivery of audit opinions beyond the deadlines for publishing local authority accounts, alongside concerns about audit quality and doubts over audit firms' willingness to continue to audit local public bodies, highlight that the situation needs urgent attention.”

The PAC report found “Without urgent action from government, the audit system for local authorities in England may soon reach breaking point. With approximately £100 billion of local government spending requiring audit each year, the Ministry of Housing, Communities & Local Government (the Department) has become increasingly complacent in its oversight of a local audit market now entirely reliant upon only eight firms, two of which are responsible for up to 70% of local authority audits. This has not been helped by the growing complexity of local authority accounts, with audit firms now asked to carry out more work in each audit, comply with new regulatory demands and adapt to the new multifaceted landscape in which local authorities operate, while also struggling to hire and retain experienced auditors.”

Key conclusions were:

- The marked decline in the timeliness of external audit undermines accountability and hampers effective decision-making.
- There is a pressing risk of market collapse due to an over reliance on a small number of audit firms and significant barriers to entry.
- The commercial attractiveness to audit firms of auditing local authorities has declined.

- The rapidly diminishing pool of suitably qualified and experienced staff increases the risks to the timely completion of quality audits.
- We are not convinced that the recently announced new local audit arrangements will meet the pressing need for effective system leadership now.
- Unless local authority accounts are useful, relevant and understandable they will not aid accountability.

The report made recommendations in each of these areas. The government response was published on 28 October.

The PAC report and response can be found here:

[Timeliness of local auditor reporting on local government in England - Committees - UK Parliament](#)



House of Commons
Committee of Public Accounts

Local auditor reporting on local government in England

Eleventh Report of Session 2021–22

2020/21 audited accounts – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has reported that only 9% of local government audits for 2020/21 were completed by the end of September. This is a sharp contraction on the 45% filed on time for 2019-20, and is the third successive year where the number of accounts produced on schedule has reduced.

PSAA state “The challenges posed by COVID-19 have contributed to the current position. However, a range of further pressures documented in the Redmond Report are also continuing to impact performance. In particular there is a shortage of auditors with the knowledge and experience to deliver the required higher quality audits of statements of accounts, which increasingly reflect complex structures and transactions, within the timeframe expected. The growing backlog of audits is also a concern, with 70 of the 2019/20 audits still incomplete.”

Grant Thornton commented “Audit quality remains a priority for our firm and we continue to work hard with local audit stakeholders to ensure the delivery of high quality audits in as timely a fashion as is practicable. Unfortunately, much of this work will be delivered past the 30 September target date, owing to ongoing constraints posed by the COVID-19 pandemic and the backlog this has caused. We remain committed to public sector audit and are now focused on delivering the majority of our local audits by December 2021.”



The news article can be found here:

<https://www.psa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>

2023-24 audit appointments – Public Sector

Audit Appointments

Following a consultation exercise Public Sector Audit Appointments (PSAA) has invited all principal local government including police and fire bodies to become opted-in authorities. At the same time it published its procurement strategy and prospectus for the national scheme from April 2023. Both documents have evolved in response to the feedback provided by the market engagement exercise and consultation on the draft prospectus undertaken during June 2021.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and

- establishing arrangements that are able to evolve in response to changes to the local audit framework.

PSAA set out the proposed timeline, which anticipates contracts being awarded in August 2022.



The news article can be found here:

<https://www.psa.co.uk/2021/09/psaa-publishes-its-prospectus-and-procurement-strategy-and-invites-eligible-bodies-to-opt-in-from-april-2023/>

The procurement strategy can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/procurement-strategy/>

Guide to support Value for Money (VfM) analysis for public managers – CIPFA

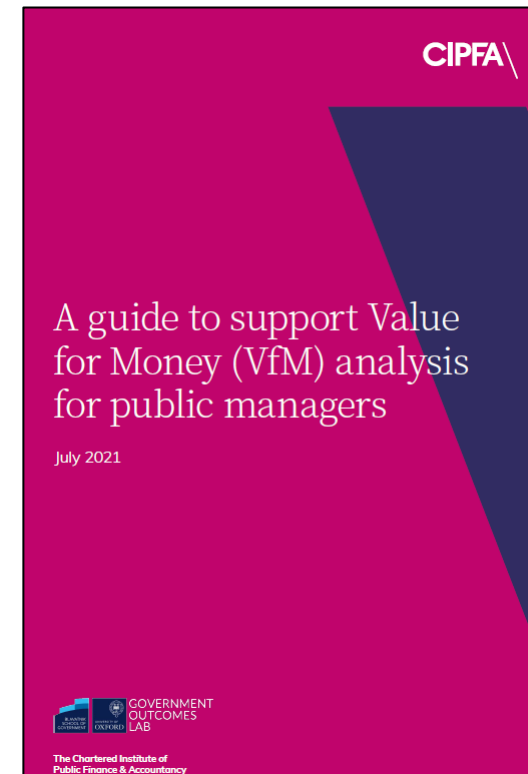
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

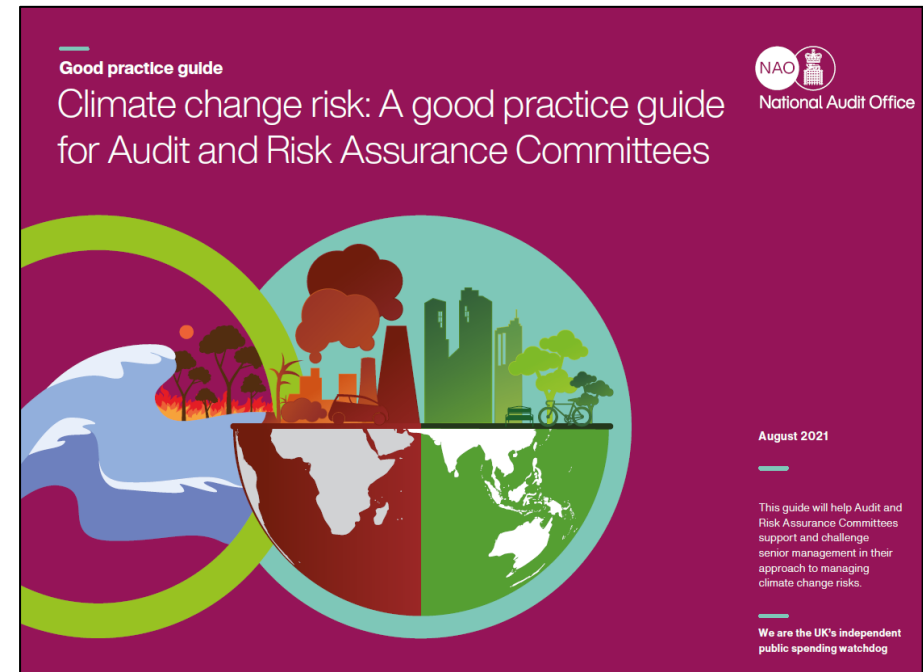
The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)

Local government and net zero in England – NAO

The National Audit Office (NAO) report responds to a request from the Environmental Audit Committee to examine local government and net zero. It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK's statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

The NAO comment “While the exact scale and nature of local authorities’ roles and responsibilities in reaching the UK’s national net zero target are to be decided, it is already clear that they have an important part to play, as a result of the sector’s powers and responsibilities for waste, local transport and social housing, and through their influence in local communities.

Government departments have supported local authority work related to net zero through targeted support and funding. However, there are serious weaknesses in central government’s approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities’ overall roles, piecemeal funding, and diffuse accountabilities. This hampers local authorities’ ability to plan effectively for the long-term, build skills and capacity, and prioritise effort. It creates significant risks to value for money as spending is likely to increase quickly.

MHCLG, BEIS and other departments recognise these challenges and are taking steps to improve their approach. Their progress has understandably been slowed by the COVID-19 pandemic, but there is now great urgency to the development of a more coherent approach.”

Key findings include:

- Central government has not yet developed with local authorities any overall expectations about their roles in achieving the national net zero target.
- There is little consistency in local authorities’ reporting on net zero, which makes it difficult to get an overall picture of what local authorities have achieved.
- Neither MHCLG nor HM Treasury has assessed the totality of funding that central government provides to local government that is linked with net zero.

The report can be found here:

<https://www.nao.org.uk/report/local-government-and-net-zero-in-england/>



Cyber and information security: Good practice guide – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees scrutinise cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The NAO state “Audit committees should gain the appropriate assurance for the critical management and control of cyber security and information risk.

Cyber security is the activity required to protect an organisation’s data, devices, networks and software from unintended or unauthorised access, change or destruction via the internet or other communications systems or technologies. Effective cyber security relies on people and management of processes as well as technical controls.

Our guide supports audit committees to work through this complexity, being able to understand and question the management of cyber security and information risk.

It takes into account several changes which affect the way in which we interact with and manage our information and can drive increased risk. These include changes to the way we work and live due to the COVID-19 pandemic and the ongoing demand to digitise and move to cloud-based services.

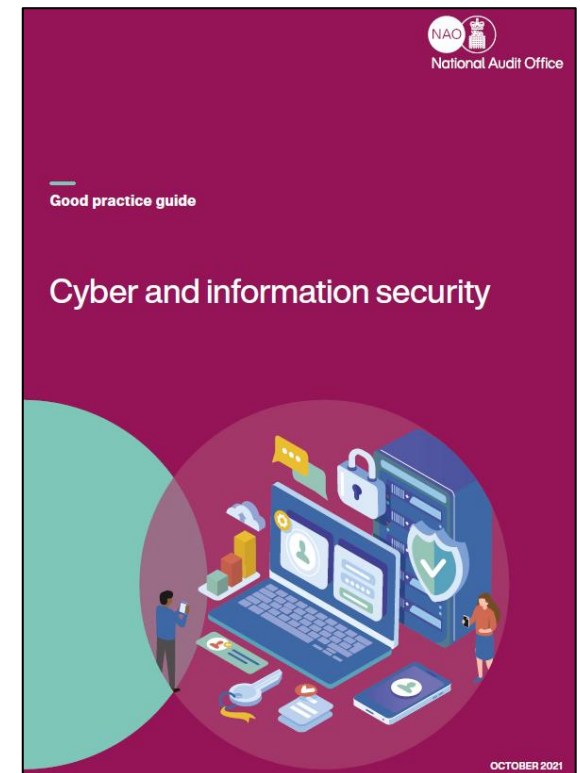
The strategic advice, guidance and support provided by government has also been updated to keep pace with these changes, detailing the impact and risks on the management of cyber security and information risk.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.”

The report can be found here:

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>





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By: Jonathan Idle – Head of Internal Audit
To: Governance and Audit Committee – 25 January 2022
Subject: **INTERNAL AUDIT PROGRESS REPORT**
Classification: Unrestricted

Summary:

This Progress Report details summaries of completed Audit reports between for the period November to December 2021.

Recommendation:

The Governance and Audit Committee note the Internal Audit Progress Report for the period November to December 2021.

FOR ASSURANCE

1. Introduction

- 1.1 Public Sector Internal Audit Standards (PSIAS) require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period November to December 2021 together with the resulting conclusions, where appropriate.

2. Recommendation

- 2.1 Members are requested to note the Internal Audit Progress Report for the period November to December 2021.

3. Background Documents

Internal Audit Progress Report.

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IACF

Improving Outcomes
Creating Value

**INTERNAL AUDIT PROGRESS REPORT
GOVERNANCE AND AUDIT COMMITTEE**

25 January 2022

1. Introduction

- 1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.
- 1.2 Upon completion of an audit, an assurance opinion is given on the soundness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.
- 1.3 This activity report provides Members of the Governance and Audit Committee and Management with 5 summaries of completed work between November and December 2021.

2. Key Messages

- 5 audits have been finalised in the period reported. See **Appendices A and B**
- 39 of 55 audits from the 2021/22 audit plan are either in planning, in progress or at reporting stage
- 25 grants / certifications have been certified to date, with a further 4 currently in progress. See **Appendix C**
- The analysis of issue implementation has been updated. This highlights a minimal increase in implementation from the previous period but remains a concern.
- 8 issues were not implemented of which 5 had been superseded by changes in the service / process and 3 had not been implemented or management accepts the residual risks. See **Appendix D**

3. Updates

3.1 Internal Audit Plan

This report provides an update on the work completed between November and December 2021 against the 2021/22 Audit Plan.

Since the previous Committee, progress has continued with 15% of the Plan now either completed or at Draft Report stage. A further 56% of the Plan is either in planning or currently in progress. Detail of the status of the overall completion of the Audit Plan is documented at Table 1 below.

Table 1 – Status of 2021/22 Audit plan

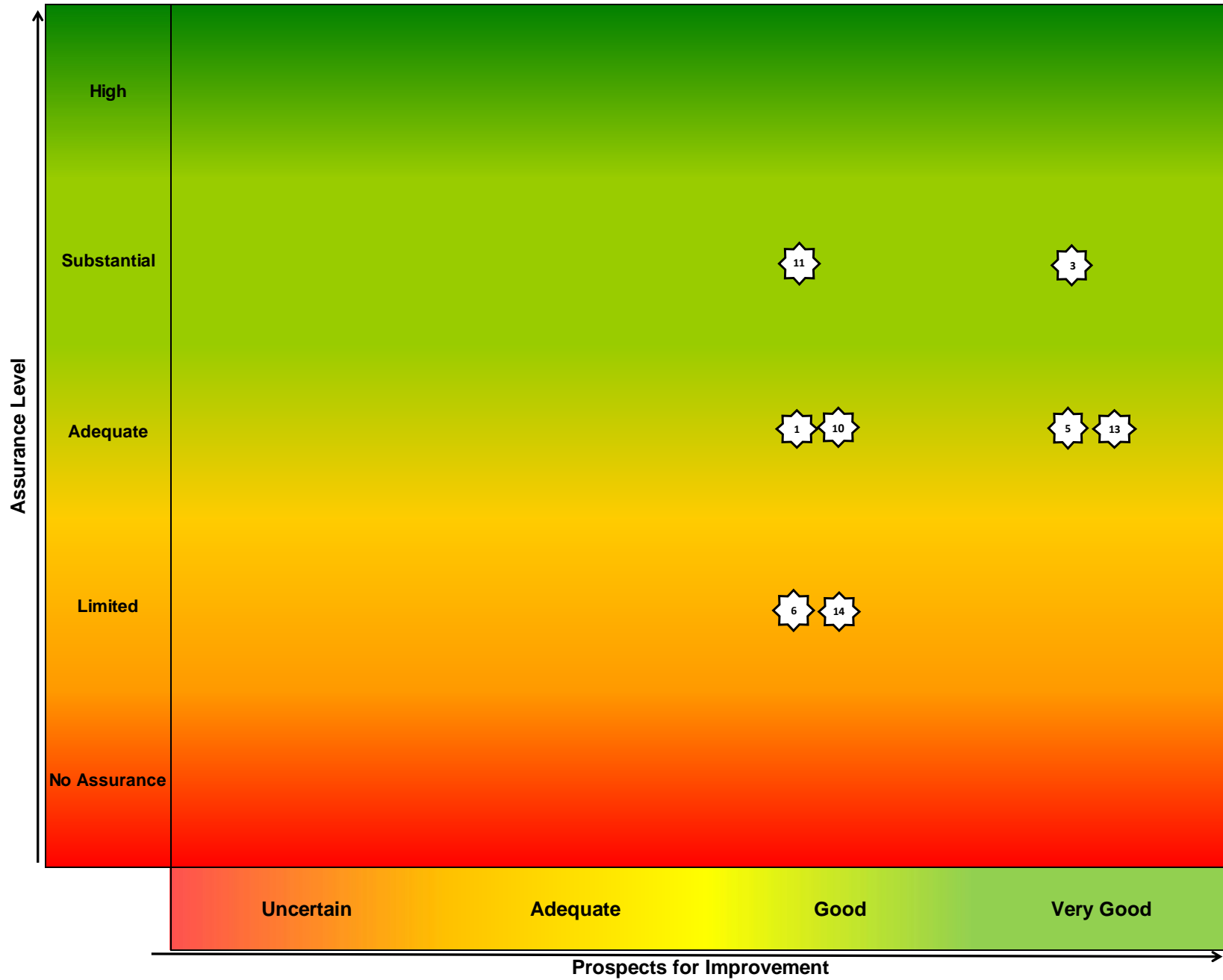
Status	No Audits	%
Not Started	15	27%
Planning	20	36%
Fieldwork	6	11%
Draft Report	3	5%
Complete	5	9%
Ongoing	5	9%
Deferred	1	2%

In the period, Internal Audit has also completed an additional review - **Searchlight – Data Breaches**

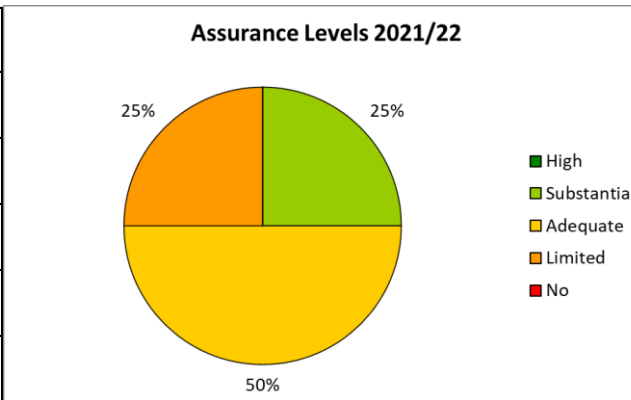
Table 2 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 30 November 2021			
	Audit	Assurance	Prospects for Improvement
1	Schools Themed Review - Cyber Security (EXEMPT)	ADEQUATE	GOOD
2	Imprest Accounts Follow-up (EXEMPT)	N/A	N/A
3	ACCESS Pool	SUBSTANTIAL	VERY GOOD
4	Strategic Commissioning Follow-up	N/A	N/A
5	Cyber Security - Management of Backups for Applications, Data and active Network Devices (EXEMPT)	ADEQUATE	VERY GOOD
6	Records Management	LIMITED	GOOD
7	Information Governance Assurance Map Update	N/A	N/A
8	ASCH Day Care Centre Review (EXEMPT)	N/A	N/A
9	Sessions House Data Centre Failure – Lessons Learnt Review (EXEMPT)	N/A	N/A
Governance & Audit Committee – 25 January 2022			
10	Searchlight – Data Breaches	ADEQUATE	GOOD
11	General Ledger	SUBSTANTIAL	GOOD
12	Urgent Payments Follow Up	N/A	N/A
13	Data Protection – Adult Social Care & Health	ADEQUATE	VERY GOOD
14	Provider Invoicing	LIMITED	GOOD

2021/22 Audit Assurance Levels and Prospects for Improvement of Audits



Assurance Level	No	%
High	0	0%
Substantial	2	25%
Adequate	4	50%
Limited	2	25%
No	0	0%



3.2 Grant Certification Work:

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

In 2021-22, the team has audited and certified Interreg 25 grant claims with a value of €2,037,827 with a further 3 grant claims currently in progress. Additional “On the Spot” (enhanced re-audit) for 2 grant projects has been completed with a further 4 On the Spot checks currently in progress.

The Audit team also certify Interreg grant claims for external clients with 4 claims having been certified this year.

Grant work is also completed by the Audit team in respect of validating expenditure of various UK Government Grants awarded for activities such as Highways Travel Demand Management and Bus Service Operators Grant.

Details of all certifications can be seen at **Appendix B**.

3.3 Internal Audit Resources:

In accordance with the Public Sector Internal Audit Standards, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.

One of our experienced Auditors has recently been promoted to Senior Auditor.

Recruitment for the Principal Auditor (IT Specialist) and Auditor is currently underway.

A number of contract auditors have been resourced to support Audit Plan delivery.

3.4 External Quality Assessment

Work is underway to address the actions arising from the recent External Quality Assessment. A full update on the External Quality Assessment action plan will be reported to Members in April 2022.

3.5 Issue Implementation

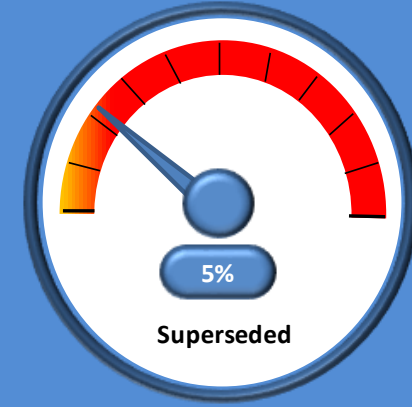
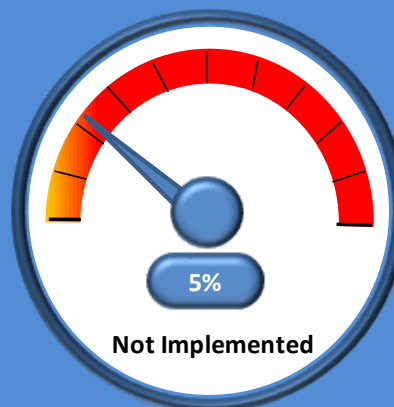
3.5.1 Details of the current position on the implementation of actions from Internal Audit reports is set out at **Appendix D**. This details the implementation status of 76 actions categorised by the assurance level assigned to the original report.

3.5.2 The status of implementation of implementation in **Appendix D** is summarised in Table 3:

Table 3 Summary of Issue Implementation

	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	20	56	6	25	12	25	1	3	1	3
Total %			30%	45%	60%	45%	5%	5%	5%	5%

Overall Implementation of Agreed Management Actions



3.5.3 This level of implementation is compared to 2020-21 and 2021-22 in Table 4 which also highlights key points for the period:

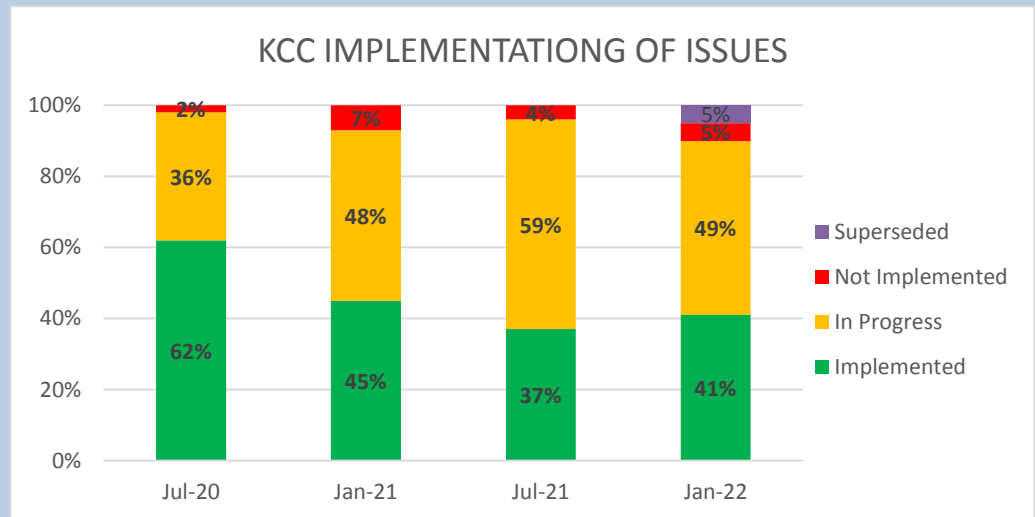
Table 4 Summary of Implementation of Issues 2020-2021 to 2021-2022

Indicator	21-22 to date	2020-21	Change
High ranked actions had been implemented	30%	31%	▼
Medium ranked actions had been implemented	45%	39%	▲
High and Medium ranked actions had been implemented	41%	37%	▲
High ranked actions were in progress and not fully implemented	60%	62%	▼
Medium ranked actions were in progress and not fully implemented	45%	58%	▼
High and Medium ranked actions were in progress and not fully implemented	49%	59%	▼

3.5.4 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, therefore, highlights a slight increase in implementation indicators compared to 2020-21 but remaining substantially worse compared to 2019-20

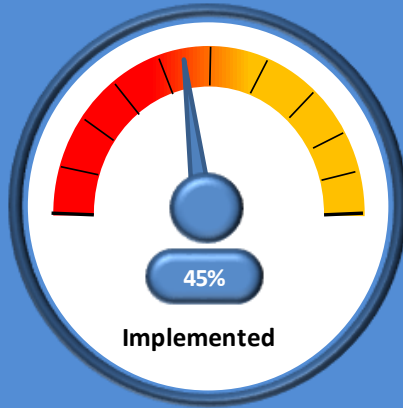
3.5.5 It is important that the implementation of agreed actions continues to gain momentum to ensure that full implementation rates increase moving forward. To assist in this matter a PowerBi Dashboard has been developed to assist Directorate Management Teams to have increased oversight of issues within their respective areas.

3.5.6 Internal Audit maintain analysis of outstanding recommendations to all Corporate Directorates and Directorate Management Teams and this is utilised in the monitoring and promotion of action implementation which is documented on the following page.

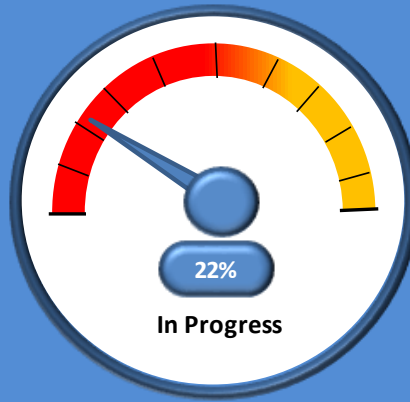


	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
ASCH	2	7	1	3	0	2	1	2	0	0
CYPE	7	10	3	9	3	1	0	0	1	0
GET	1	2	0	2	1	0	0	0	0	0
ST	10	37	2	11	8	22	0	1	0	3
Total	20	56	6	25	12	25	1	3	1	3
Total %			30%	45%	60%	45%	5%	5%	5%	5%

ASCH Implementation of Agreed Management Actions



Implemented



In Progress

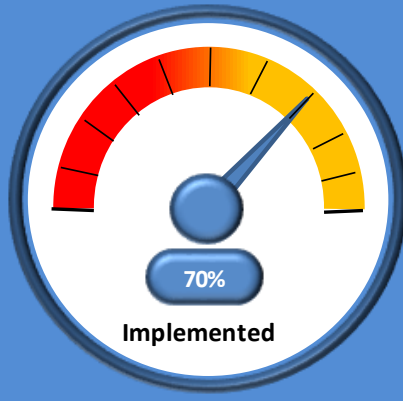


Not Implemented



Superseded

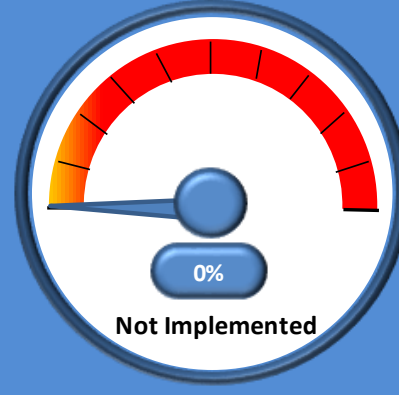
CYPE Implementation of Agreed Management Actions



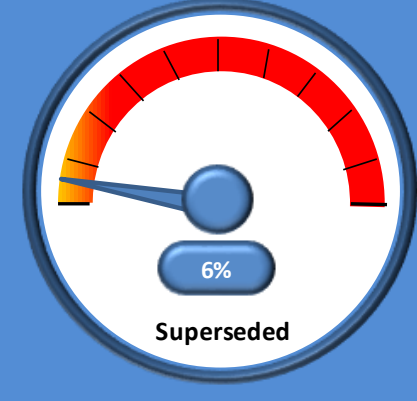
Implemented



In Progress

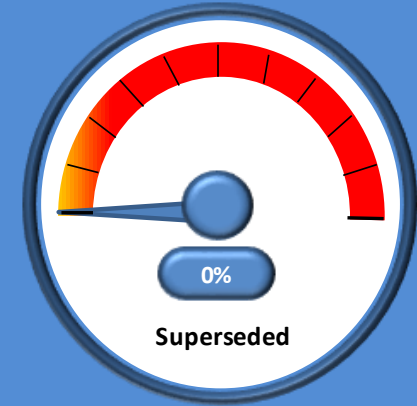
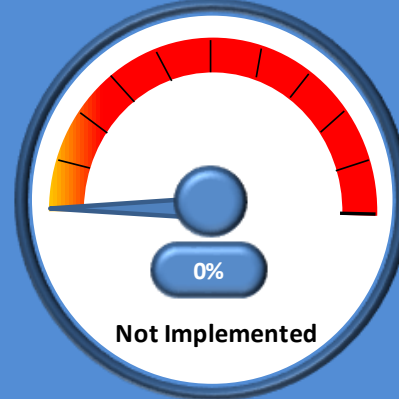
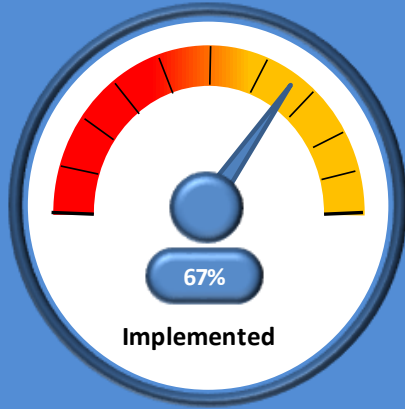


Not Implemented

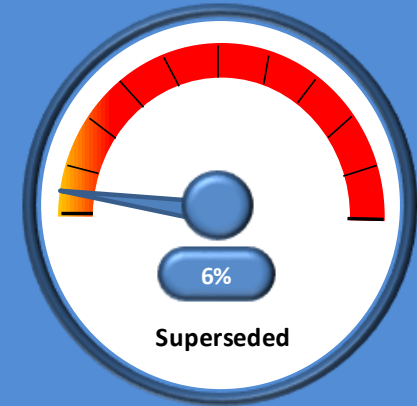
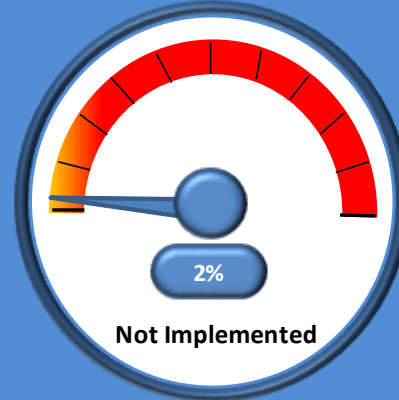
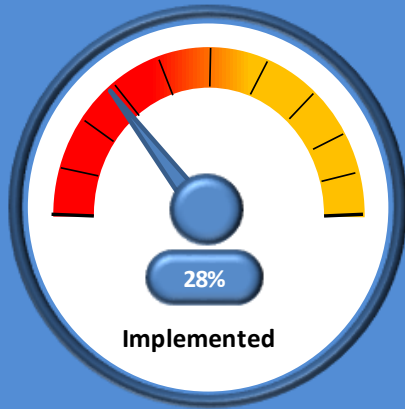


Superseded

GET Implementation of Agreed Management Actions



ST Implementation of Agreed Management Actions



4. Under the Spotlight!



With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the following report summaries are provided at **Appendix B**, for the Committee’s information and discussion.

(A) Cross Directorate	(B) Adult Social Care and Health
CR04-2022 Provider Invoicing	AD02-2022 Searchlight – Data Breaches RB13-2022 Data Protection – Adult Social Care & Health
(C) Children, Young People and Education	(D) Strategic and Corporate Services
	CS02-2022 General Ledger CS06-2022 Urgent Payments Follow Up
E. Growth, Environment and Transport	
F. Growth, Environment and Transport	

Appendix A – 2021/22 Internal Audit Plan Status and Assurance Summary

Ref	Audit	Status	Assurance
CA01	Annual Governance Statement	Not Started	
CA02	Corporate Governance	In Progress	
CA03	Equalities Act 2010 Duties	Planning	
CA04	Future of Sessions HQ	Planning	
CA05	Information Governance Assurance Mapping Update	Final Report	N/A – GAC November 2021
CA06	Records Management Follow Up	Not Started	
CA07	Risk Management	Planning	
CA08	Strategic Commissioning	Not Started	
CS01	CIPFA Financial Management Code	Planning	
CS02	General Ledger	Final Report	Substantial – GAC January 2022
CS03	Imprest Accounts Follow Up	Not Started	
CS04	Payroll	Planning	
CS05	Pension Scheme Admin	Not Started	
CS06	Urgent Payments Follow Up	Final Report	N/A – GAC January 2022
CR01	Annual Audit Opinion	Planning	
CR02	Annual Governance Statement	Planning	
CR03	Information Governance Steering Group	Ongoing	
CR04	Provider Invoicing	Final Report	Limited - GAC January 2022
RB01	Declaration of Interests (Members)	In Progress	
RB02	Engagement of Consultants	In Progress	
RB03	Enterprise Business Capabilities (Oracle) – Strategic Reset Programme	Ongoing	
RB04	Information Governance – DSP Toolkit	Not Started	
RB05	KCC Estate Review – Strategic Reset Programme	Planning	
RB06	New Grant Funding	Planning	
RB07	People Strategy – Strategic Reset Programme	In Progress	
RB08	Property Infrastructure – Functions and Processes Transferred from Gen2	Planning	
RB09	Public Health – Covid 19 Ring Fenced Grants	Planning	
RB10	Schools Financial Services	Not Started	
RB11	Strategic Reset Programme – Programme Governance	Draft Report	
RB12	Contract Management (ASCH)	In Progress	

Ref	Audit	Status	Assurance
RB13	Data Protection (ASCH)	Final Report	Adequate – GAC January 2022
RB14	Individual Contracts with Care Providers (ASCH)	Not Started	
RB15	Making a Difference Every Day (MADE) Assurance Board	Ongoing	
RB16	Provider Failure (Assurance Mapping)	Planning	
RB17	Safeguarding Assurance Map (ASCH)	Planning	
RB18	Supervision of Social Workers	Not Started	
RB19	Accommodation for Young People / Care Leavers Follow Up	Planning	
RB20	Business Continuity Planning (CYPE)	Not Started	
RB21	Change for Kent Children – Strategic Reset Programme	Ongoing	
RB22	Foster Care – Transition to Shared Lives	Deferred to 2022/23	
RB23	Information Governance (CYPE)	Not Started	
RB24	Safeguarding Assurance Map Update (CYPE)	Planning	
RB25	School Themed Review – Corporate Credit Cards	Planning	
RB26	SEN Assurance Mapping	Not Started	
RB27	Traveller Service – Site Allocation and Pitch Fee Collections	Planning	
RB28	Highways Term Maintenance Contract	Ongoing	
RB29	Inland Border Posts / Decision Making and Financial Management	Planning	
RB30	Kent and Medway Business Fund	Planning	
RB31	Kent and Medway Energy and Low Emissions Strategy	Not Started	
RB32	New Local Infrastructure Projects Across Kent (SELEP)	Planning	
ICT01	Cyber Security Assurance Map Update	In Progress	
ICT02	Information Technology Risk Management	Not Started	
ICT03	IT Cloud Strategy, Security and Data Migration	Draft Report	
ICT04	IT Data Security Audit for DSP Toolkit	Not Started	
ICT05	Prevention of ICT Data Centre Outages Follow Up	Final Report	N/A GAC November 2021

Appendix B – Summaries of Completed Audit Reviews

CR04-2022 Provider Invoicing

Audit Opinion	Limited
Prospects for Improvement	Good

Internal Audit considered Provider invoicing and reconciliation processes in Cantium and in the Commissioning, Purchasing, and Finance teams in KCC (ASCH).

Internal Audit's overall Audit Opinion of Limited is based on the following Key Strengths and Areas for Development identified within KCC and Cantium processes for payment and reconciliation of provider invoices for ASCH.

Key Strengths

- Evidence of excellent investigative skills, and patience in the Purchasing, Commissioning and the Cantium Adults Payment teams when trying to reconcile complex invoicing issues presented by several difficult Providers.
- Moving payments to Mosaic, as part of the Mosaic Digital Programme will increase the speed of payments and reduce the risk of KCC making substantial unaudited payments and financial distress on Providers.

Areas for Development

- There are still communication and reconciliation issues with several Providers.
- The Remittance Advice document issued by Cantium, is not clear regarding debit notes and credit notes.
- There are many occasions when the information on Mosaic is different to what the Provider is working on and it is difficult for the Provider to reconcile the difference with the Commissioning, Purchasing and, Cantium Adults Payment teams.
- The reconciliation of the invoices sent by both Providers and, the subsequent receipt of a Remittance Advice from Cantium by the Provider, needs further investigation and action to improve data quality, and the understanding of Providers of why payments are different to the amounts on the invoice.
- The Commissioning team, with support from the Finance Business Partner, when necessary, should improve the financial awareness of certain providers by enhancing the annual review process, including undertaking a review of the financial controls in place.

Prospects for Improvement

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

- There are management actions in place and there has been a positive engagement from senior management in response to the findings
- Additional resources will be required from Cantium Business Solutions

Summary of management responses

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

AD02-2022 – Searchlight – Data Breaches

Audit Opinion	Adequate
Prospects for Improvement	Good

This additional audit covered the approach taken by business areas that use the Department for Work and Pensions Searchlight system. This followed a few minor data breaches that occurred by staff working in different business areas.

Key Strengths

- HM Government Base Line Security Standards were being met prior to access to the system being allowed.
- Declarations are in place for staff to sign to confirm they will use the system appropriately prior to access to the system being allowed.
- Two of the three business areas trained staff prior to access being given.
- Management investigations are conducted and consistent with the relevant disciplinary policy.

Areas for Development

- Training in one business area needs to be implemented
- Training should be standardised across the three business areas with the requirement for staff to be tested to confirm understanding on the appropriate use of the system.
- A clearer process on reporting data breaches both to KCC information resilience & transparency team and the Department for Work and Pensions.
- Ensuring staff are made aware of lessons learnt following a data breach.

Prospects for Improvement

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

- The proposed management actions to the issues that have been raised are considered to be appropriate in managing the risks identified.
- Management engaged positively with the audit and are committed to ensuring that the management actions are implemented.

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	3	3	0
Low Risk	0	0	0

CS02-2022 General Ledger

Audit Opinion	Substantial
Prospects for Improvement	Good

The audit covered six aspects of general ledger and concluded that overall, the controls in place are adequate and operating effectively. A small number of issues were identified in relation to data validation of one of the feeder systems, transaction coding errors in one service and segregation of duties for journal processing.

Key Strengths

- Appropriate user guides and training is available to staff who need to know how to use and navigate their way around the Oracle financial system.
- Access to the financial modules on Oracle is adequately controlled. Requests for access are made in writing on an on-line form and are submitted by another member of staff to maintain segregation of duties.
- Only existing members of staff have access to Oracle finance, and audit testing found no instances of leavers accessing Oracle after their last day with KCC.
- Data from systems that process financial transactions (feeder systems) are uploaded on to the general ledger on a regular basis.
- There is an established coding structure in place that is consistently adopted.
- Requests to set-up, amend and/or delete codes are made in writing, and the authority to make these changes is restricted.
- Access to create/process journals is restricted to officers with appropriate job roles (eg Accountants and members of the Financial Analysis & Support Team).
- Suspense and control accounts are reviewed and reconciled on a regular basis.

Areas for Development

- Unresolved errors with client data on ContrOCC are creating the need for manual intervention during the automated data transfer from ContrOCC to the general ledger.
- Miscoding of accommodation costs of asylum-seeking young people on ContrOCC accounts for 90% of the re-coded transactions.
- Three cost centres codes on the general ledger do not have a title or description to identify the team or unit that holds the budget.
- Sample testing of 30 journals identified 3 instances there was insufficient narrative to allow the reason for the adjustment to be readily understood.
- Sample testing found that staff can process journals where they are also the requesting officer (lack of segregation of duties). However, a management action has not been raised on the basis that reliance is placed on the budget monitoring process (CP) to identify any significant errors and manage the risks of material misstatement associated with inappropriate override of controls over journal entries. Further testing showed that only 5 budget holders have the access rights/privilege to process manual journals, and there is no evidence that any of these budget holders has processed a manual journal for their respective cost centre(s) this financial year.

Prospects for Improvement

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

- The proposed management actions to the issues that have been raised are considered to be appropriate in managing the risks identified.
- Management engaged positively with the audit and are committed to ensuring that the management actions are implemented.

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	2	2	0
Low Risk	2	2	0

CS06-2022 Urgent Payments Follow Up

Audit Opinion	N/A
Prospects for Improvement	N/A

Findings

During planning for the scheduled follow-up audit, it was confirmed that all of the six issues have been implemented. Appropriate evidence has been obtained and evaluated by Internal Audit to support closure of these issues.

Background

As part of the approved 2021-2022 Audit Plan, it was agreed that Internal Audit would undertake a follow-up audit of Urgent Manual Payments (CHAPS) – Audit reference CS10-2021. The aim of the follow up audit was to provide assurance that appropriate actions have been taken to address the issues identified.

An audit opinion of ‘Limited’ was given and reported to the Governance and Audit Committee in January 2021. The report contained six audit issues (3 High and 3 Medium Risk) and management action plans were agreed to address all the issues.

RB13-2022 – Data Protection (ASCH)

Audit Opinion	Adequate
Prospects for Improvement	Very Good

The table below shows RAG rating against the seven scope areas for the Data Protection Audit (ASCH) which assessed one area as green, five amber and one red.

Training and Guidance	Information Asset Register	Data Protection Impact Assessments	Data Privacy Notice(s)
Data Sharing	Data Breach and Near-Miss Incidents	Subject Access Requests	

Key Strengths

- Key policies and procedures that ASCH staff are expected to adopt to ensure that the organisation fulfils its Data Protection obligations have been developed and communicated to staff.
- ASCH are transparent to data subjects about how they will use the personal data they collect from them.
- ASCH's Privacy Notices have been communicated to their data subjects and the scope and content of the notices were found to be in line with best guidance published by the ICO.
- The identity of a data subject is verified before responding to a Subject Access Request (SAR).
- Corporate policy and procedures that ASCH staff are expected to adopt when sharing data with third parties have been developed and communicated to staff.
- ASCH staff have appropriate means to report a suspected data or information security breach, and a record of incidents reported is maintained.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0	N/A	N/A
Med Risk	2	2	0
Low Risk	2	2	0

Areas for Development

- Uptake of mandatory data protection training in ASCH is below corporate target.
- Some ASCH project teams are not obtaining expert advice from the Data Protection Officer (DPO) in a timely manner and prior to the start of some new data processing.
- Some teams within ASCH repeatedly failed to report data breaches to the Information Resilience and Transparency Team in a timely manner.
- Sample testing of 15 ASCH data security breach/incidents identified 2 instances where the relevant service area has not completed an investigation of the breach.
- Internal Audit identified 5 out of 151 ASCH data security breach/incidents where the assessed risk to people's rights and freedoms following the breach/incident has not been documented on the incident database. The assessed risk determines if escalation to the ICO is required.
- The Council has a statutory duty to respond to SARs within one month, but approximately 25% of ASCH SARs have not been completed within statutory timescale.
- The standard contractual terms and conditions for adult social care providers do not contain some specific terms or conditions that must be included as prescribed under section 3 of article 28 of the UK General Data Protection Regulation.
- Our testing during this audit identified issues relating to the corporate Data Protection Impact Assessments policy and guidance being overdue for review; and the corporate Information Asset Register being out of date. However, a formal management action has not been raised on these issues in this report on the basis that these issues are being addressed as part of agreement management actions from the Records Management audit that was carried out in April 2021.

Prospects for Improvement

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

- Adequate control framework is in place, but there needs to be consistency in the implementation of Data Protection Policies and Procedures.
- Actions are being taken Corporately to enhance the way the Council manages its data.

Appendix C - Grant Certifications completed since 1/4/2021:

Grant	Description	Status
EU Interreg - Aspire	A holistic approach to lowering obesity and unemployment rates in identified communities where the two issues are linked.	2 Claims completed
EU Interreg - BEGIN	An approach to climate resilience for cities that mimics nature's potential to deal with flooding.	1 Claim completed and On the Spot in progress
EU Interreg - BHC21	To contribute to the development of more efficient and effective vocational training services for low-skilled people and develop a generic 21st century training model to reduce unemployment rates amongst low-skilled people.	1 Claim completed and On the Spot in progress
EU Interreg – Blueprint	Upskill 18 social enterprises to training 2000 disadvantaged individuals with the skills they require to secure new jobs linked to circular economy growth (increased recycling, reverse logistics and secondary markets)	1 Claim completed
EU Interreg – BoostforHealth Capitalisation	Supporting Kent based life sciences companies with internationalisation and in particular market entry in mainland Europe.	
EU Interreg – C5A	Aims to deliver a whole system approach to water and flood risk management in response to current and future risks from climate change.	1 Claim completed and 1 On the Spot completed
EU Interreg – C-CARE	To deliver a range of activities linked to Covid-19 response including: <ul style="list-style-type: none"> - A technology resilience voucher scheme for businesses (ED) - A green recovery voucher scheme for businesses (Environment Team) - A Covid-secure trading standards training module (Public Protection) 	1 Claim completed
EU Interreg – Connected Communities	To develop co-ordinated and integrated services for older people that help make communities more resilient and take early action to prevent or delay the need for long term care.	1 Claim completed
EU Interreg – Cool Towns	Spatial adaptation for heat resilience in small and medium sized cities to minimise the heat related effects of climate change.	1 Claim in progress
EU Interreg – DWELL	Empowerment programme enabling patients with type 2 diabetes to access tailored support giving them mechanisms to control their condition and improve their wellbeing.	
EU Interreg - Empower Care	To create resilient communities and reduce individual frailty and loneliness, addressing issues facing the care of our aging population.	1 Claim completed and 1 claim in progress
EU Interreg - Ensure	Making use of the community peer to peer support, which will allow societies to become proactive in addressing circumstances which create vulnerability across Kent.	1 Claim completed and 1 claim in progress
EU Interreg - Experience	To provide the tools and infrastructure to capitalise on the emerging trend for personalised and local tourism experiences which provide reasons to visit at any time of the year.	1 Claim completed
EU Interreg – Green Pilgrimage	Protecting natural & cultural heritage whilst developing jobs & growth along pilgrim routes by developing low impact tourism, digitalisation, pilgrim accommodation & strengthening local traditions.	

EU Interreg - H20	Overcoming barriers to integrated water and ecosystem management in lowland areas adapting to climate change.	1 Claim in completed
EU Interreg – IMPULSE2	Support innovation in order to address the economic and societal issues facing the FCE. This project aims to support 100 Life Sciences & nutrition SMEs & production sites from the FCE area to help them to become more innovative, to connect to companies and business opportunities in other countries and to overcome the barriers that they face with innovation and internationalisation. The long-term benefits for SMEs will be increased knowledge, innovation capacity, international contacts, and export sales potential (MP)	1 Claim in completed
EU Interreg - Inn2Power	Supporting Kent based companies in the offshore wind sector with internationalisation & market entry in mainland Europe	1 Claim completed
EU Interreg - PATH2	Enabling women, families, and healthcare professionals to prevent, diagnose and successfully manage mild and moderate perinatal mental health issues.	1 Claim completed and On the Spot in progress
EU Interreg - Prowater	Contributing to climate adaptation by restoring the water storage of the landscape via ecosystem-based adaptation measures.	1 Claim completed
EU Interreg - SCAPE	Developing landscape-led design solutions for water management that make coastal landscapes better adapted and more resilient to climate change.	1 Claim completed and On the Spot in progress
EU Interreg - SHIFT	Engaging with people over 45 years of age to develop a tailored sexual health and wellbeing model.	1 Claim completed
EU Interreg - SIE	Evaluating and improving business support services for SMEs specifically related to exporting and internationalisation.	
EU Interreg – STAR2Cs	Overcoming the implementation gap faced by local government adapting to climate change.	1 Claim Completed
EU Interreg – Step by Step	Seeking to increase the impact of the internationally evidenced men's sheds programme in particular employment & health outcomes.	1 Claim completed and 1 On the Spot completed
EU Interreg - TICC	Implementing an integrated community team at a pilot site to work with the principles of Buurtzorg (A Dutch home-care model known for innovative use of independent nursing teams in delivering relatively low-cost care).	1 Claim completed
EU Interreg - Triple A	Supporting homeowners to adopt different low-carbon technologies in their homes.	1 Claim completed
EU Interreg - Triple C	Implementing a set of cost-effective actions to reduce flooding and erosion.	1 Claim completed
EU Interreg - Upcycle your waste	The programme will run over three years and aims to support SMEs in reducing their running costs by handling and transforming their waste into new resources for the community.	1 Claim completed
EU Interreg - USAC		1 Claim completed
Department of Health and Social Care	Public Health Test and Trace grant	In progress – deferred to 2022
Department for Transport	Highways Travel Demand Management Grant	In Progress
Department for Transport	Bus Service Operators Grant	In Progress
Department for Transport	Additional School and College Transport Grant	In Progress

Appendix D – Implementation of Agreed Management Actions

3+ Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
ES05-2018	OPPD Day Services Themed Report	Adequate	Issue 3 - Letting Policy	Medium	ASCH	Not Implemented
RB01-2018	Members Induction and Training	Adequate	Issue 2 - Mandatory Training	Medium	ST	Not Implemented
RB45-2017	National Driver Offender Retraining Scheme – Phase 2	Adequate	Issue 1 - Trainer Recruitment and Retention	High	GET	In Progress

2 - 3 Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
AD02-2019	Youth services – Commissioning and Contract Management	Adequate	Issue 6 - Undocumented changes to the commercial arrangements	Medium	ST	Implemented
AD02-2019	Youth services – Commissioning and Contract Management	Adequate	Issue 7 - Fully documented justification for changes to the performance management regime	Medium	ST	Implemented
CA07-2019	Data Protection	Adequate	Issue 2 - Data Protection Impact Assessments - Project & Programme Management and Commissioning	Medium	ST	In Progress
CA09-2018	Departmental Governance Review	Adequate	Issue 5 - Independence of reporting lines for the Chair of the Adult Safeguarding Board	Medium	ASCH	Implemented
CA09-2018	Departmental Governance Review	Adequate	Issue 6 - Committee Terms of Reference	Medium	ST	Superseded
CS01-2019	Payment Processing	Adequate	Issue 2 - Retrospective Purchase Orders	Medium	ST	In Progress
CS01-2019	Payment Processing	Adequate	Issue 3 - Authorisation of manual invoices	Medium	ST	In Progress

CS01-2019	Payment Processing	Adequate	Issue 5 - Vacation Rule in iProc	Medium	ST	In Progress
RB02-2019	Property - Statutory Compliance	Limited	Issue 3 - Tenanted Properties – Requirement to notify KCC of Compliance Checks	Medium	ST	In Progress
RB20-2019	LD Lifespan Pathway Post Implementation	Adequate	Issue 1 - Pathway Plans and Assessments	High	CYPE	In Progress
RB34-2020	Foster Care	Adequate	Issue 3 - Voice of the Child	Medium	CYPE	Implemented

1 - 2 Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
AD01-2020	Pension Fund Investment	Limited	Issue 5 - Potential shortcomings in the Governance Compliance Statement, the Funding Strategy Statement and the Investment Strategy Statement	High	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 7 - Procedures governing Investment Decision Making	High	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 1 - A comprehensive understanding of the Committee's duties, its Investment Strategy and its Decision-Making Procedures	Medium	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 4 - Improving the assurance that key documents comply with Statutory Regulations	Medium	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 15 - Assurance that the remit of the Local Pension Board complies with Scheme Regulations and The Pensions Regulator's Code of Practice	High	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 10 - Improving the Reporting, Tracking and Mitigation of Risks	High	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 3 - Ensuring that a referenced and up to date version of the Investment Strategy Statement is available to Committee members	High	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 12 - Resources needed to manage and oversee Investment Fund Managers	High	ST	In Progress*

AD01-2020	Pension Fund Investment	Limited	Issue 6 - Mapping out Roles and Responsibilities	Medium	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 14 - Passing on Lessons that Key Officers have learned	Medium	ST	In Progress*
AD01-2020	Pension Fund Investment	Limited	Issue 11 - Accountability for Investment Advice cannot be determined from minutes of Committee Meetings	High	ST	In Progress*
CA02-2019B	Developer Contributions Community Infrastructure Levy	Limited	Issue 1 - Procedures for optimising developer contributions through the Community Infrastructure Levy	Medium	GET	Implemented
CA06-2020	Data Protection Deep Dive	Adequate	Issue 1 - Record of Processing Activity (ROPA)	High	ST	In Progress
CA06-2020	Data Protection Deep Dive	Adequate	Issue 2 - Data Breaches	Medium	ST	In Progress
CA11-2019	Strategic Commissioning Overview	Adequate	Issue 4 – Transformation of SC Division into a Corporate Support Function	Medium	ST	Superseded
ICT03-2020	Software Licensing	Substantial	Issue 2 - Software Licencing Inventory	Medium	ST	Superseded
RB04-2020	Agilisys Contract Management	Adequate	Issue 8 - Value for Money and Benefits Realisation Assessments	Medium	ST	Implemented
RB21-2020	Customer Care & Complaints	N/A	Issue 6 - Acceptance of Complaints - Formal Response Deadline	High	ASCH	Management Accepts Risk
RB34-2020	Foster Care	Adequate	Issue 2 - Communication and Information Sharing	Medium	CYPE	Implemented
RB37-2020	School Themed Review	Adequate	Issue 1 - SEMBCP Guidance to Schools	High	CYPE	Implemented
RB37-2020	School Themed Review	Adequate	Issue 2 - Recovery and Resumption	High	CYPE	In Progress
RB37-2020	School Themed Review	Adequate	Issue 3 - School Emergency Management and Business Continuity Plan (SEMBCP) administration	Medium	CYPE	Implemented
RB56-2020	Economic Development - Grant Schemes	Adequate	Issue 3 - Evaluation of Grants	Medium	GET	Implemented

Less than 1 Year

Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
CA01-2021	Annual Governance Statement	Adequate	Issue 3 - Making AGS a Living Process	Medium	ST	In Progress
CA01-2021	Annual Governance Statement	Adequate	Issue 1 - Progress Against 2017/18 & 2018/19 Issues	Medium	ST	In Progress
CA01-2021	Annual Governance Statement	Adequate	Issue 4 - Learnt Lessons from the 2019/20 AGS Process	Medium	ST	In Progress
CA01-2022	Annual Governance Statement	Adequate	Issue 1 - CMT/ DMT Action Logs	Medium	ST	In Progress
CA01-2022	Annual Governance Statement	Adequate	Issue 2 - Confirmation of Compliance with CIPFA Code of Financial Management	Medium	ST	In Progress
CA04-2020	Risk Management - Themed Report	Substantial	Issue 1 - Awareness of Risk Management Tools	Medium	ST	In Progress
CA05-2021	Information Governance - DSP Toolkit annual audit	Substantial	1. Sub-Assertion 7.2.1	Medium	ST	Implemented
CA07-2021	Information Governance - Remote Working	Adequate	Issue 1 - Policies & Procedures	Medium	ST	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 3 - Data Protection Training	Medium	ST	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 5 - Corporate VPN Software Updates	Medium	ST	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 4 - Risk Assessment	Medium	ST	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 2 - Staff Awareness	Medium	ST	In Progress
CS02-2021	Social Care Client Billing	Limited	Issue 1 - Mosaic Provider Portal	High	ASCH	Implemented
CS11-2021	Supplier Relief - Policy, Procedures and Application	Limited	Issue 1 - Due Diligence	High	ST	Implemented

ES01-2020	Establishments Themed Review - Day Services	Substantial	Issue 1 - Utilisation	Medium	ASCH	Superseded
ICT02-2021	IT Access Controls/ User Accounts – for DSP Toolkit	Substantial	Issue 2 - Generic account - Liberi	Medium	CYPE	Implemented
ICT04-2020	ICT Change – Project Benefits Realisation	Adequate	Issue 2 - Project Briefs Technical Assessment	Medium	ST	Implemented
ICT04-2021	Cyber Security -Firewall - Management of Rule sets	Substantial	Issue 2 - Firewall Reviews and Remediation of Vulnerabilities	Medium	ST	Implemented
RB01-2021	Asset Control of Laptops and Other IT Equipment	Limited	Issue 6 - Inventory Review	Medium	ST	Implemented
RB01-2021	Asset Control of Laptops and Other IT Equipment	Limited	Issue 4 - Policies and procedures	Medium	ST	Implemented
RB01-2021	Asset Control of Laptops and Other IT Equipment	Limited	Issue 5 - Asset Lifecycle	Medium	ST	Implemented
RB01-2021	Asset Control of Laptops and Other IT Equipment	Limited	Issue 3 - Covid-19 Assets	Medium	ST	Implemented
RB01-2021	Asset Control of Laptops and Other IT Equipment	Limited	Issue 2 - Asset Inventory Records	High	ST	Implemented
RB05-2020	Purchase to Pay (P2P)	Substantial	Issue 3 - Receipting of Goods – iProc and Manual Invoices	Medium	ST	Implemented
RB05-2020	Purchase to Pay (P2P)	Substantial	Issue 1 - Purchases progressed without a Purchase Order	Medium	ST	In Progress
RB16-2021	Workforce – Recruitment & Retention of AMHPs	Substantial	Issue 1 - Recruitment Strategy / Policy	Medium	ASCH	In Progress
RB18-2021	ASCH Covid-19 Response Plan	Adequate	Issue 4 - Business Continuity Testing	Medium	ASCH	In Progress
RB18-2021	ASCH Covid-19 Response Plan	Adequate	Issue 5 - Strengthening Business Continuity Plans	Medium	ASCH	Implemented
RB18-2021	ASCH Covid-19 Response Plan	Adequate	Issue 8 - ASCH Covid-19 Response Plan	Medium	ASCH	Implemented
RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 5 - In Touch Records	Medium	CYPE	Implemented**

RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 1 – High-Cost Placement Panel	High	CYPE	Implemented**
RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 4 – Monitoring of Providers – Performance and Cost	High	CYPE	Implemented**
RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 2 – Additional Support Hours	Medium	CYPE	Implemented**
RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 3 - Housing Costs (Housing Benefit)	High	CYPE	In Progress**
RB30-2021	Provision of Laptops to Service Users	Adequate	Issue 3 - Ongoing liability for devices	Medium	CYPE	Implemented
RB30-2021	Provision of Laptops to Service Users	Adequate	Issue 2 - Decision Making	Medium	CYPE	Implemented
RB30-2021	Provision of Laptops to Service Users	Adequate	Issue 1 - Asset Register	High	CYPE	Superseded
RB32-2019	Education Psychology	Substantial	Issue 1 - Lessons Learnt	Medium	CYPE	In Progress
RB32-2020	Change for Kent Children	Adequate	Issue 6 - Performance Monitoring	Medium	CYPE	Implemented

*** Status of actions for AD01-2020 – Pension Fund Investment require verification and status may change depending on outcomes of review of evidence.**

**** Status of actions for RB23-2021 – Accommodation for Young People/ Care Leavers require verification from full follow-up audit to be reported to April Governance and Audit Committee**

CA03-2021 – Records Management

Audit Opinion	Limited
Prospects for Improvement	Good

The audit opinion of Limited is based on Internal Audit's findings from a review of the current processes, interviews with key members of staff and a staff survey. Overall, it is concluded that sufficient guidance, training and bespoke advice is available.

However, there are a number of important areas where processes and organisational awareness, understanding and compliance require improvement.

Key Strengths

- Relevant policies and procedures, including the Data Protection Policy, Records Management Policy, and the Information Management Manual (IMM) were assessed and confirmed to be comprehensive, up-to-date and the latest versions are available to officers. The IMM is under review with an action plan that documents the required outcomes.
- Policies and procedures clearly outline corporate and service responsibilities and arrangements for record classification, storage, security, transmission and disposal.
- An organisational Information Asset Register (IAR) is in place and includes the main category requirements. However, there are important issues to be addressed, which are explained below (see Issue 4 below).
- A staff survey conducted as part of the audit identified that there is a high level of awareness (90%) that the overall responsibility for records management sits with all staff within the organisation.
- A Data Retention Schedule is in place and is consistent with the Information Asset Register. The use of a unique identifier in the IAR and Retention Schedule ensure that when a change is made to the database for one record, there is an automatic update to the other. However, there are important issues to be addressed, which are explained below.
- The contract for external archiving and retrieval of historic records is managed through a set of key performance indicators, for which there has been a high rate of compliance since the contract began in 2017.
- There is a clear process for paper record destruction and disposal by the Records Management Service.

Areas for Development

- An e-learning training module for Records Management is available to all staff; however, completion is not mandatory and is not monitored. The staff survey conducted as part of the audit identified a low level of completion, and a low level of awareness of the main components of the control framework.
- There is reduced assurance that the Information Asset Register is fully up to date due to restructures across the organisation, which may have resulted in unforeseen gaps.
- A programme of information audits (and the necessary level of resource to deliver it) is required, to conduct a full Information Asset Register review and give assurance that all assets are known, recorded and subject to appropriate controls and oversight.
- Processes to ensure the Data Retention Schedule remains up to date are reliant on the Records Manager being advised either a) of a new record type usually via a query from a service, or b) via the information audit process. There is reduced assurance that the Data Retention Schedule is fully up to date.
- The Data Retention Schedule is not sufficiently detailed to identify when specific records are due for retention or disposal review. The process is manual, and responsibility sits with services, although in practice, some do not have suitable processes or environments to identify when records have reached their retention deadline.
- There are three current cases of records required for a statutory request having gone missing and audit trails of their transmission have not been maintained. Furthermore, there is no clearly communicated policy on the specific process that staff should follow if a historic file requested via a statutory process cannot be located by the Records Management Service.
- ICT controls to be introduced with the implementation of SharePoint will vastly improve the Authority's ability to classify and manage electronic records but will require significant input and support from the Records Manager to issue guidance and provide training. The realisation of security benefits will also rely heavily on compliance by services.
- The substantial increase in storage capacity for electronic records that will come with SharePoint must be accompanied by organisation-wide training and guidance, to drive good file management behaviours and avoid the potential for relaxation of disciplines.

- The Records Manager has a high level of expertise and is a subject matter expert, who is able to identify strategic actions required and is available to advise on all information governance queries.
- There is a governance structure in place for the management of records, via a Cross Directorate and a Corporate Information Governance Group.

Prospects for Improvement

Our overall opinion of Uncertain for Prospects for Improvement is based on the following:

The Records Manager has a clear and complete understanding of where organisational process gaps and weaknesses exist. However, aside from her attendance at the Cross Directorate Information Governance Group where she will report concerns, she has no line management route for implementing the required improvements to Records Management Service processes, limited authority to drive other cross-authority changes and also insufficient capacity.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	3	3	N/A
Med Risk	4	4	N/A
Low Risk	0	0	N/A

By: James Flannery – Counter Fraud Manager
To: Governance and Audit Committee – 25th January 2022
Subject: **COUNTER FRAUD UPDATE**
Classification: Unrestricted

Summary:

This report details:

- The Counter Fraud activity undertaken for period April 2021 to December 2021, including reported fraud and irregularities.
- An update on the Counter Fraud Action Plan for in 2021/22 covering reactive and proactive activity.

Recommendation: FOR ASSURANCE

Introduction

- 1.1 This report outlines Counter Fraud work which has been undertaken in from April 2021 to December 2021 and the progression of the Fraud Action Plan for 2020/21. The report provides:
- An overview of the work of the Counter Fraud Team;
 - details of savings identified through counter fraud activity; and
 - a spotlight on the volume and variety of investigations work that the Counter Fraud Team undertakes and the competing priorities.

Irregularity Referrals

- 1.2 For the period July 2021 to December 2021, there were 104 suspected irregularities (Trend analysis shown in below tables) reported to the Counter Fraud Team (compared to 70 in the same period for 2020/21). The distribution and characteristics of the irregularities reported to date show that the highest areas of financial risk this year are from misuse of social care support paid via a Direct Payments.
- 1.3 Actual losses (fraud & error) for the period July 2021 to December 2021 are £66,378, of which £66,3784 is recoverable. The main contributor is £56,118 due to an error in a direct payment that resulted in payments continuing for services not received. Actual losses have increased compared with previous years. Prevented losses for 2021/22 stand at £1,137,735 with a potential of £1,136,800 of losses occurring if the Counter Fraud Team/ Management had not intervened, the majority of this figure is due to two attempts to change a supplier's bank account.

Mandate Fraud

- 1.4 Mandate fraud is where fraudsters attempt to change the bank details of a supplier. Two attempts have been made recently which resulted in one near miss as the bank details had been updated and payment (£123,000) made. Management, however, engaged with the bank to freeze the funds, which have now be recovered.
- 1.5 The second attempt was to change the bank details of a significant supplier to KCC, this would have resulted if actioned in a loss of over £1m. Further details of how these attempts were made

can be made available to members of Governance and Audit Committee within the private session of the meeting if required.

Blue Badges

- 1.6 Referrals for Blue Badge misuse for Quarter 2 & 3 have increased to 72, although not at the same rate as pre-Covid, this is a good indication that parking enforcement teams, especially in Ashford and Gravesham, are continuing to detect misuse.

Parking Enforcement Area	Referral numbers – Apr to Dec 21	Parking Enforcement Area	Referral numbers – Apr to Dec 21
Ashford BC	32	Maidstone BC	2
Canterbury CC	5	Swale BC	0
Dartford BC	1	Sevenoaks DC	0
Dover DC	4	Thanet DC	0
Folkestone & Hythe BC	0	Tonbridge and Malling BC	1
Gravesham	21	Tunbridge Wells BC	4

- 1.7 There has been an upturn in the number of referrals/ complaints from the public where they witness misuse in residential on-street parking, especially where there are parking restrictions in place. This is probably due to the change in the way people are working, with more home working going on than before.
- 1.8 Whilst the Counter Fraud Team can pass intelligence to parking enforcement teams to act where appropriate, there is no provision within the on-street parking agreement covering blue badge misuse. This has been raised with representatives in the GET Directorate and an update is awaited on a way forward.

Counter Fraud Reviews

Kent and Medway Business Fund (KMBF)

- 1.9 A review of funding paid through the KMBF has been completed by the Counter Fraud Team. The review looked at the way a loan paid to a community transport provider was facilitated as no funding scheme had been advertised for applications to be received.
- 1.10 It was established the Investment Advisory Board agreed to a pilot scheme to support non-commercial providers to deliver community transport services. However, prior to the scheme being advertised, a business case was received from a community transport provider.
- 1.11 The pilot did not progress and was closed with no advertising of the scheme. The Business Investment Team (who provide the secretariate for KMBF) were unable to provide information on how the applicant became aware of the pilot and how the business case came into KCC for consideration. The review identified a need to enhance the governance arrangements and roles and responsibilities within the terms of reference of KMBF.

Transport Contracts

- 1.12 A review has been completed on the approach taken in awarding of contracts, in particular relating to the Kent Karrier Contract. The review reviewed the risks of legal challenges occurring at a national level where commercial operators were taking legal action against Local Authorities on awarding commercial contracts to not-for-profit community transport providers. This led to

changing guidance from the Department of Transport and Driver and Vehicle Standards Agency, as well as a judicial review all of which has informed KCC's approach.

1.13 Changing guidance resulted in a community transport provider being suspended from the contract framework due to their operating model not being compliant with the guidance at the time. Updated guidance has been provided by the Department for Transport which will provide clarity to both KCC and Community Transport providers when contracts are made available for tendering.

1.14 The review also looked at the way KCC Transport Team progress enforcement action. A multiagency approach is taken, known as 'Operation Coachman', to ensure users of bus services are safeguarded. The operation helps detect and prevent operators in sending unfit or unlicensed drivers and faulty vehicles when transporting children and vulnerable adults. The review identified the service adopt a site visit matrix to ensure wider coverage across all KCC contracts and sites.

Fraud and Irregularity Trends

1.15 The below tables show trends in reported fraud and irregularities:

Table CF1 - Key areas of reported fraud and irregularities

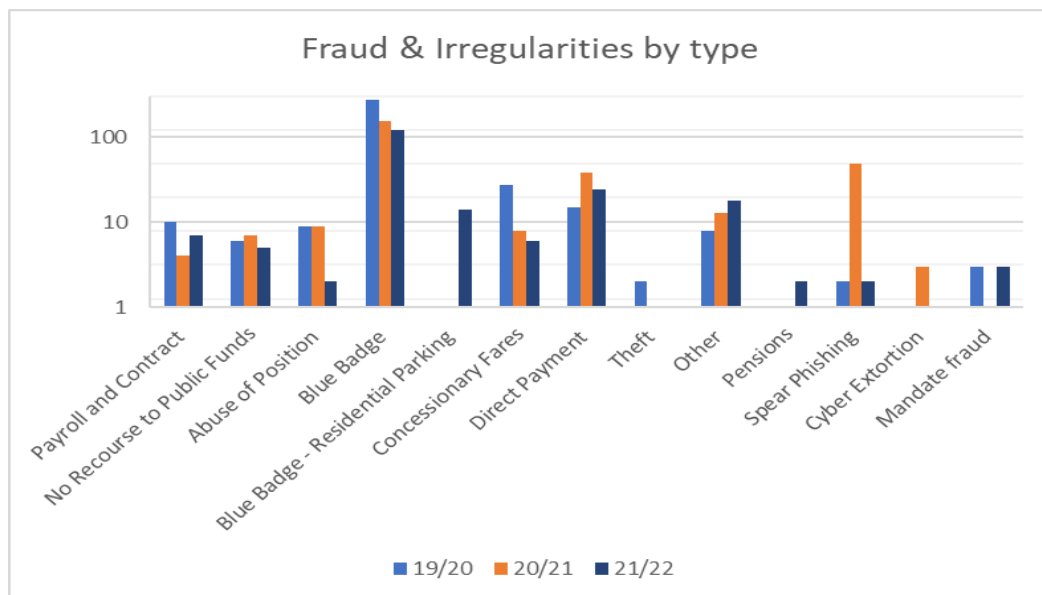


Table CF2 – Number of Irregularities Reported by Month

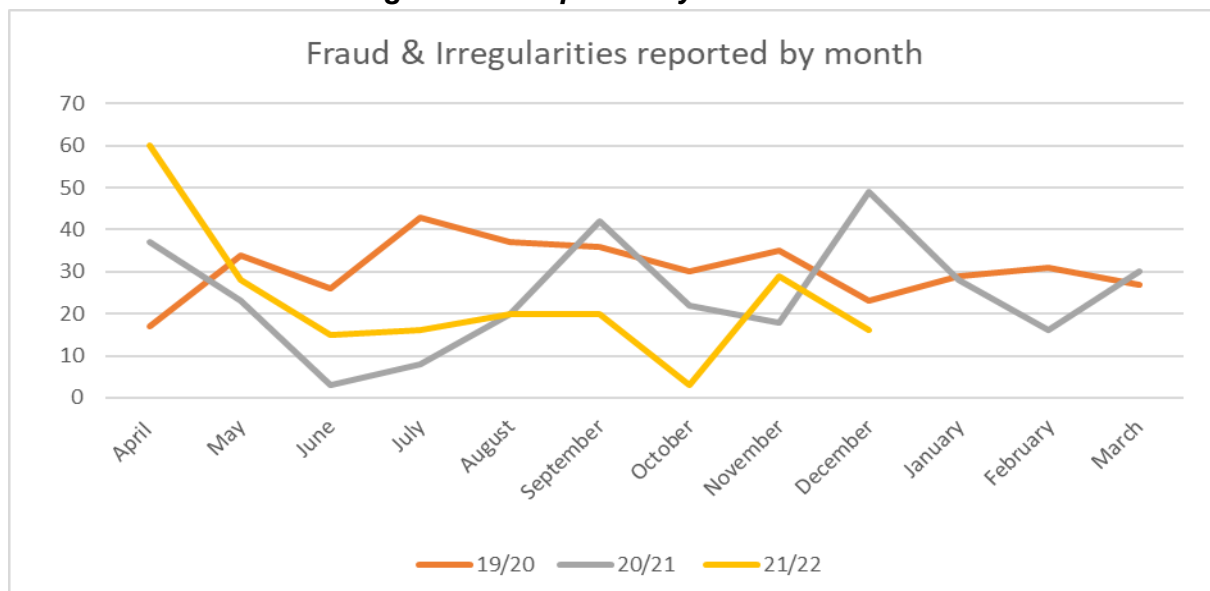
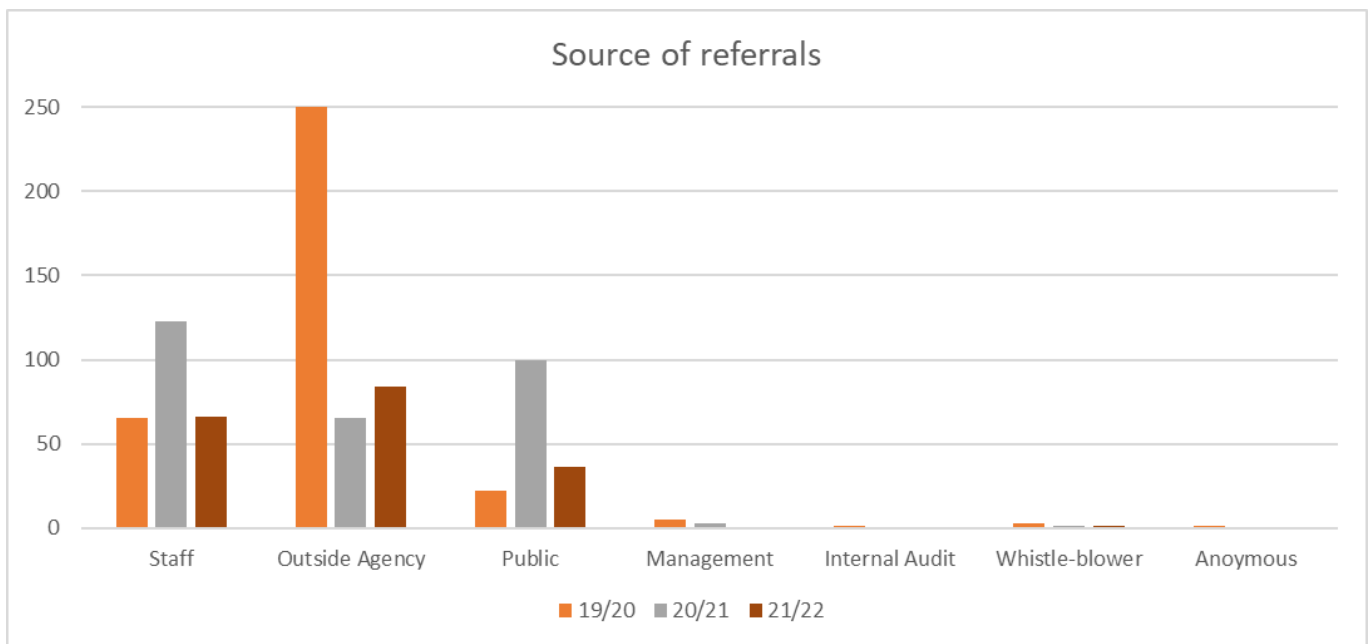


Table CF3 – Referrals by Source



Counter Fraud Pro-Active Work

1.16 The Counter Fraud Pro-Active Work delivered for Q2 & Q3 2021/22 includes:

- Fraud awareness to 60+ Commissioners;
- Fraud awareness campaign across KNet;
- Fraud Culture assessment for an external client;
- Supporting the due diligence checks for Reconnect Grant Scheme;
- Fraud awareness to school senior leaders;
- Presentation to the inaugural Government Counter Fraud Profession conference on fraud risks facing Local Authorities to raise awareness with Central Government Counter Fraud Professionals;
- Enhanced vetting checks on senior officers;
- Data Breach – Searchlight Review.
- Policy Review – See separate report for details.

1.17 The Fraud awareness presentation to Commissioners concentrated on fraud and corruption in the commissioning cycle. It concentrated on the research by the Cabinet office on the risks of fraud and corruption in local government procurement

Counter Fraud Resources

1.18 The team comprises of; 1FTE Counter Fraud Manager, 2.6FTE Counter Fraud Specialists, 2FTE Counter Fraud Technician, 0.8FTE Intelligence Officer and 1FTE Counter Fraud Apprentice.

1.19 On the 1 October 2021 staff (1FTE Counter Fraud Technician & 0.8FTE Intelligence Officer) were TUPE'd from Tonbridge and Malling Council as part of the shared services arrangement.

Counter Fraud Action Plan 2021/22

1.20 Considering the outcome of the review as well as the changing environment that we are working within the Fraud Plan for 2020/21 has been developed which can be found at **Appendix A**. Challenging times are still present with the changing in government guidelines due to Covid and the new variant. This presents difficulties in delivering face to face awareness sessions which support better engagement from attendees compared to when they are delivered virtually. In addition interviewing suspects is also a challenge in this current environment.

Conclusions

1.21 The Counter Fraud Action plan is being progressed, there is equal balance at present with the level of proactive and reactive work within the Council.

Recommendations

1.22 The Governance and Audit Committee note the Counter Fraud Update report for 2021/22.

James Flannery, Counter Fraud Manager

Jan 2022

Appendix A: Counter Fraud Plan 2021/22

Ref	Risk Area	Activity	Progress
CF01-2022	Payroll Pension Blue Badge Concessionary fares Trade Creditors	Progression of NFI Data Matches	In progress – Matches being cleared
CF02-2022	Corporate risk of Fraud	Policy and Strategy Review	Completed review of Anti-Fraud and Corruption Strategy, Anti Bribery Policy, Anti Money Laundering Policy, Financial Regulations and Whistleblowing policy
CF03-2022	Corporate Fraud	Kent Intelligence Network	In progress – savings reported
CF04-2022	All risk areas to support the prevention and detection of fraud and corruption	Relationship Management Strategy for Senior Stakeholders - Including Fraud, Bribery and Risk Assessments.	Fraud risk assessment of the Reconnect grant programme completed. No requests for fraud risks assessments on any new initiatives, policies or strategies have been received from management.
CF05-2022	All fraud risk areas faced by schools to support the prevention and detection of fraud	Proactive Fraud Exercise - Schools	Two sessions delivered to the Finance officers' group. Two sessions delivered to the Schools Senior Leader group
CF06-2022	Blue Badge fraud risk	Proactive Fraud Exercise - Blue Badges	Two enforcement days delivered – with press release to raise awareness Training video under development Engagement with Parking managers occurring
CF07-2022	Social Care fraud risks	Proactive Fraud Exercise - Social Care	Completed – issued and live on Knet.
CF08-2022	Procurement fraud risks	Proactive Fraud Exercise - Commissioning	Received Commissioning Standards currently under review
CF09-2022	Payment/ procurement fraud risks	Data analytics development - payments	Deferred to Q4

CF10-2022	Procurement fraud risks	Data analytics development - procurement card usage	Deferred to Q4 – awaiting outcome of Schools Themed Review
CF11-2022	Counter Fraud Profession	Professional standards	Engagement with the Cabinet Office on the Counter Fraud Profession.
CF12-2022	Tax evasion	Support the development and introduction of a tax evasion strategy and risk assessment	Completed - tax evasion risks and the mitigating controls and actions recommended to Senior Accountant.
CF13-2022	Payment fraud risks	Supporting Audit on specific audits where there is a fraud risk	In progress
CF14-2022	All fraud risk areas	Reactive Investigations	In progress. 181 cleared referrals & investigations for 2021/22.

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By: Ben Watts, General Counsel (Monitoring Officer)
Zena Cooke, Corporate Director of Finance

To: Governance and Audit Committee – 25 January 2022

Subject: Governance and Audit Committee Effectiveness: Training and Development Programme

Classification: Unrestricted

1. Introduction

- a. One of the key learnings taken from internal audits in recent years is the importance of ensuring Members and Officers receive effective training on governance. This has been picked up as a priority area in the new style Annual Governance Statements,
- b. The Governance and Audit Committee has responded positively to this and agreed to recommend to County Council that members and substitutes of the Committee must have received training in the relevant procedures.
- c. Training sessions for committee members have already begun and will continue. The terms of reference for the committee were also amended with an enhanced set of responsibilities. With a new Council came new committee members, and this is an opportune time to set out a more systematic approach to the training and development of the Committee and its members to ensure the Committee achieves its objectives and purpose as set out in the terms of reference.
- d. At the Governance and Audit Committee meeting held on 27th May 2021, members of the committee agreed that a full and varied programme of training is needed to enable the committee to undertake its role effectively, and that this training must be mandatory for all committee members and their substitutes. An indicative list of areas to cover was agreed (see appendix 1 to July's report - <https://democracy.kent.gov.uk/documents/s104856/Item%2008%20Training%20Programme%20for%20GA%20Committee%20Members.pdf>).

2. Wider Context

- a. Recent years have seen an increase in the number of formal reports being carried out into the financial governance of local authorities across the country. While these are all complex cases, it is notable that audit committee training is a prominent feature of many recommendations following identification of this as a weak area. For example, "... the oversight role provided by the Audit Committee is complex and essential for an organisation facing the challenges that Slough faces. It is important that members of the

Audit Committee understand their role clearly and that this is part of the induction process for new Audit Committee members.”¹

- b. This message has been reinforced in guidance issued by the Department for Levelling Up, Housing and Communities on 16 December 2021². This guidance focuses on reducing local audit delays but looks at the wider context and discusses the important role of local audit committees.
- c. Notably, the guidance contains the following: “CIPFA to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members.”³

3. Proposed Way Forward

- a. KCC has already taken up the appointment of an independent member. The publication of the strengthened guidance by this April will see more activity around training and development across the country in response. There is a real opportunity here to place our Governance and Audit Committee ahead of the curve and establish it as one which can be a template of best practice for others.
- b. The approach being recommended to the committee here is to take a strategic approach so that the training and development programme is bespoke to the needs of the council and committee and soundly evidence based. Therefore, we are recommending that CIPFA be commissioned to carry out a review of the Governance and Audit Committee and develop a comprehensive 12-18 month programme. This work will form a baseline for further training and development, allow a bank of resources to be created for new members of the committee to access, and properly align the schedule of training to the annual cycle of committee work.
- c. CIPFA are acknowledged leaders in the field of training and development of audit committees. The organisation has already carried out numerous reviews on audit committees across the country, and as indicated above, has carried out finance reviews on behalf of the Department for Levelling Up, Housing and Communities. With the CIPFA guidance for audit committees due out during the course of the proposed review, KCC will be able to make sure the outcomes are sustainable.
- d. This proposal has been informally discussed with the Chair of the Committee, and members will have received an email provisionally seeking time for 1-to-1 meetings between CIPFA representatives and members, subject to this proposal being agreed. The proposed review will also cover the way the

¹ Local Government Finance Review – Slough Borough Council, p.7, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028056/Slough_Cipfa_Final_-_web_version.pdf

² Full guidance available here: <https://www.gov.uk/guidance/measures-to-improve-local-audit-delays>

³ Section 2, *ibid.*

Committee and officers work and will also provide the opportunity for contributions from across governance, finance, and audit.

- e. CIPFA will be accountable to both the Chief Finance Officer and Monitoring Officer for the review and report.
- f. The draft brief of the proposed review is set out as an appendix to this report. The suggested indicative timeline for the work is as follows:
 - i. February-March 2022, CIPFA meetings with members.
 - ii. 27 April 2022 Governance and Audit Committee meeting, presentation from CIPFA on emerging themes from the review.
 - iii. June/July meeting of the Committee. Review report presented.
- g. This review by CIPFA will also fit into the ongoing work considering the effectiveness of the Committee and what might be needed to demonstrate this and ensure the Committee is being provided with the assurance it requires.
- h. The outcome of the review will be brought back to the Committee for consideration and will inform the Committee's annual review of its effectiveness. This review of effectiveness will include consideration of what amendments may be required of the Committee's terms of reference.

4. Recommendation:

The Committee is asked to:

- 1) COMMENT on the proposal and draft brief contained in the appendix;
- 2) ENDORSE the proposed decision to commission CIPFA to conduct a review of the Governance and Audit Committee;
- 3) AGREE to delegate to Officers, in consultation with the Chair, arrangements for delivery and reporting of the review; and
- 4) AGREE to consider the outcomes as part of the Committee's annual review of its effectiveness.

5. Appendices

Draft brief of proposed CIPFA review.

6. Background Documents

None.

7. Report Author and Relevant Director

Ben Watts

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Corporate Director Finance
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Kent County Council Governance and Audit Committee

Proposal for review of the audit committee

CIPFA is very pleased to be invited to submit a proposal for a review as part of a programme of support for the Council's Governance and Audit Committee.

CIPFA's role in working with audit committees

CIPFA provides the guidance for audit committees operating in local authorities and has many years' experience in providing training and support to audit committee members.

CIPFA is currently working with the Department of Levelling Up, Housing and Communities and other stakeholders to find ways to address current issues with local audit arrangements. As part of this work, CIPFA has agreed to update its *Position Statement on Audit Committees* and the supporting guidance publication, *Audit Committees Practical Guidance for Local Authorities and Police* in 2022.

Objectives of the review

The aims of CIPFA's support would be to:

- Help the committee members and those working with the committee to establish a shared understanding of the role of the committee and where it can have impact
- Review the operation of the committee, including how it has fulfilled its terms of reference and demonstrated the impact of its work
- Identify any areas for improvement and support the council in its development plan for the committee
- Identify areas where further training or support to the audit committee members is recommended, particularly in accordance with CIPFA's developing guidance
- Share CIPFA's knowledge and experience of working with other audit committees in local authorities.

Our Approach

We will work closely with the officers at the council to plan the timing of the review and any subsequent support to ensure it meets your needs. The key contact at CIPFA will be Diana Melville, Governance Advisor, and CIPFA associate Elizabeth Humphrey will undertake the review and report. The key contact at Kent County Council will be Zena Cooke, Corporate Director of Finance.

The following outline provides some details of the proposed areas of work.

1. Conduct a review of the committee including the terms of reference, agendas and minutes, and observation of committee meetings using the webcasts.
2. CIPFA will hold meetings with the Chair of the Governance and Audit Committee, members of the committee and key officers to obtain their feedback on its operation and impact. It is anticipated that the meetings will be conducted remotely, and the number of meetings is to be agreed.
3. CIPFA will use its developing guidance on audit committees and its experience of working with other audit committees to review how effectively the audit committee has been operating.
4. Provide feedback and suggestions for development and inclusion in the council's training plan.
5. Produce a summary report and recommendations for discussion with the council. The format of the report will be agreed with the council.
6. Feedback on the outcome of the review to the Governance and Audit Committee.

Costs

It is anticipated that the audit committee review will take approximately 11 days. The fee for the review will be £10,750. Whilst most meetings will take place remotely, it is anticipated that the feedback to the committee will take place face to face. Actual travel expenses incurred will also be charged.

Any further support for the committee such as delivery of training or other follow up will be discussed and agreed separately.

If you have any questions about the proposal, please do not hesitate to contact me.

Diana Melville

Governance Advisor, CIPFA

By: Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services – Peter Oakford
Corporate Director of Finance – Zena Cooke

To: Governance and Audit Committee – 25 January 2022

Subject: Updated Financial Regulations

Classification: Unrestricted

Summary: This report summarises the updated financial regulations, prior to approval by County Council.

FOR RECOMMENDATION

1. Introduction

- 1.1 The Financial Regulations have been reviewed and updated. Whilst there has been no major re-write or change to the format of the regulations, amendments have been made to reflect changes in structures/working practices, to ensure our regulations reflect current best practice and strengthen areas where there were known gaps.
- 1.2. In line with the terms of reference of this Committee, the revised regulations need to be agreed before being submitted to County Council for approval as an amendment to the Constitution.
- 1.3 This review has been undertaken as part of a programme of work looking not only at the Financial Regulations but also the Constitution itself and the Delegation Matrix.

2. Main Amendments

- 2.1 The process for conducting this review included:
 - Looking at the Constitution to ensure the Regulations comply with the Constitution;
 - Addressing concerns/gaps raised by staff;
 - Ensuring other relevant procedures/publications are still relevant and available on Knet.
- 2.2 The amendments made to the Regulations and Scheme of Delegation can be seen in detail at Appendices A and B, as they are presented showing all tracked changes.
- 2.3 The main areas of change to highlight are:

Within the Financial Regulations:

- The role of the full Council - has been amended to match the wording of the Constitution and to make clear the connection between Scrutiny and full Council. (Ref. Introduction, Para 2.2)
- Scrutiny Committee wording amended to make responsibilities clearer. (Ref. Introduction, Para 2.5)
- The Governance and Audit Committee responsibilities in relation to Counter Fraud have been expanded. (Ref. Introduction, Para 2.6 (ix, x, xi and xii))
- The Governance and Audit Committee responsibilities have been amended to include ensuring that the Council has appropriate governance arrangements in place to manage the relationship between the Council and the companies it has majority control of. (Ref. Introduction, Para 2.6 (xiii))
- The Governance and Audit Committee responsibilities have been amended to include ensuring the Council has appropriate arrangements in place to ensure commercial opportunities and risk presented through company ownership are managed effectively.
- The Corporate Director of Finance's particular responsibilities have been amended to include 'advising the Council on its overall financial resilience'. (Ref. Introduction, Para 2.12 (i))
- The Head of Paid Services, Monitoring Officer and Corporate Director of Finance common responsibility relating to providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members has been added into the regulations. (Ref. Introduction, Para 2.14 (i))
- Regulation relating to the medium-term budget and financial strategy – has been amended to reflect that the budget will cover an appropriate period rather than a specific period. (Ref. Section A.2)
- Regulation relating to Revenue budgeting – budget format – has been amended to state that the draft budget should include analysis of significant changes and policy choices included within the proposed budget. (Ref. Section A.7)
- Regulation relating to Revenue budgeting – budget preparation – has been amended reflect that the budget will be presented in an appropriate format that aligns with the structure and complexity of the Council. (Ref. Section A.10)
- Regulation relating to Revenue budgeting – Resource allocation – amendments made to the responsibilities of the Leader. (Ref. Section A.15)
- Regulation relating to Capital Programme and capital budgeting – addition to the Corporate Director of Finance responsibilities in relation to the revenue implications of debt costs from additional borrowing and surety of external funding. (Ref. Section A.22 (iv and v))
- Regulation relating to Capital Programme and capital budgeting – Corporate Director responsibilities amended to reflect the role of the Capital Officer Group, the approval process and to ensure VAT implications are considered. (Ref. Section A.23 (iii, iv, v and vi))
- Regulation relating to the maintenance of reserves and provisions – Corporate Director of Finance responsibilities expanded to include 'proposing the Council's Reserve Policy' and 'ensuring compliance with

reserves policy and governance procedures relating to strategic priorities and general corporate reserves'. (Ref. Section A24 (i and vii))

- Regulation relating to Revenue Budget Monitoring and Control – amendments to Corporate Director responsibilities in respect of approval of new proposals. (Ref. Section B.3 (vii and viii))
- Regulation relating to Virement – amendment to approval process to align with amendments in Section B.3. (Ref. Section B.7)
- Regulations relating to Internal Control and Preventing fraud and corruption – have been revised and expanded. (Ref. Section C.6 (v) and Section C.12 and C.13)
- Regulation relating to Audit Requirements – amended to reflect that the externally audit contract has been awarded to Grant Thornton. (Ref. Section C.8)
- Regulation relating to Income – write off debts – amendments to type of debt the Corporate Director of Finance is authorised to write off. (Ref. Section D.6 (i, ii, iii, iv and vi))
- Regulation relating to Ordering and Paying for Works, Goods and Services – the officer delegated authority to approve expenditure has increased to up to £1m and aligns with the Key Decision level set out in the Constitution. (Ref. Section D.15)
- The regulation relating to Taxation – amended to include the delegation of taxation management to the Chief Accountant. (Ref. Section D.23).

Within the Scheme of Delegation:

- Note 6 has been amended to reflect that the writing off of irrecoverable debts should be in line with the Financial Regulations.

3. Recommendation

Members are asked to recommend the updated Financial Regulations, including the delegated authority matrix, to be put forward to County Council for approval.

Emma Feakins
Chief Accountant
Ext: 416082

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KENT COUNTY COUNCIL

FINANCIAL REGULATIONS

Amended by the Council:

22 July 2010

23 May 2013

21 May 2015

19 May 2016

25 May 2017

17 May 2018

May 2018

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The Council's Financial Regulations set the control framework for five key areas of activity:

A. Financial Planning

Covers Performance Planning, Capital Strategy, Treasury Management Strategy, Pension Fund Investment and Administration Strategy, Revenue Strategy, Revenue Budgeting, Capital Programme and Budgeting, Reserves and Key Decisions.

Full Council is responsible for receiving the Medium-Term Financial Plans and formally agreeing the annual budget, in line with statutory guidance.

The Corporate Directors are responsible for contributing to the development of these plans, while the Corporate Director of Finance is responsible for preparing and presenting them to the Cabinet for consideration.

B. Financial Management

Covers Revenue budget monitoring and control, Virement, Treatment of year-end balances, Capital Budget Monitoring, Accounting Policies, Accounting records and returns, Annual Statement of Accounts, Contingent Liabilities and Financial implications of Reports.

The Corporate Director of Finance is responsible for developing, maintaining and monitoring compliance with an effective corporate financial framework. This will encompass detailed financial regulations, professional standards, key controls and good financial information.

The Corporate Directors will operate within this framework, alerting the Corporate Director of Finance to any risk of non-compliance.

C. Risk Management and Control of Resources

Covers Risk Management and insurance, Internal Control, Audit requirements, Preventing fraud and corruption, Assets, Treasury Management, Investments and Borrowing, Trust funds and funds held for third parties, Banking, Imprest Accounts and Staffing Costs.

Cabinet and the Governance and Audit Committee are jointly responsible for agreeing the Council's risk management strategy, policy and supporting guidance and for reviewing the effectiveness of risk management within the Council.

The Corporate Director of Finance is responsible for monitoring systems for risk management and systems of internal control. This will be monitored through an effective internal audit [and counter fraud](#) functions.

The Corporate Directors are responsible for establishing sound arrangements within these systems and notifying the Corporate Director Strategic and Corporate Services of any suspected non-compliance.

D. Systems and Procedures

Covers general processes and procedures, Income, Ordering and Paying for Works, Goods and Services, Payments to employees and Members, Taxation, trading accounts/business units and Internal Recharges.

The Corporate Director of Finance is responsible for the Council's accounting control systems, the financial accounts, supporting information and all financial processes or procedures.

The Corporate Directors are responsible for the proper operation of all systems, processes and procedures. Any exceptions to the corporately agreed standards will need to be agreed with the Corporate Director of Finance

E. External Arrangements

Covers Partnerships, External Funding, Local Authority Companies and Work for third parties.

The Corporate Director of Finance is responsible for promoting the same high standards of conduct in the financial management of partnerships and companies as within the Council.

The Corporate Directors are responsible for ensuring that the Council's interests are protected in such arrangements and that appropriate advice is taken at all stages/times.

OVERALL FINANCIAL RESPONSIBILITIES

Introduction

2.1 Financial management covers all financial accountabilities in relation to the running of the Council including the policy framework and budget. It is not possible to draft regulations or rules that cover every eventuality or circumstance. Consequently, the principles of sound financial management, proper exercise of responsibility, and accountability, as set out in Financial Regulations, should be applied in all circumstances, even where any particular circumstance is not specifically referred to.

2.2 **The full Council** is responsible for:

- i. setting the **Budget and Policy Framework**;
- ii. approving and monitoring compliance with the Council's overall framework of accountability and control as set out in the Constitution;
- ~~iii.~~ ~~directly and through the Scrutiny Committee, for~~ monitoring compliance with agreed policy, including revenue and capital budgets;
- ~~iii-iv.~~ ~~responding to referrals from the Scrutiny of matters that are not compliant with the Budget and Policy Framework~~
- ~~iv-v.~~ approving procedures for recording and reporting decisions taken. This includes key and other decisions taken or delegated by the Leader and those decisions taken by the Council and its Committees or delegated by them to officers. These delegations and details of who has responsibility for which decisions are set out in the Constitution;
- ~~v-vi.~~ agreeing the annual budget and **the County Council share of Council Tax and Council Tax precept**;
- ~~vi-vii.~~ **approving the capital strategy, including** determining and keeping under review how much money the Council can afford to borrow for capital expenditure;
- ~~vii-viii.~~ approving the annual treasury management strategy;
- ~~viii-ix.~~ setting and revising the prudential indicators for capital finance and borrowing;
- ~~x.~~ approving the policy on Minimum Revenue Provision (MRP) as set out in the annual MRP statement;
- ~~ix-xi.~~ **approve the reserves policy**;
- ~~x-xii.~~ setting the limits for virement or other budget changes through the Financial Regulations and decision making procedure rules;
- ~~xi-xiii.~~ setting the limits defining key financial decisions;
- ~~xii-xiv.~~ determining any expenditure proposed by the Leader or the Cabinet that is outside the limits referred to in v above;
- ~~xiii-xv.~~ approving the Contracts and Tenders Standing Orders.

2.3 **The Leader** is responsible for:

- i. proposing the ~~Medium-Term~~**Medium-Term** Financial Plan, Budget, ~~budget strategies~~, Council Tax and prudential indicators to the Council;
- ii. ~~approving revenue, capital strategies~~;
- iii. determining which executive functions are exercised by him/herself, the Cabinet collectively, other individual members of the Cabinet or officers;
- iv. ensuring that all executive decisions are taken in accordance with the Council's agreed principles of decision making (**set out in 8.5 of the Constitution**) including due consultation and the taking of professional advice from officers.

2.4 **Individual Cabinet Members** are responsible, within their allocated responsibility area and approved budget for:

- i. taking decisions in accordance with the framework of responsibilities delegated to them from the Leader; as set out in the Constitution
- ii. consulting with the Leader in relation to any proposed decisions as the Leader may direct;
- iii. complying with Financial Regulations in force as agreed by or on behalf of the County Council;
- iv. ~~taking decisions which are otherwise delegated to officers, but which are:~~
 - ~~(a) not in accordance with the Policy Framework or budget agreed by the Council or management and business plans within their portfolio;~~
 - ~~(b) withdrawn from the delegation to Corporate Directors;~~
- v. taking account of legal and financial liabilities when taking decisions including due consultation with and the taking of advice from officers;
- vi. processing decisions in accordance with the decision making and reporting framework set out in the Constitution.

2.5 **The Scrutiny Committee Suite** is responsible for reviewing or scrutinising decisions made, or other action taken, in connection with the discharge of any executive or non-executive functions as defined in the ~~Terms of Reference in Appendix 2 Part 2 of the Constitution.~~ The Scrutiny Committee is responsible for considering Executive decisions that are 'called in' after being taken but prior to implementation. It is also responsible for co-ordinating the Council's Select Committee programme.

2.6 **The Governance and Audit Committee** is responsible for ensuring that:

- i. Risk Management and Internal Control systems are in place that are adequate for purpose and effectively and efficiently operated.
- ii. the Council's Corporate Governance framework meets recommended practice, is embedded across the whole Council and is operating throughout the year with no significant lapses.
- iii. the Council's Internal Audit function is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of work to be carried out is appropriate.
- iv. the appointment and remuneration of External Auditors is approved in accordance with relevant legislation and guidance, and the function is independent and objective.
- v. the External Audit process is effective, taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit.
- vi. the Council's financial statements (including the Pension Fund Accounts) comply with relevant legislation and guidance and the associated financial reporting processes are effective.
- vii. any public statements in relation to the Council's financial performance are accurate and the financial judgements contained within those statements are sound.
- viii. accounting policies are appropriately applied across the Council.
- ix. 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.~~

- x. the Council's Counter Fraud Team is effective, has sufficient resource, experience and expertise to tackle fraud and corruption, and acts without fear or favour.
- xi. the Council has in place monitored policies and procedures for the combating of fraud, bribery and corruption, and money laundering.
- xii. the Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times; the Counter Fraud Team are supported and challenged in their delivery of Counter Fraud activity and they have the sufficient skills, experience, and resources to tackle fraud and corruption.
- xiii. the Council has appropriate governance arrangements in place to manage the relationship between the Council and any company in which the Council has majority control, and
- xiv. the Council has appropriate arrangements in place to ensure that the commercial opportunities and risks presented through company ownership are managed effectively.

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2.7 The full details of delegations to Chief Officers is set out in section 11 of the Constitution. The following sets out the key responsibilities of the Head of Paid Services, Monitoring Officer and Corporate Director of Finance for ease of reference.

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2.87 The Head of Paid Service is responsible for:

- i. overall corporate management and operational responsibility (including overall management responsibility for all staff including Chief Officers);
- ii. the provision of professional advice to all parties in the decision making process (the executive, scrutiny, full council and other committees);
- iii. together with the Monitoring Officer, a system of record keeping for all the local authority's decisions (executive or otherwise);
- iv. making arrangements for internal control and the inclusion of the Annual Governance Statement in the annual accounts;
- v. representing the Council on partnership or external bodies as required by the Council, Executive, or statute.
- vi. The Head of Paid Service may, in consultation and with the agreement of both the Monitoring Officer and Chief Finance Officer, report any matter to County Council where the proper functioning of the County Council is at risk

2.987 The General Counsel, as the Monitoring Officer is responsible for:

- i. after consulting with the Head of Paid Service and the Corporate Director of Finance, reporting to the full Council (or to the Leader or Cabinet in relation to an executive function) if ~~he/she/they~~ considers that any proposal, decision or omission would give, is likely to give, or has given, rise to a contravention of any enactment or rule of law, or any maladministration or injustice. Such a report has the effect of stopping the proposal or decision being implemented until the report has been considered;
- ii. ~~ensuring that records of executive decisions, including the reasons for these decisions and relevant officer reports and background papers, are made publicly available;~~

~~ii.~~ advising whether decisions of the executive are in accordance with the Budget and Policy Framework. Actions that may be 'contrary to the Budget' include:

- initiating a new policy for which no budget exists;
- committing expenditure in future years above the approved budgeted level;
- ~~Effecting intra- and inter-portfolio transfers above virement limits~~Breaching virement limits;
- causing the total expenditure financed from council tax, grants and corporately held reserves to increase beyond that provided for in the approved budget;

~~iii.~~ ensuring that records of executive decisions, including the reasons for those decisions and relevant officer reports and background papers, are made publicly available;

~~iv.~~ providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members.

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~~2.8~~ The Head of Paid Service is responsible for:

~~i.~~ overall corporate management and operational responsibility (including overall management responsibility for all staff including Chief Officers);

~~ii.~~ the provision of professional advice to all parties in the decision making process (the executive, scrutiny, full council and other committees);

~~iii.~~ together with the Monitoring Officer, a system of record keeping for all the local authority's decisions (executive or otherwise);

~~iv.~~ reporting to the Council on the manner in which the discharge by the authority of its functions is co-ordinated;

~~v.~~ making arrangements for internal control and the inclusion of the Annual Governance Statement in the annual accounts;

~~vi.~~ representing the Council on partnership or external bodies as required by the Council, Executive, or statute.

~~vii.~~ The Head of Paid Service may, in consultation and with the agreement of both the Monitoring Officer and Chief Finance Officer, report any matter to County Council where the proper functioning of the County Council is at risk

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~~2.109~~ The Corporate Director of Finance, as the Chief ~~Financial~~ Finance Officer has statutory duties in relation to the financial administration and stewardship of the authority. These statutory responsibilities cannot be overridden. The statutory duties arise from:

- i. Section 151 of the Local Government Act 1972
- ii. Local Government Finance Acts 1988, 1992 and 2012
- iii. The Local Government and Housing Act 1989
- iv. The Local Government Acts 2000 and 2003
- v. The Accounts and Audit Regulations 2015
- vi. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- vii. The Local Government Pension Scheme Regulations 2013
- viii. The Local Government Pension Scheme Transitional Regulations 2014
- ix. The Local Authorities Goods and Services Acts 1970 and 1988.

2.119 The Corporate Director of Finance is responsible for:

- i. after consulting with the Head of Paid Service and the Monitoring Officer, reporting to the full Council (or to the Leader or Cabinet in relation to an Executive function) and the Council's external auditor if he/she/they considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency, or if the Council is about to enter an item of account unlawfully;
- ii. the proper administration of the financial affairs of the Council;
- iii. maintaining ~~an~~ adequate and effective systems of internal audit and counter fraud;
- iv. contributing to the corporate management of the Council, in particular through the provision of professional financial advice;
- v. providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members and supporting and advising Members and officers in their respective roles;
- vi. providing financial information about the Council to Members, the media, members of the public and the community.

2.124 And in particular is responsible for:

- i. advising the Council on its overall financial resilience
- ii. setting financial management standards, including financial procedures, and monitoring their compliance;
- iii. advising on the corporate financial position and on the key financial controls necessary to secure sound financial and risk management;
- iv. providing financial information to support the proper financial planning of the authority, to inform policy development, and to assist Members and officers in undertaking their financial responsibilities;
- v. preparing the revenue budget, and reporting to the Council, when considering the budget and Council Tax, on the robustness of the estimates and the adequacy of reserves;
- vi. monitoring income and expenditure against the budget and taking action if overspends of expenditure or shortfalls in income emerge;
- vii. preparing the capital programme and ensuring effective forward planning and sound financial management in its compilation;
- viii. producing prudential indicators, reporting them to the Leader and the Council for consideration and establishing procedures to monitor and report on performance in relation to these indicators;

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- viii. treasury management, the management of the Council's banking arrangements and monitoring the Council's cash flow;
- ix. issuing advice and guidance to underpin the Financial Regulations that Members, officers and others acting on behalf of the Council are required to follow;
- x. ensuring that effective arrangements are in place for payments of creditors, income collection, administration of pensions, risk management and insurances and the production of financial management information;
- xi. ensuring that any partnership arrangements (or other innovative structures for service delivery) are underpinned by clear and well documented internal financial controls;
- xii. advising on anti-fraud and anti-corruption strategies and measures;
- xiii. contributing to cross-authority issues and to the development of the Council;
- xiv. ensuring that statutory and other accounts and associated claims and returns in respect of grants are prepared;
- xv. ensuring that due consideration is given to the Council's wellbeing, correct financial management and security of the Council's assets when establishing a company or partnership arrangement; ([Local Authority Companies Manual](#))
- xvi. ensuring that the MRP calculation is prudent;
- xvii. taking ownership of the Council's corporate financial system;
- xviii. supporting the Superannuation Fund Committee in relation to the control and investment of the Kent Pension Fund. ([The Role of the Chief Financial Officer](#))

2.132 The, Corporate Director of Finance in accordance with Section 114 of the 1988 Act will nominate a properly qualified member of staff to deputise for ~~him / her~~ them as Chief Financial Officer should ~~he / she~~ they be unable to personally perform the duties under Section 114.

2.14 The Head of Paid Services, Monitoring Officer and Corporate Director of Finance have in common the following responsibility:

- i. providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and Budget and Policy Framework issues to all Members.

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2.153 The Corporate Directors are responsible for:

- i. ~~ensuring that the Leader or relevant Cabinet Member is advised~~ Advising Executive Members of the financial implications and other significant risks of all proposals for the changes in services or the development of new services and that the financial implications have been agreed by the Corporate Director of Finance;
- ii. the signing of contracts on behalf of the Council provided that the expenditure to be incurred has the necessary budgetary approval. Further guidance regarding persons authorised to sign contracts on behalf of the Council can be found in the relevant directorate's Scheme of Financial Delegation;
- iii. promoting the financial management standards set by the Corporate Director of Finance in their Directorates and to monitor adherence to standards and practices, liaising as necessary with the Corporate Director of Finance;
- iv. promoting sound financial practices in relation to standards, performance and development of staff in their Directorates;

- v. consulting with the Corporate Director of Finance and seeking ~~his/her~~their approval regarding any matters which are liable to affect the Council's finances materially, before any commitments are incurred;
- vi. ~~ensuring that all staff in their Directorates are aware of the existence and content of the Council's Financial Regulations and any related procedures and other internal regulatory documents appertaining to or amplifying them and that they comply with them. They must also ensure that all of these documents are readily available for reference within their Directorates; ensure they and the staff in their Directorate comply with the Council's F~~financial R~~egulations and Operating Standards;~~
- vii. managing service delivery within ~~the agreed revenue and capital budgets and other relevant strategies and plans;~~ the structure of the Policy Framework and agreed revenue and capital budgets;
- viii. developing performance, corporate and service targets and contributing to the Medium Term Financial Plan;
- ix. ensuring that budget estimates reflecting agreed service plans are prepared, and that these are prepared in line with issued guidance;
- x. ensuring that financial management arrangements and practice are agreed with the Corporate Director of Finance, are legal and consistent with best practice and Council policy;
- xi. consulting with the Corporate Director of Finance on the financial implications of matters relating to policy development;
- xii. putting in place a scheme of financial delegation setting out arrangements for the discharge of the Head of Paid Services and Corporate Directors responsibilities contained within Financial Regulations;
- xiii. arrangements for internal control and for inclusion in the annual accounts of the statement of internal control;
- xiv. ensuring that the Bribery Act Policy is implemented, promoted and complied with;
- ~~xiv-xv.~~ ensuring that a robust counter fraud culture exists within their Directorates.

Personal Responsibilities

~~2.14~~ 2.16 Any person concerned with the use or care of the County Council's resources or assets should ensure they are fully conversant with the requirements of these Financial Regulations. All staff should notify their line manager immediately of any suspected fraud, theft, irregularity or improper use of or misappropriation of the authority's property or resources. Concerns may also be raised via the Whistle Blowing Procedure.

~~2.15~~ 2.17 The Financial Regulations are a KCC policy and failure or refusal to follow the regulations along with the procedures/protocols identified in this document can be seen as misconduct as set out in the Blue Book.

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FINANCIAL REGULATION A – FINANCIAL PLANNING

Introduction

A.1 The full Council is responsible for agreeing the Budget, which will be proposed by the Leader. In terms of financial planning, the key elements are:

- i. the ~~Medium Term~~ Medium-Term Financial Plan
- ii. A commissioning framework for Kent County Council: Delivering better outcomes for Kent residents through improved commissioning
- iii. ~~Increasing Opportunities, Improving Outcomes: Kent County Council's Strategic Statement 2015-2020~~ 'Setting the Course' – Kent County Council's Interim Strategic Plan
- iv. ~~Public Service Agreement~~
- v. ~~iv.~~ Annual Performance Plans
- vi. ~~v.~~ the Revenue ~~Strategy and~~ Budget including the County Council share of council tax and precept
- vii. the Capital ~~Strategy and~~ Programme
- viii. the capital strategy including prudential ~~and the Investment~~ indicators
- ix. ~~viii.~~ the Treasury Management Strategy
- x. ~~ix.~~ Minimum Revenue Provision
- xi. the budget risk register ~~Risk Management Strategy~~
- xii. the Investment Strategy
- xiii. ~~ix.~~ Reserves policy

Medium term budget and financial strategy

A.2 The Corporate Directors are responsible for ensuring that Revenue, Capital and Treasury strategies covering an appropriate period reflecting published government spending plans? on a three year basis are prepared for consideration by the Cabinet and for ensuring that such strategies are consistent with other plans and strategies.

A.3 ~~The Leader will publish a review of the issues relating to the Budget for the next financial year. The Leader will publish to all Council Members each year a review of the issues relating to the Medium Term Financial Plan.~~

Performance Planning

A.4 The Corporate Director of Finance is responsible for:

- i. advising and assisting Directorates in producing the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables;
- ii. the production of corporate guidance on the development of appropriate unit cost indicators ~~and~~ cost effectiveness measures, and financial benchmarks;
- iii. contributing, in collaboration with the Corporate Directors, to the development of corporate and service targets and objectives and performance information;
- iv. assisting in building priorities identified within performance plans into corporate and Directorate budgets to enable delivery.

A.5 The Corporate Directors are responsible for:

- i. contributing to the development of performance plans in line with the Council's requirements;
- ii. contributing to the development of corporate and service targets and objectives and performance information;
- iii. ensuring that Directorate service plans are clearly aligned with budgets, to enable the delivery of service priorities;
- iv. ensuring that targets identified within performance plans are built into local work programmes and targets for management and service delivery staff.

The Kent Pension Fund

A.6 The Corporate Director of Finance is responsible, in accordance with the Local Government Pension Scheme regulations, for ensuring the proper administration of the financial affairs of the Fund and:

- i. having taken appropriate professional advice, for preparing and submitting to the Superannuation Fund Committee: regular reviews of investment strategy, monitoring of investment managers, arrangements for admitted employers and reporting on the pensions administration service;
- ii. the preparation and publication of the Pension Fund's annual report and accounts.

Revenue budgeting

Budget format

A.7 The general format of the Budget will be proposed to the Leader by Corporate Director of Finance. The draft Budget should include analysis of significant changes and policy choices included within the proposed budget, allocations to ~~different services appropriate levels and projects~~, proposed sources of funding, proposed taxation levels and contingency funds.

A.8 Guidelines on budget preparation are issued to Cabinet Members, Corporate Directors by the Leader on the recommendation of the Corporate Director of Finance. The guidelines will take account of:

- i. legal requirements
- ii. the [Medium Term Financial Plan](#)
- iii. A commissioning framework for Kent County Council: [Delivering better outcomes for Kent residents through improved commissioning](#)
- iv. [Increasing Opportunities, Improving Outcomes: 'Setting the Course' Kent County Council's Strategic Statement 2015-2020](#) [Kent County Council's Interim Strategic Plan](#)
- ~~v. Public Service Agreement~~
- ~~vi-v.~~ available resources
- ~~vii-vi.~~ spending pressures
- ~~viii-vii.~~ relevant Government guidelines
- ~~ix-viii.~~ other internal policy documents

~~ix.~~ cross cutting issues (where relevant).

Budget preparation

A.9 The Leader is responsible for developing and proposing to the County Council the general content of the revenue budget in consultation with the Corporate Director of Finance.

A.10 Budgets will be presented in an appropriate format which aligns with the structure and complexity of the Council. ~~in both a Service Analysis and Directorate format. The Directorate format will align with the structure of the Council.~~

A.11 The Head of Paid Services and the Corporate Director of Finance are responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Leader and Cabinet before submission to the Full Council, in accordance with the Budget Procedure Rules, as set out in the Constitution.

A.12 The Corporate Director of Finance is responsible for:

- i. ensuring that a process is in place to identify potential pressures on the budget;
- ii. reporting to the Full Council, when the Budget and Council Tax is considered, on the robustness of the estimates and the adequacy of reserves provided for.

A.13 The Corporate Director of Finance is authorised to make any technical changes to the version of the budget approved by County Council e.g. to include the impact of late grant announcements, in consultation with the Leader and Cabinet Members providing these changes have no impact on the net budget requirement or council tax and do not materially alter the budget approved by County Council. The Corporate Director of Finance will notify all ~~M~~members of any such changes included in the final published budget book.

A.14 The Corporate Directors are responsible for ensuring that budget estimates reflect agreed service plans, are submitted to the relevant Cabinet Member and the Leader and that these estimates are realistic and prepared in line with guidance issued by the Leader.

Resource allocation

A.15 The Leader in consultation with the Corporate Director of Finance is responsible for developing and maintaining a resource allocation process that ensures resources are allocated in line with the due consideration of the Council's Policy Framework. ~~ensuring resources are allocated in line with the due consideration of the~~

Budget Amendment

A.16 Approved revenue budgets may be amended during a financial year in accordance with the virement regulations in B6-B9.

A.17 The Corporate Directors may make changes to revenue budgets resulting from additional grant or other external income receivable during a financial year. Such changes must be notified to the Corporate Director of Finance.

A.18 The Corporate Directors may make technical adjustments to revenue budgets during a financial year resulting from changes to grant rules or realignment of resources to

approved business plans. Such changes must be notified to the Corporate Director of Finance.

Capital Programme and capital budgeting

A.19 The Leader is responsible for developing and proposing the capital programme to the County Council in consultation with the Corporate Director of Finance.

A.20 The Head of Paid Service and Corporate Director of Finance are responsible for ensuring that a medium-term capital programme and financing plan is prepared on an annual basis for consideration by the Leader before submission to the Full Council in accordance with the budget procedure rules as set out in the Constitution.

A.21 The Corporate Director of Finance is responsible for advising on prudential indicators required to be set in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities and for ensuring that all matters required to be taken into account in setting prudential indicators are reported to the Leader and the Council.

A.22 The Corporate Director of Finance is responsible for:

- i. setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved, are consistent with service and asset management objectives and are achievable;
- ii. setting up procedures for corporate monitoring of external sources of capital funding;
- iii. ensuring that expenditure treated as capital expenditure by the County Council is in accordance with best accounting practice.
- iv. Building in the revenue implications of debt costs from additional borrowing
- v. Ensuring surety is in place where external funding is contributing to the delivery of a capital project, if considered appropriate. Such surety may take the form of bonds, parent company guarantees or letters of intent, as decided by the Corporate Director of Finance.

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A.23 The Corporate Directors are responsible for:

- i. ensuring that capital proposals reflect agreed service plans, are prepared in line with guidance issued, are realistic, that necessary business case development and option appraisals have been carried out and any risks identified. Any impact of capital expenditure proposals on service running costs must be identified and included in revenue budget estimates or forecasts;
- ii. consulting with the Corporate Director of Finance the relevant Cabinet Member and the Cabinet Member for Finance where it is proposed to bid for funding from external sources to support capital expenditure;

- iii. ~~ensuring that the Capital Process and Procedures are followed (Management Guide to Capital Expenditure). This includes ensuring~~ Ensuring that projects only proceed when they have received the necessary approvals (from ~~Project Advisory~~Capital Officer Group (PAG) (COG), Cabinet Member for Finance and any other internal or formal governance routes required)(see Capital Projects Governance Process document) and confirmation that any external funding is secured. ~~For schemes and headings where the total cost is estimated to be £1m or more, or the scheme is reliant on borrowing or capital receipt funding this consent must be obtained from the Leader following procedures issued by the Corporate Director of Finance. The Leader may take the decision himself/herself or specifically delegate the decision to Cabinet or the relevant Cabinet Member.~~
- iv. ensuring that any new capital expenditure proposals which would require an increment to the ~~total three year~~ capital programme in order to proceed, regardless of funding, are agreed with the Corporate Director of Finance and are submitted to the Leader for consideration via the ~~PAG-COG~~ process;
- v. ensuring that, in addition to the ~~PAG-COG~~ process, appropriate approval is sought where relevant from the Leader, the Cabinet or an authorised Cabinet Member in accordance with the Constitution.

By way of clarification, PAG is an advisory group that oversees the capital programme and keeps track of current spending and cash flows. PAG does not replace the process for obtaining formal authority for a project and this is still needed.

Before a project can proceed, formal authority needs to have been obtained either through an explicitly approved budget in the Budget Book or business plan or through an explicit approval obtained by following the decision making procedures set out in the Council's Constitution and the Code of Practice for Contracts and Tenders (as detailed in [Spending the Council's Money](#)) This applies even if ~~PAG-COG~~ has already approved the proposed spending on the project.

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- vi. ~~ensuring that VAT implications of capital projects are considered;~~
- vii. carrying out post completion evaluation of projects as required, in order to review performance in implementation of the project against budget and project plans and to evaluate performance of the project in the delivery of expected outcomes.

Maintenance of reserves & provisions

A.24 The Corporate Director of Finance is responsible for:

- i. ~~proposing the Council's Reserves Policy~~
- ii. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority;
- iii. ensuring that reserves are not only adequate but also necessary;
- iv. ensuring that there are clear protocols for the establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves managements and control, and a process and timescale for review of the reserve to ensure continuing relevance and adequacy;

~~iv.~~ ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register;

vi. ensuring that no money is transferred into reserves ~~after 31st December~~ each financial year without prior agreement ~~with him/herself~~.

~~vii.~~ Ensuring compliance with the reserves policy and governance procedures relating to requests from the strategic priority and general corporate reserves.

A.25 The Corporate Director of Finance is responsible for ensuring that provisions are set up for any liabilities of uncertain timing or amount that have been incurred and are required to be recognised when:

- i. the Council has a present obligation (legal or constructive) as a result of a past event;
- ii. it is probable that a transfer of economic benefits will be required to settle the obligation, and
- iii. a reliable estimate can be made of the amount of the obligation.
- iv. If the Council does not yet have an obligation / or expects to have a future obligation as a result of something that has not yet happened, then either a reserve should be set up and the regulations in A.23 above apply or a contingent liability should be set up and the regulations in A.25 below apply.

A.26 The Corporate Director of Finance is responsible for ensuring that contingent liabilities are noted in the accounts for probable liabilities where a reliable estimate cannot be made and are recognised when:

- i. the Council has a present obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- ii. the Council has a present obligation that arises from past events but is not recognised because:
 - a. it is not probable that a transfer of economic benefits will be required to settle the obligation, or
 - b. the amount of obligation cannot be measured with sufficient reliability.
- iii. If it becomes probable that a transfer of economic benefits will be required to settle the obligation the regulations set out in A.24 will apply.

Key decisions

A.27 Cabinet Members are responsible, within their allocated responsibility area and approved budget, for taking decisions as agreed by the Leader of the County Council.

A.28 All decisions must be processed in accordance with the decision making and reporting framework set out in the Constitution and in taking decisions Cabinet Members must comply with the County Council's Financial Regulations.

FINANCIAL REGULATION B - FINANCIAL MANAGEMENT

Introduction

- B.1 The Corporate Director of Finance is responsible for:
- i. ensuring that a prudential financial framework is in place and effective systems of financial administration are operating within the Council;
 - ii. maintaining and updating financial regulations and the management of a process for monitoring compliance with them;
 - iii. ensuring proper professional practices are adhered to and acting as head of profession in relation to the standards, performance and development of finance staff throughout the Council;
 - iv. advising on the key strategic controls necessary to secure sound financial management;
 - v. ensuring that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators;
 - vi. ensuring that Internal Audit carry out the necessary probity and system checks required to verify that proper Financial Management Standards are maintained.

Revenue Budget Monitoring and Control

- B.2 The Corporate Director of Finance is responsible for:
- i. providing appropriate financial information to enable budgets to be monitored effectively;
 - ii. monitoring and controlling overall expenditure against budget allocations and publishing a report to the Cabinet on the overall position on a regular basis, drawing attention to overspends, shortfalls in income and underspends including reference to proposed action to deal with any problems.
- B.3 It is the responsibility of the Corporate Directors to:
- i. control income and expenditure within their area and to monitor performance, taking account of financial information and activity data relating to the services they provide;
 - ii. have a robust system in place for monitoring activity levels which drive major budget headings (~~over £10m~~);
 - iii. report to the Corporate Director of Finance and to the relevant Cabinet Member on variances within their own areas;
 - iv. ensure that spending remains within the service's overall cash limit, by monitoring the budget headings and taking appropriate corrective action where variations from the approved budget are forecast, alerting the Corporate Director of Finance and Cabinet Member to any problems;
 - v. ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Corporate Director. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure;
 - vi. ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively;

- vii. ensure prior approval by the Leader and the relevant Cabinet Member and notification to the Scrutiny Committee of new proposals, which fulfil one or more of the following criteria:
 - a. create financial commitments in future years in excess of existing budgets
 - b. change existing policies, initiate new policies or cease existing policies
 - c. materially extend or reduce the Council's services
 - d. exceed the limit defined by the Council as a key financial decision
 - e. exceed any limit set by the Leader as requiring reference to him or a Cabinet Member

¶NB: any such proposals under this regulation shall not have approval to proceed until necessary financial provision is available within approved budgets

viii. where approval has been granted under vii above, ensure that this approval is set out in any reports to formal Committees or full Council relating to the proposal;

ix. ensure compliance with the scheme of virement as set out in paragraph B6 below;

viii-x. ensure robust measures are in place to combat fraud and corruption.-

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Financial Implications of Reports

B.4 The Corporate Director of Finance is responsible for:

- i. monitoring the quality of the financial implications information included in reports by the Corporate Directors;
- ii. providing financial implications where there are corporate implications and especially when corporate resources (revenue or capital) are required.

B.5 The Corporate Directors are responsible for:

- i. ensuring that financial implications in either the current or future years are identified within Directorates for all relevant reports and that such financial implications are agreed by or on behalf of the nominated responsible professional finance officer (Section 151 Officer, Head of Finance or Finance Business Partner)
- ii. where reports impact on other Directorates or have implications for corporate resources, ensuring that the report includes the impacts or implications for all Directorates affected and that a copy of the report is submitted to the Corporate Director of Finance or nominated representative for clearance;
- iii. ensuring in all relevant circumstances, that financial implications referred to in reports are reflected in current budgetary provisions or the medium term financial plan.

Virement

B.6 Transfers between revenue budget headings can take place as follows provided that they do not involve new policy or policy change and do not involve an increasing commitment in future years that cannot be contained within existing approved budget allocations. If these transfers do not change the purpose for which the funding was approved these will be considered technical adjustments and not virements. If a change to the purpose of the funding is required so that funding will be used for a purpose different to that for which it was approved, then a virement is required. Once again this must not involve an increasing commitment in future years that cannot be contained within existing approved budgets. Virements must be approved as follows:

a. Virement within a Portfolio:

Less than £200,000	the Head of Paid Service or relevant Corporate Director in agreement with the appropriate Cabinet Member and the Corporate Director of Finance.
From £200,000 up to (but not including) £1m	the relevant Cabinet Member in agreement with the Cabinet Member for Finance, Corporate Director and Corporate Director of Finance.
£1m and above	The Leader or Cabinet

b. Virement between portfolios:

Less than £200,000	the Head of Paid Service or relevant Corporate Directors in agreement with the appropriate Cabinet Members and the Corporate Director of Finance.
From £200,000 up to (but not including) £1m	the relevant Cabinet Members in agreement with the Cabinet Member for Finance, relevant Corporate Directors and Corporate Director of Finance.
£1m and above	The Leader or Cabinet

B.7 Transfers involving a new policy or a change in an existing policy require prior approval by the Leader and Cabinet Member and ~~notification to the Scrutiny Committee~~ in accordance with regulation B3(vii) above with approval set out in any reports to formal Committees or full Council relating to the proposal in accordance with B3(viii).

B.8 For the purpose of the amounts referred to in regulation B6, where transfers are a single transaction they must be effected as such and must not be effected as two or more smaller transactions.

B.9 Virement limits are cumulative, therefore when transferring budget from a heading, all previous virements from this heading must be taken into account when deciding the level of approval required, ensuring the highest level of approval has been/ will be sought.

B.10 Where an approved budget is a lump sum budget or a contingency intended for allocation during the year, its allocation will not be treated as virement, provided that the amount has been used in accordance with the purposes for which it was established and the Corporate Director of Finance has agreed the basis and the terms, including financial limits, on which it will be allocated.

B.11 The Corporate Director of Finance is responsible for monitoring and recording virements agreed and reporting to the Cabinet on the impact on revenue budgets.

Treatment of year-end balances

B.12 Cabinet is responsible for agreeing the detail of any annual roll forward of under and overspending on budgets.

Capital Budget Monitoring

B.13 The Corporate Director of Finance is responsible for preparing and submitting reports on the Council's projected capital expenditure and resources compared with the budget on a regular basis.

B.14 The Corporate Director of Finance is responsible for establishing procedures to monitor and report on performance compared to the prudential indicators set by the Council.

B.15 The Corporate Directors are responsible for:

- i. preparing regular reports reviewing the capital programme provisions for their services;
- ii. preparing regular returns of estimated final costs of schemes in the approved capital programme for submission to the Corporate Director of Finance for inclusion in the report to Cabinet on the overall Capital programme position;
- iii. reporting to the Corporate Director of Finance circumstances when it is considered that additional County Council capital resources will be required to implement a project that has previously been given approval to spend, where such additional resources cannot be identified from within the Portfolio programme concerned;
- iv. reporting to the Corporate Director of Finance on any proposed variations to the Capital Programme during a financial year;
- v. reporting to the Corporate Director of Finance on any proposed additions to the Capital Programme resulting from the receipt of additional grant or other external funding. If this relates to an entirely new scheme it must be considered by [PAG COG](#) and approved by the relevant Cabinet Member.

B.16 Resources may be vired from one capital project or heading as follows provided that such transfers do not result in an overall increased commitment of capital resources and do not involve new policy or policy changes:

Less than £50,000	the Head of Paid Service or relevant Corporate Director(s)
From £50,000 up to (but not including) £200,000	the relevant Corporate Director(s) in agreement with the relevant Cabinet Member(s) and the Corporate Director of Finance
£200,000 up to (but not including) £1m	the relevant Cabinet Member(s) in agreement with the Cabinet Member for Finance, Corporate Director(s) and Corporate Director of Finance
£1m and above	the Leader or Cabinet

Virement limits are cumulative, please refer to B9 for explanation

For the purpose of the amounts above, where transfers are a single transaction they must be effected as such and not effected as two or more smaller transactions.

Accounting policies

B.17 The Corporate Director of Finance is responsible for selecting and notifying to the Corporate Directors accounting policies which comply with the current Accounting Code(s) of Practice, ensuring that such policies are applied consistently, and for ensuring that effective systems of internal control are in place that ensure that financial transactions are lawful.

B.18 The Corporate Directors are responsible for adhering to the accounting policies notified by the Corporate Director of Finance.

Accounting records and returns

B.19 The Corporate Director of Finance is responsible for:

- i. determining the accounting records for the Authority including the Kent Pension Fund, its form of accounts and supporting accounting records;
- ii. ensuring that accounting records are maintained in accordance with proper practices and legislative requirements;
- iii. establishing arrangements for the compilation of all accounts and accounting records whether within the Finance Group or within other Directorates.

B.20 The Corporate Directors are responsible for:

- i. consulting with the Corporate Director of Finance on the accounting procedures and records to be utilised within their Directorate;
- ii. ensuring the proper retention of accounting records in accordance with the requirements established by the Corporate Director of Finance ([Data Retention Schedule](#)), including the retention of prime financial documents i.e. invoices, delivery notes and purchase orders for the year they relate to plus a further 6 years. Invoices paid for by EU Grants must be identified and kept for a minimum of 12 years from the end of the funding cycle;
- iii. ensuring that all claims for funds including grants are made by the due date, are recorded in the central register, and in line with the [Corporate Grant Procedure](#);
- iv. maintaining adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements;
- v. providing information required for, or to ensure completion of, all statutory and other financial returns by the due dates;
- vi. complying with any compliance testing which the Corporate Director of Finance requires in relation to the Directorate accounts;
- vii. operating control accounts as agreed by the Corporate Director of Finance, ensuring that these are regularly reconciled, and cleared as part of the regular monitoring procedures.

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The annual statement of accounts

B.21 The Governance and Audit Committee is responsible for approving the annual statement of accounts of the Authority and the Pension Fund on behalf of the Council.

B.22 The Corporate Director of Finance is responsible for:

- i. ensuring that the annual statement of accounts is prepared by the required statutory date in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: Based on International Financial Reporting Standards for the relevant year and that the accounts present a true and fair view of the financial position of the Council and its expenditure and income;
- ii. liaising with External Audit on the completion of the Statement of Accounts and the arrangements for the audit of these;
- iii. ensuring that adequate documentation is available to support the Statement of Accounts. This will include copies of grant claims, reconciliations with financial ledgers and other records, and other working papers to demonstrate the derivation of data used;
- iv. the preparation of the Pension Fund's Statement of Accounts in accordance with practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

B.23 The Corporate Directors are responsible for:

- i. complying with accounting guidance agreed with the Corporate Director of Finance;
- ii. supplying the Corporate Director of Finance with information required to complete the Statement of Accounts;
- iii. producing the documentation required to support the Statement of Accounts;
- iv. ensuring that the Closedown Pack – Guidance for Managers is completed in accordance with the annual timetable agreed with the Corporate Director of Finance.

Contingent Liabilities

B.24 The Corporate Director of Finance is responsible for:

- i. reviewing at least annually in consultation with Corporate Directors the existing contingent liabilities for inclusion as a note in the statement of accounts, to ensure they are still contingent and to ensure that adequate reserves exist to cover the potential liability if necessary;
- ii. taking steps wherever possible, in consultation with the Corporate Directors, to minimise the risk of contingent liabilities.

B.25 The Corporate Directors are responsible for:

- i. setting up procedures and processes to minimise the risk of creating contingent liabilities;
- ii. reviewing at least annually their service areas for contingent liabilities;
- iii. informing the Corporate Director of Finance of any new contingent liabilities and of any changes in the circumstances of existing contingent liabilities.

FINANCIAL REGULATION C – RISK MANAGEMENT AND CONTROL OF RESOURCES

Introduction

C.1 It is essential that robust systems are developed and maintained for identifying and evaluating all significant strategic, operational and financial risks to the Authority on an integrated basis. This should include the proactive participation of all those associated with planning and delivering services.

Risk management and insurance

C.2 ~~The Cabinet and the~~ Governance and Audit Committee ~~are jointly~~ responsible for approving the Council's Risk Management Strategy, ~~and~~ Policy ~~and guidance~~ and for reviewing the effectiveness of risk management.

C.3 The Corporate Director Strategic and Corporate Services is responsible for preparing the Authority's [Risk Management Strategy and Policy](#) and for promoting it throughout the Council. The Corporate Director of Finance is responsible for:

- i. advising the Leader, Cabinet Member for Finance and Cabinet on proper insurance cover where appropriate;
- ii. effecting, in consultation with the Cabinet Member for Finance, corporate insurance cover, through external insurance and internal funding;
- iii. establishing arrangements for the handling of all insurance claims, in consultation with other officers where necessary;
- iv. undertaking a review of requirements to support the annual renewal of insurance contracts;
- v. ensuring that internal insurance provisions are adequate to meet anticipated claims.

C.4 The Corporate Directors are responsible for:

- i. the identification and management of risk within their Directorate and for having in place monitoring processes for reviewing regularly the effectiveness of risk management arrangements.
- ii. complying with procedures agreed regarding the instigation, renewal, maintenance and amendment of the Council's insurance arrangements.

Internal control

C.5 The Corporate Director of Finance is responsible for:

- i. monitoring the systems for risk management and systems of internal control. This will be monitored through an effective internal audit function.
- ii. reviewing systems of internal control at least annually and providing an opinion on internal control within the Council, in order to advise the Head of Paid Service on an Annual Governance Statement to be included in the Statement of Accounts.

- C.6 The Corporate Directors are responsible for:
- i. establishing sound arrangements for planning, appraising, authorising, monitoring and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets;
 - ii. promoting compliance with Council Policy, Standing Orders, Financial Regulations, Codes of Conduct and any statutory requirements;
 - iii. promoting an overall effective internal control system. Managerial Control Systems, including appropriate organisation structures, personnel arrangements and supervision, as well as Financial and Operational Control Systems and procedures, including physical safeguards of assets, segregation of duties, authorisation and approval procedures and information systems, should be documented and regularly reviewed;
 - iv. providing assurances for the annual governance statement, that financial and operational control processes are in place to enable Directorates to achieve their objectives and manage significant risks;
 - ~~iv-v.~~ Acknowledge the threat of fraud, bribery and corruption and ensure the risk has been assessed and have in place controls to support the prevention and detection of fraud, bribery and corruption are sufficient to minimise the risk.-

Audit requirements

- C.7 The Accounts and Audit Regulations 2015 require every local authority to maintain an adequate and effective internal audit of its accounting records and its system of internal control.
- C.8 The Local Audit and Accountability Act 2014 (the Act) abolished the Audit Commission and ~~requires required~~ relevant authorities to appoint their own local (external) auditors on the advice of an auditor panel. ~~As an interim measure national 5-year contracts were awarded that expire in 2016 (subsequently amended to 2017), the requirement to appoint will apply once those contracts end and to meet the Act's deadline local auditors will need to be appointed by 31st December 2017. The code of audit practice and guidance for local audit are governed by section 5 of the Act. The external audit contract for Kent County Council has been awarded to Grant Thornton LLP and is subject to regular review. The external auditors are required to be independent, appropriately qualified and comply with the code of audit practice for local government and associated guidance.~~
- C.9 The Council may, from time to time, be subject to inspection or investigation by external bodies such as H.M. Revenue and Customs who have statutory rights of access.
- C.10 The Corporate Director of Finance is responsible for:
- i. ensuring an effective internal audit function, through adequate resourcing and coverage properly planned and determined through assessment of risk and consultation with management;
 - ii. ensuring that effective procedures are in place to investigate promptly any fraud or irregularity;
 - iii. ensuring that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work;
 - iv. ensuring there is effective liaison between external and internal audit;

- v. ensuring that when information is requested in connection with inspections, audits, reviews and investigations the information requested is provided as soon as reasonably practicable and in any event within fourteen days of the request being made.

C.11 The Corporate Directors are responsible for:

- i. notifying the Head of Internal Audit immediately of any suspected fraud, theft, irregularity or improper use of or misappropriation of the Council's property or resources. Pending investigation and reporting, all necessary steps should be taken to prevent further loss and to secure records and documentation against removal or alteration;
- ii. ensuring that internal and external audit are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work;
- iii. ensuring that all records and systems are up to date and available for inspection;
- iv. ensuring that when information is requested in connection with inspections, audits, reviews and investigations the information requested is provided as soon as reasonably practicable and in any event within fourteen days of the request being made.

Preventing fraud and corruption

C.12 The Corporate Director of Finance is responsible for: ~~developing, reviewing and maintaining an Anti-Fraud and Corruption Strategy and for advising on effective systems of internal control to prevent, detect and pursue fraud and corruption.~~

- i. developing, reviewing, and maintaining an Anti-Fraud and Corruption Strategy and for advising on effective systems of internal control to prevent, detect and pursue fraud and corruption;
- ii. ensuring an effective counter fraud function, through the adequate resourcing of a dedicated counter fraud team tasked to investigate any allegation of fraud, corruption, or irregularity;
- iii. ensuring that counter fraud specialists are given access at all reasonable times to premises, personnel, documents, and assets that the counter fraud specialist considers necessary for the purposes of their work;
- iv. ensuring that when information is requested in connection with counter fraud and corruption investigations the information requested is provided as soon as reasonably practicable and in any event within fourteen days of the request being made.

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C.13 The Corporate Directors are responsible for: ~~ensuring compliance with the Anti-fraud and Corruption Strategy and with systems of internal control to prevent, detect and pursue fraud and corruption.~~

- i. ensuring compliance with the Anti-fraud and Corruption Strategy and with systems of internal control to prevent, detect and pursue fraud and corruption;
- ii. ensuring that counter fraud specialists are given access at all reasonable times to premises, personnel, documents, and assets that the counter fraud specialist considers necessary for the purposes of their work;
- iii. ensuring that all records and systems are up to date and available for inspection;

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- iv. ensuring that when developing new policies, initiatives and strategies engagement with Counter Fraud Specialists occurs to ensure a fraud risk assessment can be conducted to help manage the fraud risk.

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Assets

Security of Assets

- C.14 The Corporate Director of Finance is responsible for ensuring that processes are in place for maintaining asset registers for fixed asset accounting purposes.
- C.15 The Corporate Directors should ensure that assets, and records relating to these, are properly maintained. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

Inventories

- C.16 The Corporate Directors are responsible for maintaining and reviewing annually inventories of equipment, plant and machinery which has a value of over £200 or is portable and attractive.

Asset Disposal

- C.17 The Corporate Director of Finance in conjunction with the Head of Paid Service is responsible for issuing guidelines representing best practice for the disposal of equipment, plant and machinery.
- C.18 Corporate Directors are responsible for complying with issued guidelines in respect of all asset disposals.

Stocks of goods and materials

- C.19 Corporate Directors are responsible for:
- i. ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council;
 - ii. ensuring that adequate arrangements are in place for their care and custody;
 - iii. writing off the value of obsolete stock in their Directorates of up to £10,000 in consultation with the Corporate Director of Finance. All sums above £10,000 should be reported by the relevant Corporate Director to the Corporate Director of Finance and Cabinet Member for Finance and ~~then to the Scrutiny Committee for write-off action reported to the Governance and Audit Committee as set out at D7.~~

Intellectual Property

- C.20 The Head of Paid Service is responsible in conjunction with the General Counsel for developing and disseminating best practice regarding the treatment of intellectual property.
- C.21 The Corporate Directors are responsible for:

- i. ensuring that controls are in place to ensure that staff do not carry out private work in council time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council;
- ii. complying with copyright, designs and patent legislation and, in particular, to ensure that:
 - a. only software legally acquired and installed by the Council is used on its computers,
 - b. staff are aware of legislative provisions, and
 - c. in developing systems, due regard is given to the issue of intellectual property rights.

Treasury Management

C.22 The Corporate Director of Finance is responsible for:

- i. reporting to the Cabinet Member for Finance, in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services and accordingly will create and maintain, as the cornerstones for effective treasury management:
 - a. a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - b. suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;

The content of the policy statement and TMPs will follow the recommendations contained in sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the Council materially deviating from the Code's key principles.
- ii. reporting to the Council on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs;
- iii. establishing procedures to monitor and report on performance in relation to Prudential Indicators set by the Council;
- iv. ensuring that all borrowing and all investments of money are made in the name of the Council or in the name of an approved nominee.

C.23 This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Corporate Director of Finance, who will act in accordance with the Council's policy statement and TMPs and, if ~~he/she~~ they ~~is/are~~ a CIPFA member, CIPFA's standard of professional practice on treasury management.

C.24 This Council nominates the Treasury Management Advisory Group and Governance & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Loans to third parties and acquisition of third party interests

C.25 The Corporate Director of Finance is responsible for ensuring, jointly with the Corporate Directors, that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Full Council, the Leader, Cabinet or the Cabinet Member for Finance ([Local Authority Companies](#)).

Trust Funds and funds held for third parties

C.26 Corporate Directors are responsible for arranging for all Trust Funds to be held, wherever possible, in the name of the Council and ensuring that Trust Funds are operated within any relevant legislation and the specific requirements for each Trust.

Banking

C.27 The Corporate Director of Finance is responsible for:

- i. the control of all money in the hands of the Council;
- ii. operating central bank accounts as are considered necessary to the efficient operation of the Council's activities, within the terms agreed with the Council's bankers and reconciled weekly or monthly as required;
- iii. approving the opening or closing of any bank account operated by the County Council.

C.28 The Corporate Directors are responsible for operating bank accounts opened with the approval of the Corporate Director of Finance in accordance with issued guidelines.

Imprest Accounts and Purchase Card Cash

C.29 The Corporate Director of Finance is responsible for providing, in agreed circumstances and where such need is proven to be essential, cash or bank imprest accounts or purchase cards enabled for cash withdrawals, to meet minor or other agreed expenditure and for prescribing procedures for operating these accounts. ([Operating an Imprest Account](#) / [Purchase Card Cash Systems](#))

C.30 The Corporate Directors are responsible for the operation of approved cash and bank imprest accounts and Purchase Card cash systems in accordance with procedures issued by the Corporate Director of Finance. ([Operating an Imprest Account](#) / [Purchase Card Cash Systems](#))

Credit Cards and Purchase Cards

C.31 The Corporate Director of Finance is responsible for:

- i. providing credit cards and purchase cards to be used for agreed purposes and to be allocated to nominated members of staff;
- ii. prescribing procedures for the use of credit cards and purchase cards and the accounting arrangements required to record and monitor expenditure incurred with such cards.

C.32 The Corporate Directors are responsible for:

- i. Operating the use of credit cards and purchase cards in accordance with the procedures issued by the Corporate Director of Finance ([Purchase Card Procedure](#)).

Card Payment Arrangements

C.33 The Corporate Director of Finance is responsible for:

- i. ensuring that card payment arrangements including chip and pin terminals and web based systems, set up for agreed purposes and assigned to nominated staff, are compliant with Payment Card Industry Data Security Standards (PCI DSS)

C.34 The Corporate Directors are responsible for:

- i. maintaining secure card payment arrangements in accordance with the procedures issued by the Corporate Director of Finance

Staffing Costs

C.35 The Head of Paid Service is responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

C.36 The Corporate Directors are responsible for:

- i. the management of total staff numbers by:
 - a. advising the Leader and the relevant Cabinet Member on the budget necessary in any given year to cover estimated staffing levels;
 - b. adjusting the staffing numbers to that which can be funded within approved budget provision;
- ii. the proper use of appointment procedures;
- iii. monitoring staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff;
- iv. ensuring that the staffing budget is not exceeded unless the necessary additional ongoing funding is available and the agreement of the relevant Cabinet Member or the Leader or Cabinet is obtained as required.

Further guidance regarding authorisations to appoint members of staff is available in the relevant directorate's Scheme of Financial Delegation.

FINANCIAL REGULATION D – SYSTEMS AND PROCEDURES

Introduction

D.1 Sound systems and procedures are essential to an effective framework of accountability and control.

General

D.2 The Corporate Director of Finance is responsible for:

- i. determining the Council's accounting control systems, the form of accounts and the supporting financial records and for ensuring that systems determined by him/her are observed;
- ii. approving any changes proposed by the Corporate Directors to the existing financial systems or procedures or the establishment of new systems or procedures;
- iii. compiling, in consultation with the Corporate Directors, a Business Continuity Plan to provide for as normal a continuation of financial services as possible in the event of any incident affecting systems used to deliver those services.

D.3 The Corporate Directors are responsible for:

- i. the proper operation of financial procedures and financial processes in their own Directorates in accordance with the systems and procedures set out by the Corporate Director of Finance;
- ii. obtaining the approval of the Corporate Director of Finance for any developments of new systems and changes to existing systems, by Corporate Directors that involve a financial operation or produce output that may influence the allocation of resources;
- iii. ensuring that their staff receive relevant financial training;
- iv. ensuring that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation. The Corporate Directors must ensure that staff are aware of their responsibilities under the Data Protection and Freedom of Information legislation;
- v. ensuring, jointly with the Corporate Director of Finance that there is a documented and tested Business Continuity Plan to allow information system processing to resume quickly in the event of an interruption;
- vi. ensuring that Oracle Financials is utilised except where otherwise agreed by the Corporate Director of Finance;
- vii. ensuring that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements agreed with the Corporate Director of Finance ([Data Retention Schedule](#)).

Field Code Changed

Income

D4 The Governance and Audit Committee is responsible for approving ~~procedures-policy~~ for writing off debts as part of the overall framework of accountability and control.

D.5 The Corporate Director of Finance is responsible for:

- i. setting the debt management policy for the County Council in order to maximise the income due to the Council and its collection;
 - ii. approving the procedures, systems and documentation for the collection of income;
 - iii. examining and actioning requests for write offs submitted by Corporate Directors;
 - iv. maintaining a record of all sums written off and adhering to the requirements of the Accounts and Audit Regulations;
 - v. ensuring that appropriate accounting adjustments are made following write off action;
 - vi. ensuring, in consultation with the Corporate Directors, that adequate provision is made for potential bad debts arising from uncollected income.
- D.6 The Corporate Director of Finance is authorised to write-off the following types of debt where:
- i. the debtor has ~~gone entered~~ into liquidation, ~~bankruptcy, debt relief order~~ or is deceased and there are no funds nor estate on which to claim for recovery of the debt;
 - ii. ~~the evidence against a debtor is inconclusive, and the~~ General Counsel ~~has reviewed the case and~~ recommends write-off;
 - iii. the debtor ~~has absconded and all enquiries have failed; cannot be located and all tracing efforts are exhausted;~~
 - iv. ~~the debtor is in prison and has no means to pay; collection efforts exhausted, uneconomical to pursue further;~~
 - v. the debt is statute barred under the Limitations Act 1980 and the Care Act 2014;
 - vi. ~~the debt is remitted by a magistrate.~~
- D.7 Other than covered in D6, all debt write offs over £10,000 should be put forward by the relevant Corporate Director to the Corporate Director of Finance in their role of Section 151 Officer for ~~their~~his decision in consultation with the Cabinet Member for Finance. The relevant Corporate Director will also submit a report for information, comment and assurance to the Governance and Audit Committee, setting out the operational reasons for the write-off.
- D.8 The Corporate Directors are responsible for:
- i. compliance with the agreed [Debt Management Policy](#) of the Council;
 - ii. the write-off of irrecoverable debts in their Directorates of up to £10,000 in consultation with the Corporate Director of Finance;
 - iii. ensuring that there is an annual review of fees and charges and that proposals for the level of fees and charges are approved by the Leader or relevant Cabinet Members;
 - iv. ensuring that the agreed charging policy is implemented and consistently applied in respect of each relevant activity and service;
 - v. separating, as far as is practicable, the responsibility for identifying amounts due and the responsibility for collection;
 - vi. ensuring official receipts are issued and to maintain any other documentation for income collection purposes;
 - vii. holding securely receipts, tickets and other records of income;
 - viii. ensuring the security of cash handling.

Field Code Changed

D.9 The Corporate Director of Finance is responsible for:

- i. ensuring that all the Council's financial systems and procedures for ordering and paying for works, goods and services are sound and properly administered;
- ii. agreeing, in consultation with the Corporate Directors where appropriate, any changes to existing financial systems and to approve any new systems before they are introduced;
- iii. agreeing the form of official orders and associated terms and conditions;
- iv. making payments from the Authority's funds on the Corporate Director's authorisation that the expenditure has been duly incurred in accordance with Financial Regulations;
- v. defining the requirements for the electronic approval of order or checking and certification of invoices prior to payment to confirm that the goods have been ordered and received, the invoice is in order and is certified for payment by the nominated budget manager. The Corporate Director of Finance will set and review a value for invoices, currently £250, below which payment will be made on certification that goods or services have been received and that the invoice is in order but will not require the additional certification of the budget manager;
- vi. making payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a Court Order;
- vii. making payments to contractors on the certificate of a Corporate Director, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

D.10 The Corporate Directors are responsible for:

- i. ensuring that the Council's corporate financial systems are used for payment for work, goods and services except where specialist systems are used in agreement with the Corporate Director of Finance. Staff should not use personal credit cards to pay for work, goods or services on behalf of the Council;
- ii. ensuring that i-Procurement is used for raising orders in the first instance, any verbal orders for works, goods or services are only placed exceptionally and are confirmed with an official i-Procurement order;
- iii. ensuring that orders are only used for goods and services provided to their Directorates. Individuals must not use official orders to obtain goods or services for their private use;
- iv. ensuring that only those staff authorised in the [delegated authority matrix](#) approve expenditure and sign orders or where necessary ensure they are sealed by Legal Services.
- v. ensuring that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different person from the person who authorised the order;
- vi. ensuring that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment;
- vii. ensuring that payments are not made in advance of goods being supplied, work done or services rendered to the Council except with the approval of the Corporate Director of Finance;
- viii. ensuring that invoices are approved for payment by staff authorised by the Corporate Directors and that details of such authorised staff are included in the Payments Team Flexfield Checker;
- ix. ensuring that all undisputed invoices are settled within 30 days from receipt of the invoice;

- x. ensuring that the Directorate obtains best value from purchases by contacting Strategic Sourcing and Procurement Team for any purchases over £50k, following the guidance in the Knet Procurement pages ([How to Buy](#)) and complying with the Council's Code of Practice for Tenders and Contracts which is incorporated in the [KNet Procurement pages](#).
- xi. Compliance with spend mandates, which are published in the Procurement ([How to Buy](#)) guides accessible via the Knet Procurement page.

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D.11 Deviation from the delegated authority matrix is not generally expected. However, if a different financial limit is required the amendment should be requested via a business case and approved as follows:

Requester	Approver
Budget Manager	Head of Service
Head of Service	Service Director
Service Director	Corporate Director

D.12 All transactions must fall within the powers delegated to officers or have been approved by a decision (in accordance with the Council's Constitution) of the Cabinet, the Leader, an authorised Cabinet Member, the Council or one of its committees or sub-committees.

D.13 No contract, agreement or other document shall be signed or sealed unless it gives effect to:

- i. a decision or resolution (in accordance with the Council's Constitution) of the Leader, the Cabinet, an authorised Cabinet Member or one of its committees or sub committees or
- ii. a decision by an officer exercising delegated powers

D.14 Budgetary provision must exist before any contract can be entered into. This provision should be explicit in a budget approved by resolution of the Council. Where budgetary approval exists for a specific item further Member approval is not generally required.

D.15 Where there is no specific budget line, the officer with delegated authority may approve expenditure up to £1,000,000 provided the expenditure can be met within budget. Above £1,000,000 a formal decision by the Leader, the Cabinet or an authorised Cabinet Member is required in accordance with the Council's Constitution.

Contract Management

D.16 Staff should refer to [Spending the Council's Money](#) for advice and guidance regarding contract management.

Field Code Changed

Ex Gratia Payments

D.17 The Corporate Directors are responsible for approving reasonable ex gratia payments of £6,000 or less and for ensuring that a record of such payments is maintained.

D.18 For ex gratia payments in excess of £6,000 the Corporate Directors are responsible for obtaining the approval of the relevant Cabinet Member, the Cabinet Member for Finance and the Corporate Director of Finance.

Payments to employees and Members

D.19 The Corporate Director of Finance is responsible for:

- i. making arrangements for recording and for the accurate and timely payment of PAYE, Income Tax, National Insurance, and all other statutory and non-statutory payroll deductions;
- ii. ensuring the accurate and timely production of statutory returns to H.M. Revenue and Customs, particularly in respect of the financial year-end and the declaration of employee taxable benefits;
- iii. ensuring that there are adequate arrangements for administering pension matters on a day-to-day basis;

D.20 The Corporate Director of ~~Human Resources~~ People and Communications Resources is responsible for arranging and controlling secure and reliable payment, on the due date, of salaries, compensation payments or other emoluments, staff expenses and Members' expenses and allowances, and pensions in accordance with procedures prescribed by him or her.

D.21 The Corporate Directors are responsible for:

- i. ensuring that all appointments are made in accordance with the Council's regulations and approved establishments, grades and scales of pay.
- ii. ensuring that adequate budget provision exists for:
 - (a) all employee appointments
 - (b) all permanent and temporary variations relating to employee appointments
 - (c) all engagements of self-employed persons.

Taxation

D.22 The Corporate Director of Finance is responsible for:

- i. maintaining the Council's tax records, making tax payments, receiving tax credits and submitting tax returns by their due date as appropriate;
- ii. advising Corporate Directors on all taxation issues that affect the Council in the light of relevant legislation as it applies, and guidance issued by appropriate bodies.

D.23 The Corporate Director of Finance delegates taxation management to the Chief Accountant

D.23~~4~~ Where the Corporate Directors are owners of financial systems they are responsible for maintaining the appropriate records, making tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

D.2425 The Corporate Directors are responsible for consulting with, and seeking advice from, the ~~Corporate Director of Finance~~ Chief Accountant's Team on the potential tax implications of any new initiatives for the delivery of Council activity and Services, including those that could impact on our partial exemption.

Trading accounts

D.2526 The Corporate Director of Finance is responsible for advising on the establishment and operation of trading accounts.

D.2627 The Corporate Directors are responsible for:

- i. observing all statutory requirements in relation to trading activity, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged in accordance with the CIPFA Service Reporting Code of Practice;
- ii. ensuring that the same accounting principles are applied in relation to trading accounts as for other services or business units;
- iii. ensuring that each business unit prepares an annual business plan.

Overheads and Internal Recharges

D.2728 The Corporate Director of Finance is responsible for:

- i. maintaining a system of delegating budgets to Directorates for support services;
- ii. establishing a framework for the carrying out of overheads and internal recharges in accordance with laid down timetables;
- iii. ensuring that the recipients are clear what each charge covers and provide sufficient information to enable them to challenge the approach being taken;
- iv. arbitrating on disputed recharges where these cannot be satisfactorily resolved between Directorates;
- ~~v. ensuring that overheads and internal recharges for support services are in accordance with the CIPFA Service Reporting Code of Practice, for both budget and final accounts purposes.~~

~~v.~~
D.2829 The Corporate Directors are responsible for:

- i. ensuring that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements;
- ii. raising and/or processing recharges in accordance with the timescales laid down;
- iii. notifying and/or responding to disputed recharges in accordance with the timescales laid down;
- iv. monitoring the processing of recharges in accordance with the timetable agreed with the Corporate Director of Finance.

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FINANCIAL REGULATION E – EXTERNAL ARRANGEMENTS

Partnerships

- E.1 The Corporate Director of Finance is responsible for:
- i. promoting the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council
 - ii. advising on the financial implications resulting from entering into partnership agreements including tax treatment, limitation of liability, valuation of transferred assets or the grant of a right to use existing assets and any other long-term issues;
 - iii. advising on the terms of any payment and performance mechanism relating to partnerships entered into by the Council.
- E.2 The Corporate Directors are responsible for:
- i. ensuring that, when entering into partnerships, the Council's financial and operational interests are protected;
 - ii. ensuring that appropriate financial and legal advice is taken before entering into partnership agreements;
 - iii. ensuring that, before entering into partnership agreements with external bodies, a risk management appraisal is carried out and an exit strategy is in place where appropriate;
 - iv. ensuring that necessary approvals are obtained before negotiations are concluded in relation to partnership agreements;
 - v. ensuring that the accounting and financial arrangements for partnerships satisfy the requirements of the Council and allow for:
 - a) any required audit of the partnerships affairs; and
 - ~~v.~~ b) investigation by counter fraud specialists in the event of an allegation of fraud and or corruption.

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More detailed guidance can be found [Management Guide to Managing Risk](#), the [Management Guide to Alternative Service Delivery Models](#) and the [KCC Companies Protocol](#)

Field Code Changed

External funding

- E.3 The Corporate Director of Finance is responsible for:
- i. ensuring that procedures are in place so that all the financial implications, including long term issues, resulting from entering into external funding agreements are identified;
 - ii. ensuring that all external funding agreed with external bodies is received and is properly recorded in the Council's accounts;
 - iii. maintaining a record of expected grants in liaison with the Corporate Directors;
 - iv. investigating ways of maximising grant income;
 - v. building in any agreed financial implications (e.g. matched funding) into the budget strategy;
 - vi. accounting for non-specific Government Grants received and receivable and submitting any required returns in respect of these.
- E.4 The Corporate Directors are responsible for:

- i. ensuring that external funding which is sought supports the Councils service priorities;
- ii. ensuring that any matched funding requirements relating to external funding agreements are identified and provided for in the budget prior to any external funding agreement being concluded;
- iii. ensuring that necessary approvals are obtained before external funding agreements are concluded;
- iv. ensuring that the conditions of external funding agreements and any statutory requirements are complied with;
- v. ensuring that expenditure met from external funding is properly incurred and recorded, that income is received at the appropriate time, returns are made by the specified dates, and that audit requirements of the funding body can be met;
- vi. maintaining a record of external funding agreements in place;
- vii. ensuring that any other expenditure associated with the grant (e.g. matching funding) is contained within the agreed Directorate budget;
- viii. accounting for specific Government Grants received and receivable in respect of services for which they are responsible and submitting any required returns in respect of these;
- ix. ensuring that all grants received are recorded in the central register, and in line with the [Corporate Grant Procedure](#).

Work for third parties

- E.5 The Corporate Director of Finance is responsible for issuing any required guidance on the financial aspects of contracts with third parties and external bodies.
- E.6 The Corporate Directors are responsible for:
- i. ensuring that work for third parties does not impact adversely on the services of the Council and that before entering into agreements a risk management appraisal has been carried out;
 - ii. ensuring that guidance issued by the Corporate Director of Finance is complied with and that all agreements and arrangements are properly documented.
- E.7 The Leader or relevant Cabinet Member is responsible for approving the contractual arrangements for any work for third parties or external bodies where the contract value exceeds £200,000.

Companies

- E.8 In relation to companies that the Council has an interest, it is imperative that they are set up, managed and run according to rules of good governance so that risks are mitigated. [The Protocol Relating to Companies in which KCC has an Interest](#) establishes processes and provides additional controls to ensure such rules are in place.
- E.9 Anyone within the Council intending to set up a company must first read both [The Protocol Relating to Companies in which KCC has an Interest](#) and the more detailed [Local Authority Companies](#) guidance document. Sanctions are in place for non-compliance which can include disciplinary action.

E.10 The Corporate Director of Finance is responsible for advising on the financial implications resulting from the creation of a company including tax treatment and accounting arrangements.

E.11 The General Counsel is responsible for advising on the legal requirements and implications with respect to the creation and ongoing running of a company.

E.12 The Corporate Directors are responsible for:

- i. ensuring that [The Protocol Relating to Companies in which KCC has an Interest](#) and the more detailed [Local Authority Companies](#) guidance document is complied with;
- ii. ensuring that legal and financial advice provided by the General Counsel and the Corporate Director of Finance respectively are complied with.

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Finance Approval Process

Stage or Transaction Approval	Notes	Members		Officers				Strategic Commissioning				
		The Leader or Cabinet	Cabinet Member	CMT Director	Service Director	Service Head	Budget Manager	Head of Strategic Commissioning	Head of Service (Portfolio 1&2) / Head of Commissioning Support	Senior Commissioning Manager / Commercial Manager	Senior Commissioner / Commercial Officers / Indirect Procurement Manager	Buyer
Revenue Virement Limits												
Within Portfolio	1	Above £1m *	From £200k up to (but not including) £1m **	From £200k up to (but not including) £1m **								
Within Portfolio	2		Less than £200k	Less than £200k								
Between Portfolios	1	Above £1m *	From £200k up to (but not including) £1m **	From £200k up to (but not including) £1m **								
Between Portfolios	2		Less than £200k	Less than £200k								
Capital Virement Limits												
Within or across Portfolios	1	Above £1m *	From £200k up to (but not including) £1m **	From £200k up to (but not including) £1m **								
Within or across Portfolios	3		From £50k up to (but not including) £200k	From £50k up to (but not including) £200k								
Within or across Portfolios				Less than £50k								
Writing off of obsolete stock	4			Up to £10k								
Ex Gratia Payments	5		More than £6k	Up to £6k								
Writing off irrecoverable debts	6			Up to £10k								

Procurement & Invoice Approval Process

Stage or Transaction Approval	Notes	Members		Officers				Strategic Commissioning				
		The Leader or Cabinet	Cabinet Member	CMT Director	Service Director	Service Head	Budget Manager	Head of Strategic Commissioning	Head of Service (Portfolio 1&2) / Head of Commissioning Support	Senior Commissioning Manager / Commercial Manager	Senior Commissioner / Commercial Officers / Indirect Procurement Manager	Buyer
Contract Award Recommendation acceptance	7/15/16	Unlimited*	Unlimited*	Up to £1m*	Up to £500k except where Property Management Protocol expressly differs	Up to £250k	Up to £50k					
Contract/Framework Signature	8, 18			Up to £1m and over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*	Up to £500k and over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*			Up to £1m and over £1m with Cabinet or Cabinet Member Decision to award and express authorisation of the Monitoring Officer to sign or seal*	Up to £1m	Up to £500k	Up to £250k	
Requisition (Budget expenditure) Approval i-Procurement	9/10/16			Unlimited where previously approved as designated signatory and where relevant authority is in place	Up to £1m*	Up to £500k	Up to £50k					
Contract Authorisation (Creation of Order)	11							Unlimited when correct political or previously delegated authority is in place*	Up to £1m	Up to £500k	Up to £250k Up to £50k	
Variation Approval	14, 18	Unlimited*	Unlimited*	Up to £1m*	Up to £500k	Up to £250k	Up to £50k					

Variation Signature				Unlimited with Cabinet or Cabinet Member Decision to award variation and express authorisation of the Monitoring Officer to sign or seal*	Unlimited with Cabinet or Cabinet Member Decision to award variation and express authorisation of the Monitoring Officer to sign or seal*								
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Procurement & Invoice Approval Process

Stage or Transaction Approval	Notes	Members		Officers				Strategic Commissioning				
		The Leader or Cabinet	Cabinet Member	CMT Director	Service Director	Service Head	Budget Manager	Head of Strategic Commissioning	Head of Service (Portfolio 1&2) / Head of Commissioning Support	Senior Commissioning Manager / Commercial Manager	Senior Commissioner / Commercial Officers / Indirect Procurement Manager	Buyer
Receipt Confirmation	12			Unlimited	Unlimited	Unlimited	Unlimited					
Invoice Payment	13/16			Unlimited	Up to £1m or over £1m where previous delegation from Cabinet or Cabinet Member is in place*	Up to £500k	Up to £50k					

* These decisions/actions are subject to statutory recording and publication requirements. Seek advice from Democratic Services.

** These decisions/actions are subject to statutory recording and publication requirements when over £500k. Seek advice from Democratic Services.

Notes:

- Virement of £200k up to but not including £1m has to be signed off by Portfolio Cabinet Member, relevant Corporate Director, Deputy Leader and Cabinet Member for Finance and Corporate Director of Finance. Advice should be sought as to whether the Virement requires a formal Decision to be taken.
- Virement less than £200k has to be signed off by the Corporate Director of Finance along with the relevant Cabinet Member and Corporate Director.
- Virement of £50k up to but not including £200k has to be signed off by the Corporate Director of Finance along with the relevant Cabinet Member and Corporate Director.
- Write off of obsolete stock up to £10k is in consultation with the Corporate Director of Finance. Above £10k to be reported to Corporate Director of Finance and Deputy Leader and Cabinet Member for Finance and then taken to Scrutiny Committee for write off.
- Ex gratia payments above £6k Corporate Directors are responsible for obtaining approval from relevant Cabinet Member, Deputy Leader and Cabinet Member for Finance and Corporate Director of Finance.
- ~~Write off of irrecoverable debts up to £10k is in consultation with the Corporate Director of Finance. Above £10k should be put forward by the relevant Corporate Director to the Corporate Director of Finance in his/her role of Section 151 Officer for his decision in consultation with the Deputy Leader and Cabinet Member for Finance. A report by the relevant Corporate Director will also be submitted to Governance and Audit Committee.~~
- Write off of irrecoverable debts is completed in accordance with the Financial Regulations and consultation with the Corporate Director of Finance in his/her role of Section 151 Officer. Irrecoverable debts above £10k which do not meet an exemption under the Financial Regulations should be put forward by the relevant Corporate Director to the Corporate Director of Finance in his/her role of Section 151 Officer for his decision in consultation with the Deputy Leader and Cabinet Member for Finance. A report by the relevant Corporate Director will also be submitted to Governance and Audit Committee.
- Award recommendation prepared by lead
- Authorities only valid if Contract Award Recommendation acceptance has been approved; will also require a review schedule e.g. with Legal Services for non-standard contract use; decisions on signing under seal or under hand
- Only valid for approved budgets/expenditure within plan – values will be used within i-Procurement
- Procurement authorities relate to own budget only
- For simple contracts only, those that are required to be sealed as required in "Contracts and Tenders Standing Orders" must be dealt with by Legal Services.
- May be exercised by any member of staff who can directly confirm correct receipt of goods, services or works
- Relates to signature on invoices; post i-Procurement implementation this authority is no longer required (3-way system match provides authorisation)
- Approval of a variation against an existing contract
- Cabinet Member Approval where authority has been delegated, in some instances this may require Cabinet Approval in line with the Constitution
- For areas with high expenditure e.g. Highways, Property, ICT approval level can be increased to £5m for Service Directors at Corporate Directors discretion
- Variations/extensions must be sealed if the main contract is sealed unless specifically excluded in the contract
- Head of Procurement Commissioning Portfolio Outcome / Head of Commissioning Support can sign for up to £500k where delegated in writing by the relevant service Director

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By: Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services

Zena Cooke, Corporate Director of Finance

To: Governance and Audit Committee – 25 January 2022

Subject: Performance of KCC wholly owned companies

Classification: Unrestricted

Summary: **For Assurance** - To present the performance of KCC's wholly owned companies for 2019-20 & 2020-21

1. Introduction

1.1 The Terms of Reference gives the Governance and Audit Committee a responsibility to “Receive and review the annual statutory financial accounts of any KCC limited companies and financial statements for other trading vehicles and to consider corrective action where appropriate”.

1.2 The link to the latest Statutory Accounts for these companies (for 2020-21) is included as an appendix to the report should the Members’ wish to review and consider them.

2. Performance of wholly owned companies/traded activities

2.1 The overall results of the LATCOs including traded activities managed by the companies on behalf of KCC and joint ventures are set out below.

LATCOs	Year ended 31 March 2021			Year ended 31 March 2020		
	Turnover	Costs	Surplus	Turnover	Costs	Surplus
In £'000's						
Commercial Services Group						
Commercial Services Core	38,439	-35,324	3,115	41,131	-36,597	4,534
Commercial Services Kent Ltd	47,809	-47,060	749	42,315	-41,476	839
Commercial Services Trading Ltd	15,344	-14,836	508	14,435	-14,169	266
Kent Top Temps Ltd	-	-	-	-	-	-
Commercial Services Group Total	101,592	-97,220	4,372	97,881	-92,242	5,639
Cantium Business Solutions Ltd	34,111	-32,459	1,652	32,004	-29,607	2,397
Invicta Law Ltd	9,244	-8,570	674	8,942	-8,738	204
EDSECO Ltd	17,404	-17,790	-386	19,528	-20,295	-767
Gen2 Property Ltd	696	-819	-123	7,079	-7,079	0
Kent Holdco Ltd	896	-843	53	650	-630	20

Joint Ventures						
Hampshire & Kent CS LLP	27,052	-26,677	375	27,145	-27,120	25
Luton & Kent CS LLP	4,943	-5,055	-112	N/A	N/A	N/A

2.1 Points to note

- 2.1.1 Covid has made 2020-21 an unusual year for trading. It makes comparisons with the previous year difficult. EDSECO and Gen2 Property made a loss, all other companies made a profit.
- 2.1.2 The trading companies sit under Kent Holdco Ltd. This is the first year of trading for Gen2 Property Ltd under its revised structure where most of its services were transferred back to Kent County Council (the lower figures reflect this).
- 2.1.3 Commercial Services Core refers to traded activities that are managed by CS Kent Limited on behalf of KCC relating to KCS office supplies and resources, Energy Procurement services (LASER) and operational services (predominantly vehicle maintenance services). A more detailed breakdown is provided below in section 3 of this report.
- 2.1.4 The table includes figures for Hampshire and Kent Commercial Services LLP and Luton and Kent Commercial Services LLP. These are joint ventures owned 50% by Commercial Services Kent Ltd. Hampshire and Kent Commercial Services started trading on 1 April 2019. The joint venture generated a profit share of £176k for the group in 20-21. Luton and Kent Commercial Services started trading on 1 September 2020 and the figures for 20-21 are for 7 months so it is too early to see the benefit of the JV in terms of profit share.

3. Traded activities managed by Commercial Services Kent Limited and included in KCC audited Statement of Accounts.

- 3.1 The table below shows the trading activity for services managed by Commercial Services on behalf of KCC. Any differences to the figures in the table in paragraph 2.1 is due to the loss or gain on assets which are disposed of.

<i>In £'000's</i>	Year ended 31 March 2021			Year ended 31 March 2020		
	Turnover	Costs	Surplus / (deficit)	Turnover	Costs	Surplus / (deficit)
KCS – education & office supplies	27,806	-26,287	1,519	29,668	-27,511	2,157
Energy procurement services	9,796	-8,325	1,471	10,583	-8,231	2,352
Operational services- vehicle maintenance	715	-712	3	855	-855	-
Results for year	38,317	-35,324	2,993	41,106	-36,597	4,509

4. Trends to note

- 4.1 Covid had an impact on the business of all the trading companies during 2020-21. EDSECO and Commercial Services were the most affected mainly due to the closure of

schools. In addition to the closure of schools, EDSECO had to close its nurseries and outdoor education centres. They also lost income from cancelled conferences. All the companies managed their costs to reflect either the decline in sales or in the case of Cantium a shift in sales (there was an increase in IT sales due to homeworking).

- 4.2 Commercial Services, EDSECO, Cantium Business Solutions and Invicta Law took advantage of the Coronavirus Job Retention Scheme.
- 4.3 The profits for Invicta Law have increased year on year. They repaid £0.8m of the £1.8m loan in 19/20 and a further £0.2m in 20/21 leaving a balance of £0.8m. The decrease in turnover for Gen2 reflects the transfer of services back to KCC.
- 4.4 EDSECO's loss was lower than expected, Cantium's turnover increased from the year before although their profit was lower because sales were in areas with a lower profit margin.
- 4.5 The Commercial Services Group shows overall growth although sales to schools were down due to the closure of schools. Hampshire & Kent Commercial Services LLP shows an improved profit from the previous period. Luton and Kent Commercial Services LLP shows a loss for their first 7 months of trading.
- 4.6 The Statutory Accounts for 19-20 for all companies have been externally audited without qualification and filed at Companies House. For 20-21, most of the accounts are ready for filing at Companies House, the two outstanding (Gen2 and Kent Top Temps) are close to being finalised and the figures are unlikely to change significantly. The companies have appointed Bishop Fleming LLP to audit their accounts for 20-21, the accounts which are ready for filing are unqualified. All KCC LATCOs are also subject to internal audit by KCC's Internal Audit team.

5. Dividend/Contributions to KCC

- 5.1 The table below shows the dividend declared by each company compared with the dividend expected by KCC. The anticipated dividend for each of the companies is the figure which KCC expected to receive but which also mirrors the figure in each of the company's business plan.

Figures are in £millions

2019/20		Company	2020/21	
Expected	Declared		Expected	Declared
4.400	4.400	CSG	3.400	3.500
1.760	1.760	Cantium	2.100	1.500
-	-	TEP	-	-
-	-	Invicta Law	-	-
-	-	Gen2	-	-
-	0.200	Holdco	-	-
6.160	6.360		5.600	5.000

CSG - £0.043m of the £3.5m is a dividend, the remainder is a contribution to KCC for the services managed on behalf of KCC

- 5.2 The companies declare dividend payments to Holdco as the immediate owner, and Holdco pass the dividend to KCC as ultimate parent. At this stage Cantium Business Solutions have declared their dividend for 20-21 but the Commercial Services Group have yet to declare their dividend.

6. Group Consolidation

- 6.1 In 19-20 Kent County Council commenced the consolidation of all LATCOs in accordance with International Financial Reporting Standards (including comparatives). Kent County Council is the ultimate parent undertaking, and the consolidation is reflected in KCC's 20-21 financial statements.

7. Recommendation

- 7.1 Members are asked to note the contents of this report for assurance.

Andrea Melvin
Commercial Accounting Manager
Ext: 416473

[Performance of KCC wholly owned companies](#)

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By: Peter Oakford, Deputy Leader and Cabinet Member for Finance
Corporate and Traded Services
Zena Cooke – Corporate Director of Finance

To: Governance and Audit Committee – 25 January 2022

Subject: Statutory Accounts for those companies in which KCC has an interest

Classification: Unrestricted

Summary: To present the latest available Statutory Accounts for those companies in which KCC has an interest.

For assurance

1. Introduction

- 1.1 As per its Terms of Reference, the Governance and Audit Committee has a responsibility each year to 'Receive and review the annual statutory financial accounts of any KCC limited companies and financial statements for other trading vehicles and to consider corrective action where appropriate'.
- 1.2 The link to the latest Statutory Accounts for these companies (for 2020-21) is included in an appendix to the report should the Members' wish to review and consider them.
- 1.3 This report also includes an explanation of payments made by the Council to the company, the purpose of the company and the nature and degree of interest that the Council has in the company. There is no underlying risk to KCC in relation to these accounts.

2. Entities in which KCC has an interest.

- 2.1 Entities in which KCC has an interest are detailed below. The tables include payments made by KCC to the entities during 2020-21. The accounts for each of the companies have been prepared on a going concern basis and give no cause for concern. Locate in Kent is the only company which has raised a potential issue over longer-term viability.

1. Aylesham & District Community Workshop Trust Ltd	
Purpose of entity	<p>Established for the benefit of persons in the Aylesham and Rural District, to provide or assist in the provision of facilities for the advancement of education, and for recreation and leisure-time occupation with the objective of improving the conditions of life of said persons.</p> <p>Company Limited by Guarantee and a Charitable Trust.</p>
Level and Nature of Interest	KCC is a Member. Each Member has one vote. There are 9 Trustees. Liability will not exceed £10.
Directors on the Board	S Manion – KCC Member
Profit or Surplus / (Deficit)	£7,001 from accounts as at 31 March 2020
Payment during 2020-21	£7,262 (excluding VAT) – room hire and training event costs.

2. Visit Kent Ltd	
Purpose of entity	<p>To promote, market, advertise and develop nationally and internationally the tourist industry in the county of Kent and all the bodies, entities, persons associated and involved therein.</p> <p>Company Limited by Guarantee.</p>
Level and Nature of Interest	<p>KCC is a Member. Each Member has one vote.</p> <p>Liability is limited to £1.</p>

Directors on the Board	<p>J McInroy – KCC Member resigned on 26 July 2021. D Hughes – KCC Officer resigned 15 May 2020.</p> <p>KCC is entitled to two Board members so will have the opportunity to replace both D Hughes and J McInroy.</p>
Profit or Surplus / (Deficit)	£19,768 – accounts as at 31 March 2020
Payment during 2020-21	<p>£326,857 (excluding VAT) – Annual contract and match funding towards EXPERIENCE project. The annual contract is to help attract visitors to Kent and create job opportunities.</p> <p>KCC gave Visit Kent a loan for £100k at the beginning of the year. This is to help address cashflow issues where upfront expenditure is incurred to secure funding opportunities.</p>

3. Locate in Kent Ltd	
Purpose of entity	<p>Locate in Kent offers confidential and free business investment and relocation services to international, UK and Kent-based companies looking to expand.</p> <p>Company Limited by Guarantee</p>
Level and Nature of Interest	KCC is a Member. Each Member has one vote. Liability is limited to £1.
Directors on the Board	<p>M Dance – KCC Member resigned 1 January 2020. J McInroy – KCC Member resigned 1 June 2021.</p>
Profit or Surplus / (Deficit)	(£191,163) – accounts as at 31 March 2020

Payment during 2020-21	£1,317,167 (excluding VAT) – EU Funded: Inward Investment Contract
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4. Trading Standards South-East Ltd	
Purpose of entity	To provide advice to consumers in the southeast of England. Company Limited by Guarantee
Level and Nature of Interest	KCC is a Member. Each Member has one vote. Liability is limited to £1.
Directors on the Board	J Whidett – KCC Officer appointed on 1 January 2021
Profit or Surplus / (Deficit)	(£54,590) – accounts as at 31 March 2020
Payment during 2020-21	£3,425 (excluding VAT) – Training fees.

5. East Kent Spatial Development Company	
Purpose of entity	A regeneration company specialising in the provision of utilities infrastructure to the business parks in East Kent. Company Limited by Guarantee.
Level and Nature of Interest	KCC is a Class A Member. Each Class A Member has one vote. Liability is limited to £1.
Directors on the Board	D Murphy – KCC Member appointed on 1 September 2021

Profit or Surplus / (Deficit)	(£1,683,447) – accounts as at 31 March 2020
Payment during 2020-21	Nil

6. Produced in Kent	
Purpose of entity	To increase the public's awareness of produce which has been produced in Kent. Company Limited by Guarantee.
Level and Nature of Interest	KCC has joint voting rights with Hadlow College. Liability is limited to £1.
Directors on the Board	J McInroy – KCC Member appointed 13 January 2020
Profit or Surplus / (Deficit)	£21,557 – accounts as at 31 March 2020
Payment during 2020-21	£115,533 (excluding VAT) – contribution towards salary costs and EU funded: Taste of Kent Awards 2020.

7. TRICS Consortium Ltd	
Purpose of entity	Consortium of six County Councils owning and operating a transport trip rate database known as TRICS. Company Limited by Shares
Level and Nature of Interest	37,500 shares of total share capital of 225,000 (16.7% holding). One of six members with equal voting rights (one vote per member) Received a dividend £98,666.80 in 2020-21.

Directors on the Board	M Hogben – KCC Officer
Profit or Surplus / (Deficit)	£628,687 – accounts as at 31 December 2020
Payment during 2020-21	£3,450 (excluding VAT) – Annual Licence

8. Kent PFI Holding Company 1 Ltd	
Purpose of entity	Kent PFI Holding Company 1 Ltd is a holding company for Kent PFI Company 1 Limited, a company whose activities include the provision of construction and maintenance services for three secondary schools for pupils across Kent:Thamesview School, Northfleet Technical College and St John’s Catholic Comprehensive School.
Level and Nature of Interest	<p>As part of the Treasury Strategy to make investments in equity up to the value of £5m, KCC purchased shares in Kent PFI Holding Company 1 Ltd. At the end of 2014-15 KCC has 42% holding in the company.</p> <p>The investment structure is as follows:</p> <ul style="list-style-type: none"> • £2,681,260.21 in loan notes • £2,113,808.91 in shares <p>KCC received £531,999.36 relating to dividends, interest, and repayment of loan notes for 20-21.</p>
Directors on the Board	J Lee – KCC Officer J Hansen – KCC Officer
Profit or Surplus / (Deficit)	£230,000 – accounts as at 31 March 2020
Payment during 2020-21	£11,444,476 (excluding VAT).

3 RECOMMENDATION

3.1 Members are recommended to note the contents of this report for assurance.

Andrea Melvin
Commercial Accounting Manager
Ext: 416473

[Statutory Accounts for those companies in which KCC has an interest.](#)

By: Ben Watts, General Counsel (Monitoring Officer)
To: Governance and Audit Committee – 25 January 2022
Subject: Code of Corporate Governance
Classification: Unrestricted

Summary: Following previous discussion at this Committee, the Code of Corporate Governance has been revised and a draft is presented for Member discussion and approval. County Council approval is required before the Constitution can be updated.

1. Introduction

- a) Although not mandatory, Kent County Council has a Code of Corporate Governance based on guidance from CIPFA. Many authorities have included it in their formal constitution like KCC, but practice varies. The current version of KCC's Code of Corporate Governance is set out in section 26 of the Council's Constitution.
- b) The Head of Internal Audit and the statutory officers (Head of Paid Service, Corporate Director of Finance and Monitoring Officer) have all recognised and advised that it is timely for the Council to review and change the Code of Corporate Governance to reflect CIPFA guidance, best practice and the new strategic and operational realities of the Council.
- c) At its meeting of 22 September 2022, I presented a discussion paper on the different approaches that could be taken with regards modernising the Code of Corporate Governance.

2. Revised Code

- a) This was a useful discussion, and the longer-term review will continue as part of the ongoing programme of modernising the Council's governance. In the short-term, Members agreed that the Code should be amended so that it reflected the latest version of the CIPFA/SOLACE framework and reflected the CIPFA Financial Management Code.
- b) The updated draft of the Code of Corporate Governance is set out in Appendix A. Because the latest version of the CIPFA/SOLACE framework has seven principles rather than the six existing in our current Code, showing the proposed changes to section 26 of the Constitution as track changes would make it very difficult to read. In the interests of clarity, the current section 26 is set out in Appendix B. Some minor changes have been made to the "Introduction to the Code of Corporate Governance" – notably, setting out the principles as a set of bullet points in section 26.5, reference to the CIPFA Financial Management Code at section 26.6, and

adding “Developments in improving corporate governance will be reported on a routine basis to the Governance and Audit Committee” to section 26.9.

- c) The independent member of Governance and Audit has been consulted in the production of the draft set out in Appendix A.

3. Recommendation:

That the Committee discuss the report and recommend to County Council that the updated draft Code of Corporate Governance be approved and section 26 of the Constitution amended accordingly.

4. Background Documents

Delivering Good Governance in Local Government: Framework (2016 edition) – CIPFA/SOLACE.

5. Report Author and Relevant Director

Ben Watts, General Counsel
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Appendix A – Draft Section 26 of the Constitution – Code of Corporate Governance

Code of Corporate Governance

Introduction to the Code of Corporate Governance

- 26.1 Corporate Governance is the system by which Kent County Council directs and controls its functions in the best interests of the people and communities of Kent.
- 26.2 Good corporate governance is fundamental to securing confidence in public services, and so governance arrangements must be transparent to the community and other stakeholders and promote their involvement. This is to demonstrate openness, integrity, and accountability.
- 26.3 Governance arrangements should be aligned with the Council's core vision and objectives, and ensure continuous improvement in the context of economy, efficiency, and effectiveness.
- 26.4 The Code of Corporate Governance describes the principles applied by Kent County Council as the framework for good corporate governance, how the Council is adhering to those principles, and the key policies and plans in place to support this.
- 26.5 The Code follows closely the seven principles identified in 'Delivering Good Governance in Local Government (2016)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), as a best practice framework for local authorities. These principles are set out in detail below (26.10 on) and are as follows:
- (a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - (b) Ensuring openness and comprehensive stakeholder engagement.
 - (c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - (d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - (e) Developing the local authority's capacity, including the capability of its leadership and the individuals within it.
 - (f) Managing risks and performance through robust internal control and strong public financial management.
 - (g) Implementing good practices in transparency, reporting and audit to effective accountability.
- 26.6 As part of the Code of Corporate Governance, this Council will comply with the principles and standards of the [CIPFA Financial Management Code](#).

- 26.7 The Council's corporate governance arrangements are reviewed annually and reported, with any consequential recommendations, to the Governance and Audit Committee and the County Council for approval
- 26.8 The Code of Corporate Governance as adopted by Kent County Council is set out in Sections 26.10 to 26.16. The title of each principle is followed by a table setting out its features and indicative content of what the Council has in place to demonstrate compliance.
- 26.9 As set out in the document referred to in 26.5 and the '[International Framework: Good Governance in the Public Sector](#)' (CIPFA/IFAC, 2014), governance is dynamic and in adopting a Code of Corporate Governance, a local authority is committed to improving governance on a continuing basis. In accordance with this model, Principles A and B permeate implementation of Principles C to G. Developments in improving corporate governance will be reported on a routine basis to the Governance and Audit Committee.

The Code of Corporate Governance

26.10 *Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law

Actions and behaviours that demonstrate good governance:

Sub-principle – Behaving with integrity.

- Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
- Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).
- Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
- Demonstrating, communicating, and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.

Sub-principle – Demonstrating strong commitment to ethical values.

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance.
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.

<ul style="list-style-type: none"> • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.
<p>Sub-principle – Respecting the rule of law.</p> <ul style="list-style-type: none"> • Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory Officers, other key post holders and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. • Striving to optimise the use of the full powers available for the benefit of citizens, communities, and other stakeholders. • Dealing with breaches of legal and regulatory provisions effectively. • Ensuring corruption and misuse of power are dealt with effectively.
<p>What we have in place:</p> <ul style="list-style-type: none"> • Complaints and Feedback • Whistle Blowing Policy • Constitution • Delegation Table (Constitution: Appendix) • Member Code of Conduct (Constitution Section 21) and register of interests • Officer Code of Conduct (Constitution Section 23) and register of interests • Convention on Member: Officer Relations (Constitution Section 22) • Equality and Diversity policy statement • Scrutiny Committee • Standards Committee • Access to information • Anti-Bribery Policy • Anti-Fraud and Corruption Policy • Anti-Money Laundering Policy • Data Protection Policy • Commissioning Standards Guidance – Social Value • Members Induction and Development

26.11 *Principle B - Ensuring openness and comprehensive stakeholder engagement.*

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Actions and behaviours that demonstrate good governance:

Sub-principle – Openness

- Ensuring an open culture through demonstrating, documenting, and communicating the organisation’s commitment to openness.
- Making decisions that are open about actions, plans, resource use, forecasts, outputs, and outcomes. The presumption is for openness. If that is not the case, a

<p>justification for the reasoning for keeping a decision confidential should be provided.</p> <ul style="list-style-type: none"> • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.
<p>Sub-principle – Engaging comprehensively with institutional stakeholders.</p> <ul style="list-style-type: none"> • Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. • Ensuring that partnerships are based on: <ul style="list-style-type: none"> ○ trust, ○ a shared commitment to change, ○ a culture that promotes and accepts challenge among partners, and ○ that the added value of partnership working is explicit. <p>NB: institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p>
<p>Sub-principle - Engaging stakeholders effectively, including individual citizens and service users.</p> <ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective, and that Members and Officers are clear about their roles with regard to community engagement. • Encouraging, collecting, and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account. • Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. • Taking account of the interests of future generations of taxpayers and service users.
<p>What we have in place:</p> <ul style="list-style-type: none"> • Access to Information • Complaints and Feedback • Kent Council Leaders • Let's Talk Kent (consultation website) • Outside Bodies List • Kent Partners Compact • Voluntary and community sector policy

- [Petition scheme](#)
- [Constitution Section 19 \(Partnerships\)](#)
- [Meeting papers online](#)
- [FED](#) and [Key Decisions](#) online
- [Statement of Accounts](#)
- [Annual Governance Statement](#)
- [Media Hub](#)
- [Vision for Kent 2012-2022](#)

26.12 *Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits.*

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Actions and behaviours that demonstrate good governance:

Sub-principle - Defining outcomes.

- Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
- Delivering defined outcomes on a sustainable basis within the resources that will be available.
- Identifying and managing risks to the achievement of outcomes.
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
- Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social, and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
- Ensuring fair access to services.

What we have in place:

- [Vision for Kent 2012-2022](#)
- [Setting the Course](#)
- [Medium Term Financial Plan](#)

- [Environment Policy](#)
- [Equality Impact Assessments Policy](#)
- [Strategic Delivery Plan](#)
- [Minerals and waste planning policy](#)
- [Local transport plan](#)
- [Community safety framework](#)
- [Let's Talk Kent \(consultation website\)](#)
- [Annual Budget](#)
- [Treasury Management Strategy](#)

26.13 *Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.*

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Actions and behaviours that demonstrate good governance:

Sub-principle - Determining interventions.

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved however services are provided.
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

Sub-principle – Planning interventions.

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities, and targets.
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
- Considering and monitoring risks facing each partner when working collaboratively including shared risks.
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
- Ensuring capacity exists to generate the information required to review service quality regularly.
- Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan.
- Informing medium- and long-term resource planning by drawing up realistic

estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.

Sub-principle - Optimising achievement of intended outcomes.

- Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints.
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
- Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
- Ensuring the achievement of 'social value' through service planning and commissioning.

What we have in place:

- [Forthcoming Executive Decisions \(FED\)](#)
- [Annual Budget](#)
- [Medium Term Financial Plan](#)
- [Constitution: Part Two \(Functions and Decision-Making\)](#)
- [School admission appeals process](#)
- [Asset Management Strategy 2018-23](#)
- [Commissioning framework](#)
- [Strategic Delivery Plan](#)
- [Control framework for strategies and policies](#)
- [Let's Talk Kent \(consultation website\)](#)
- Budget monitoring process
- Performance monitoring process
- [Risk Management Strategy](#)

26.14 *Principle E – Developing the local authority's capacity, including the capability of its leadership and the individuals within it.*

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff Members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Actions and behaviours that demonstrate good governance:

Sub-principle - Developing the local authority's capacity.

- Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's

<p>resources are allocated so that outcomes are achieved effectively and efficiently.</p> <ul style="list-style-type: none"> • Recognising the benefits of partnerships and collaborative working where added value can be achieved. • Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
<p>Sub-principle - Developing the capability of the local authority's leadership and other individuals.</p> <ul style="list-style-type: none"> • Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. • Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority. • Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political, and environmental changes and risks by: <ul style="list-style-type: none"> ○ ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged, ○ ensuring Members and Officers have the appropriate skills, knowledge, resources, and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis, and ○ ensuring personal, organisational, and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. • Ensuring that there are structures in place to encourage public participation. • Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections. • Holding staff to account through regular performance reviews which take account of training or development needs. • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.
<p>What we have in place:</p> <ul style="list-style-type: none"> • Kent Council Leaders • Operating Standards • Personnel policies • Performance management • Members Induction and Development • Selection and Member Services Committee • Member Development Sub-Committee • Staff Induction, training, and development (including Managing in Kent) • Constitution Sections 10 and 11 (Delegations) • People Strategy 2017 to 2022

- [Pay policy](#)
- [Kent Partners Compact](#)
- [Voluntary and community sector policy](#)
- [Personnel Committee](#)
- [Managing in KCC programme](#)
- [Health, Safety, and Wellbeing services](#)

26.15 *Principle F - Managing risks and performance through robust internal control and strong public financial management.*

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes, and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Actions and behaviours that demonstrate good governance:

Sub-principle - Managing risk.

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
- Ensuring that responsibilities for managing individual risks are clearly allocated.

Sub-principle - Managing performance.

- Monitoring service delivery effectively including planning, specification, execution, and independent post implementation review.
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social, and environmental position and outlook.
- Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.
- Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g., financial statements).

Sub-principle - Robust internal control.

- Aligning the risk management strategy and policies on internal control with achieving the objectives.
- Evaluating and monitoring the authority's risk management and internal control on a regular basis.
- Ensuring effective counter fraud and anti-corruption arrangements are in place.
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
- Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:
 - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment, and
 - that its recommendations are listened to and acted upon.

Sub-principle - Managing data.

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.

Sub-principle - Strong public financial management.

- Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

What we have in place:

- [Equality Impact Assessments Policy](#)
- [Constitution Section 13 \(Financial Procedures\)](#)
- [Financial Regulations](#)
- [Councillor allowances and expenses](#)
- [Local Authority Companies Manual](#)
- [Data quality policy](#)
- [The Code of Recommended Practice for Local Authorities on Data Transparency](#)
- [Risk Management Strategy](#)
- [Corporate Risk Register](#)
- [Governance and Audit Committee](#)
- [Spending the Council's Money \(procurement policy\)](#)
- [Anti-Bribery Policy](#)
- [Anti-Fraud and Corruption Policy](#)
- [Anti-Money Laundering Policy](#)
- [Data Protection Policy](#)
- [Data Protection Impact Assessments](#)
- [Data Breach Policy](#)
- [Records Management Policy](#)
- [Governance and Audit Committee](#)
- [Information Security Policies](#)
- [Corporate Information Governance Group](#)

26.16 *Principle G - Implementing good practices in transparency, reporting and audit to effective accountability.*

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Actions and behaviours that demonstrate good governance:

Sub-principle - Implementing good practice in transparency.

- Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.

Sub-principle - Implementing good practices in reporting.

- Reporting at least annually on performance, value for money and the stewardship of its resources.
- Ensuring Members and senior management own the results.
- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement).
- Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.

Sub-principle - Assurance and effective accountability.

- Ensuring that recommendations for corrective action made by external audit are acted upon.
- Ensuring an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
- Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

What we have in place:

- [Webcasting of public meetings](#)
- [Web Accessibility Policy](#)
- [Statement of Accounts](#)
- [Annual Governance Statement](#)
- [Business Plans](#)

- [Access to information](#)
- [Let's Talk Kent \(consultation website\)](#)
- [Governance and Audit Committee](#)
- [Personnel Committee](#)
- Peers/External reviews
- Internal audit opinion
- External audit letters
- [Internal audit charter](#)

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Appendix B – Current Section 26 of the Constitution – Code of Corporate Governance

Code of Corporate Governance

Introduction to the Code of Corporate Governance

Code of
Corporate
Governance

- 26.1 Corporate Governance is the system by which local authorities direct and control their functions in the best interests of their communities.
- 26.2 Good corporate governance is fundamental to securing confidence in public services, and so governance arrangements must be transparent to the community and other stakeholders, and promote their involvement, in order to demonstrate openness, integrity, and accountability.
- 26.3 Governance arrangements should be aligned with the Council’s core vision and objectives, and ensure continuous improvement in the context of economy, efficiency and effectiveness.
- 26.4 The Code of Corporate Governance describes the principles applied by Kent County Council as the framework for good corporate governance, how we are achieving those principles, and the key policies and plans in place to support this.
- 26.5 The Code follows closely the six principles identified in ‘Delivering Good Governance in Local Government (2007)’, published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), as a framework for local authorities.
- 26.6 The Council’s governance arrangements are reviewed annually and reported, with any consequential recommendations, to the Governance and Audit Committee and the County Council for approval.
- 26.7 The Code as adopted by Kent County Council is set out in the following tables:

Principle One: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a Vision for the local area.

Key Elements	<ul style="list-style-type: none"> • Exercising strategic leadership by developing and clearly communicating the Council’s purpose and vision, and it’s intended outcomes for citizens and service users • Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning • Ensuring the Council makes best use of resources, and that taxpayers and service users receive excellent value for money
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How We Achieve This	<ul style="list-style-type: none"> • Develop and promote our purpose and vision to be used as a basis for corporate and service planning • Regularly review our vision for the local area and its impact on our governance and financial arrangements • Ensure that partnerships work to a common vision which all parties understand/agree • Publish annual reports communicating our activities and achievements, financial position and performance • Measure quality of service, and ensure availability of information needed to effectively review our service quality • Put in place effective procedures to identify and address failures in service delivery, including complaints and consultation mechanisms for our service users • Measure value for money, and ensure that we have the information needed to review value for money and performance effectively • Measure of the environmental impact of our policies, plans and decisions
Policies / Plans	<p>Vision for Kent 2012-2022 Facing the Challenge Complaints and Feedback Whistle Blowing Policy Kent Council Leaders Medium Term Financial Plan Consultation Page Environment Policy Equality Impact Assessment</p>

Principle Two: Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

Key Elements	<ul style="list-style-type: none"> • Ensuring effective leadership throughout the Council and being clear about executive, non-executive and scrutiny functions/roles • Ensuring that a constructive working relationship exists between Council Members and Officers, and that the responsibilities of Members and Officers are carried out to a high standard • Ensuring relationships between the Council and the public are clear so that each knows what to expect of each other
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How We Achieve This	<ul style="list-style-type: none"> • A clear statement of the respective roles and responsibilities of our executive, individual executive Members, and the Scrutiny function, and our approach towards putting this into practice • A clear statement of the respective roles and responsibilities of our non-executive Members, Members generally, and our senior Officers • A scheme of delegation and reserved powers within our Constitution, including a formal schedule of matters specifically reserved for collective decision of the Council, taking account of relevant legislation, to be monitored and revised as required • Making the Corporate Management Team responsible and accountable to the Council for all aspects of operational management Protocols ensuring that the Leader and Chief Officers negotiate their respective roles and that a shared understanding of roles and objectives is maintained • Making the Chief Finance Officer (Section 151 Officer) responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control • Making the Monitoring Officer responsible to the Council for ensuring that agreed procedures are followed, and for ensuring compliance with all applicable statutes and regulations • Protocols to ensure effective communication between Members and Officers • Set out terms and conditions for remuneration of Members and Officers, and an effective structure for managing the process, including an independent remuneration Panel, and effective mechanisms for monitoring performance and service delivery • Ensuring that our vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated • When working in partnership, ensuring that our Members are clear about their roles and responsibilities, both individually and collectively in relation to the partnership and to the Council, that there is clarity about the legal status of the partnership, and that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions
Policies / Plans	Constitution: Part Two Financial Regulations Member and Officer Codes of Conduct Personnel policies Performance management Forthcoming Executive Decisions (FED) Councillor Allowances Local Authority Companies Manual Outside Body list

Principle Three: Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Key Element	<ul style="list-style-type: none"> • Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance • Ensuring that organisational values are put into practice and are effective
How We Achieve This	<ul style="list-style-type: none"> • Ensure that our leadership sets a tone for the organisation by creating a climate of openness, accountability, integrity, support and respect • Ensure that standards of conduct and personal behaviour expected of our Members and Officers, of work between our Members and Officers, and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols • Put in place arrangements to ensure that our Members and Officers are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and put in place appropriate processes to ensure that they continue to operate in practice • Maintain shared values including leadership values for both the Members and Officers reflecting public expectations, and communicate these with our Members, Officers, the community and partners • Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice • Develop and maintain an effective ethical standards regime to ensure that high standards of conduct are embedded in our culture • Use our shared values to act as a guide for decision making, and as a basis for developing positive and trusting relationships within the Council • In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively
Policies / Plans	<p>Member and Officer Codes of Conduct Equalities policy Information and Data The Code of Recommended Practice for Local Authorities on Data Transparency Financial Regulations Standards Committee Whistle Blowing Policy Member and Officer Registers of personal interests Kent Partners Compact Members Induction</p>

Principle Four: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

<p>Key Elements</p>	<ul style="list-style-type: none"> • Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny • Having good quality information advice and support to ensure that services are delivered effectively and are what the community wants/needs • Ensuring that an effective risk management system is in place • Using legal powers to the full benefit of citizens and communities in the local area
<p>How We Achieve This</p>	<ul style="list-style-type: none"> • Develop and maintain an effective scrutiny function that encourages constructive challenge and enhances our performance overall, and that of any organisation for which we are responsible • Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based • Put in place arrangements to safeguard Members and Officers against conflicts of interest, and put in place appropriate processes to ensure that they continue to operate in practice • Develop and maintain an effective Governance and Audit Committee which is independent of the executive and scrutiny functions • Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints • Ensure that those making decisions for the Council or its partnerships are provided with information that is fit for purpose (relevant, timely, and giving clear explanations of technical issues and their implications) • Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately • Ensure that risk management is embedded within our culture, with Members and Officers at all levels recognising that risk management is part of their role • Ensure that arrangements are in place for whistleblowing to which Officers and all those contracting with the Council have access • Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law
<p>Policies / Plans</p>	<p>Constitution: Part Two Financial Regulations Member and Officer Codes of Conduct Member and Officer Registers of personal interests Complaints and Feedback Whistle Blowing Policy Members Induction Introduction to Risk Management Corporate Risk Register Governance and Audit Committee Forthcoming Executive Decisions (FED)</p>

Principle Five: Developing the capacity and capability of Members and Officers to be effective.

<p>Key Elements</p>	<ul style="list-style-type: none"> • Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles • Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as groups • Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal
<p>How We Achieve This</p>	<ul style="list-style-type: none"> • Provide induction programmes tailored to individual needs, and regular opportunities for Members and Officers to update their knowledge • Ensure that statutory Officers have the skills, resources and support necessary to perform their roles effectively, and that these roles are understood throughout the Council • Assess the skills required by our Members and Officers, and make a commitment to develop those skills to enable roles to be carried out effectively • Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed • Ensure that effective arrangements are in place for reviewing the performance of our executive, and of individual Members, and addressing any training or development needs • Ensure that there are effective arrangements designed to encourage individuals from all Sections of the community to engage with, contribute to, and participate in the work of the Council, including putting themselves forward for election as Members of the Council • Ensure that career structures are in place for Members and Officers, to encourage participation and development
<p>Policies / Plans</p>	<p>Staff Induction programme Staff Training and Development Constitution: Sections 10-11 Members Induction Performance management Kent Council Leaders Kent Manager The Kent Show Webcasting of public meeting Independent school admissions appeal Panels</p>

Principle Six: Engaging with local people and other stakeholders to ensure robust public accountability.

<p>Key Elements</p>	<ul style="list-style-type: none"> • Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships • Taking an active and planned approach to dialogue with, and accountability to, the public to ensure effective/appropriate service delivery whether directly by the Council, in partnership or by commissioning • Making best use of human resources by taking an active and planned approach to meet responsibility to staff
<p>How We Achieve This</p>	<ul style="list-style-type: none"> • Making sure that the Council, all staff, and the community are clear about to whom the Council is accountable and for what • Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of relationships and any changes required • Produce an annual report on the activity of the scrutiny function • Ensure clear channels of communication with all Sections of the community and other stakeholders, with monitoring arrangements to ensure that they operate effectively • Hold meetings in public unless there are justifiable reasons for confidentiality • Ensure that there are arrangements enabling the Council to engage effectively with all Sections of the community, recognising different priorities and establishing explicit processes for dealing with competing demands • Having a clear policy on what issues the Council will meaningfully consult on or engage with the public and service users about, including a feedback mechanism to demonstrate what has changed as a result • Publish an annual performance plan giving information on our vision, strategy, plans and financial statements as well as information about outcomes, achievements and the satisfaction of service users • Ensure that the Council is open and accessible to the community, service users and its staff, ensuring a commitment to openness and transparency in all dealings, including partnerships, subject only to specific circumstances where confidentiality is justified • Develop and maintain a clear policy on how our staff and their representatives are consulted and involved in decision making
<p>Policies / Plans</p>	<p>Vision for Kent 2012-2022 Business Plans Complaints and Feedback procedures Whistleblowing Policy Kent Forum Consultation Strategy Petitions Scheme Forward Plan Constitution Statement of Accounts Information and Data The Code of Recommended Practice for Local Authorities on data transparency</p>

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By: James Flannery – Counter Fraud Manager

To: Governance and Audit Committee – 25th January 2022

Subject: **Policy Review:
Anti-Money Laundering Policy
Anti-Bribery Policy
Anti-Fraud and Corruption Strategy
Whistleblowing Policy – Internal & External**

Classification: Unrestricted

Summary:

This report details:

- Updates to key policies following a review against changes in legislation and guidance

Recommendation: To agree amendments to the policies prior to submission to the Governance and Audit Committee for approval

Introduction

- 1.1 As part of Internal Audit & Counter Fraud corporate service, a review has been conducted against key policies as part of their annual review.
- 1.2 The following provides a summary of changes to each of the policies, with the actual amended policies attached as appendixes:

Policy	Key updates
Anti-Money Laundering Policy Appendix 1	<p>No changes in legislation or guidance have been identified as part of this policy review.</p> <p>The assessed risk is still low due to the low amount of cash Kent County Council receives that are from known cash income sources and low volumes and low amounts of refunds being made.</p> <p>Therefore, no changes are required, it is recommended this policy is reviewed every two years or when there is a relevant change in legislation/ guidance whichever is sooner.</p>
Anti-Bribery Policy Appendix 2	<p>No changes in legislation or guidance have been identified as part of this policy review.</p> <p>Therefore, no changes are required, it is recommended this policy is reviewed every two years or when there is a relevant change in legislation/ guidance whichever is sooner.</p>
Anti-Fraud & Corruption Strategy Appendix 3	<p>Updated to refer to the KCC Prosecution and Sanction Policy.</p> <p>Updated to refer to the External Whistleblowing Policy</p> <p>It is recommended the strategy is reviewed every two years or when there is a relevant change in legislation/ guidance whichever is sooner.</p>

Whistleblowing
Policy - Internal
and External
Whistleblowing
Internal procedure
Appendix 4, 5 & 6.

Internal Policy and Procedure - Updates in named contacts and minor terminology changes

External policy – Introduces a policy to manage concerns being raised by those not directly employed by KCC but may be exposed to wrongdoing.

Front page is in easy read format so members of the public can access the key information easily without reading the whole policy.

Once adopted, will review initially after a year for two years to monitor how the policy is being delivered, thereafter every two years.

Recommendations

- 1.3 To agree the updates to the policies, providing any comments or amendments prior to submission to January 2022 Governance and Audit Committee.

James Flannery, Counter Fraud Manager

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Jan 2022

Anti-Money Laundering Policy

Document Owner	Zena Cooke Corporate Director Finance
Version	Version 6

Version	Reviewed	Reviewer	Approver	Date approved
Original				
2	29 Sept 2014	Internal Audit	Governance & Audit Committee	29 Jan 2015
3	16 Oct. 2017	Internal Audit	Governance & Audit Committee	1 Nov 2017
4	05 Sept 2018	Internal Audit	Governance & Audit Committee	24 Oct 2018
5	06 Sept 2019	Internal Audit	Governance & Audit Committee	21 Jul 2020
6	14 Dec 2021	Internal Audit	Governance & Audit Committee	25 Jan 2021

1. Introduction

- 1.1. Kent County Council has a zero tolerance policy concerning money laundering and is committed to the highest standards of conduct.
- 1.2. The Proceeds of Crime Act (POCA) 2003, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on Kent County Council and its employees to ensure that procedures are in place to prevent the Council's services being used for money laundering.
- 1.3. This policy sets out the process to minimise the risk, as well as provide guidance on the Council's money laundering procedures. Adhering to this policy and guidance will protect employees from the risk of prosecution if an employee becomes aware of money laundering activity while employed by the Council.
- 1.4. The policy is not intended to prevent customers and service providers from making payments for Council services, but to minimise the risk of money laundering in high value cash transactions.

2. Policy Statement

- 2.1. Kent County Council is committed to:
 - Preventing the Council's services and employees from becoming a victim of, or unintentional accomplice to, money laundering activities.
 - Identifying the potential areas where money laundering may occur and strengthening procedures to minimise the risks.
 - Complying with all legal and regulatory requirements, with particular regard to the reporting of actual or suspected cases of money laundering.
- 2.2. It is important that every member of staff is aware of their responsibilities and remains vigilant.

3. Scope of Policy

- 3.1. This policy applies to **all** employees and Members of the Council, whether permanent or temporary.
- 3.2. The aim of this policy is to support employees and Members in responding to concerns that have been highlighted in the course of their work for the council. If staff or Members are concerned about a matter unrelated to work, the Police should be contacted.

4. Definition of Money Laundering

- 4.1. The term 'Money Laundering' can be used to describe a number of offences involving the proceeds of crime or terrorist financing. In simple terms, money laundering is a process used by criminals to make the proceeds of their crimes appear as though they originated from a legitimate source. Money launderers aim to disguise the identity of the criminal and/or conceal their connection to the proceeds of the crimes.
- 4.2. The following constitute money laundering offences:
- Concealing, disguising, converting, transferring criminal property or removing it from the UK (section 327 of the Proceeds of Crime Act 2002).
 - Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328).
 - Acquiring, using or possessing criminal property (section 329).
 - Doing something that might prejudice an investigation e.g. falsifying a document.
 - Failure to disclose one of the offences listed above, where there are reasonable grounds for knowledge or suspicion.
 - Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.
- 4.3. There is a possibility that any member of staff could be prosecuted for money laundering offences if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This policy sets out the appropriate practice and how any concerns should be raised.
- 4.4. Although the risk to the Council of contravening the legislation is low, it is important that all employees are aware of their responsibilities as serious criminal sanctions may be applied to those who breach the legislation.
- 4.5. **The significant requirement for employees is to immediately report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO; see section 7.1). Failure to do so could lead to prosecution.**

5. Identifying Money Laundering

- 5.1. There is no clear definition of what constitutes a suspicion of money laundering – common sense will be needed, see Annex 1 for a list of areas

that may be affected. Although you do not need to have actual evidence that money laundering is taking place, mere speculation is unlikely to be sufficient to give rise to knowledge or suspicion. However, if you deliberately shut your mind to the obvious, this will not absolve you of your responsibilities under the legislation.

5.2. Examples of money laundering activity include:

- Large cash payments;
- Asking for cash refunds on credit card payments; or
- Overpaying bills and invoices and then asking for cash refunds.

5.3. Any transaction involving an unusually large amount of cash should cause concern and prompt questions to be asked about the source. This will particularly be the case where the value of cash paid exceeds the amount due to settle the transaction and the person(s) concerned ask for a non-cash refund of the excess.

5.4. If the person(s) concerned use trusts or offshore funds for handling the proceeds or settlement of a transaction, then the reasons for this should be questioned.

5.5. Care should be exercised and questions asked where:

- A third party intermediary becomes involved in a transaction;
- The identity of a party is difficult to establish, or is undisclosed;
- A company is used where the ultimate ownership of the company is concealed or difficult to verify; and/or
- A party is evasive about the source or destiny of funds.

6. The Council's Obligations

6.1. The Council is obligated to:

- Appoint a money laundering reporting officer;
- Maintain client identification procedures in certain circumstances;
- Implement a procedure to enable the reporting of suspicions of money laundering;
- Report any cash transactions over €10,000 (or the Sterling equivalent);
- Provide training to officers at risk of being exposed to money laundering;
- Maintain sufficient records.

7. The Money Laundering Reporting Officer (MLRO)

- 7.1. The Council has nominated the following officers to be responsible for anti-money laundering measures within the Council:

MLRO: **Zena Cooke**, Corporate Director of Finance
Email: zena.cooke@kent.gov.uk Tel: 03000 419205

Deputy MLRO: **Jonathan Idle**, Head of Internal Audit & Counter Fraud
Email: Johnathan.idle@kent.gov.uk Tel: 03000 417840

- 7.2. In the absence of the MLRO or in instances where it is suspected that the MLRO themselves are involved in suspicious transactions, concerns should be raised with David Cockburn, the Head of Paid Service.

8. Further information

- 8.1. Further information can be obtained from the MLRO and the following websites:

- www.nationalcrimeagency.gov.uk
- Proceeds of Crime (Anti- Money Laundering) - Practical Guidance for Public Service Organisations'- CIPFA
- Money Laundering Guidance at www.lawsociety.org.uk
- HM Revenue & Customs <http://www.hmrc.gov.uk/mlr/>

9. Conclusion and Risk Assessment

- 9.1. The risk of Kent County Council service being exposed to money laundering is extremely low. This is assessed due to the low amount of cash Kent County Council receives that are from known cash income sources and low volumes and low amounts of refunds being made. However, the legislation and requirements that have been implemented must be followed. Failure to comply with such legislation and requirements by individuals could lead to prosecution.

Anti Money Laundering Procedures

1. Reporting concerns

- 1.1. In the event of an employee suspecting a money laundering activity they must immediately report their suspicion to the MLRO, or to the deputy MLRO, using the disclosure report available on Knet. The report must contain as much detail as possible, ideally using the form at Annex 2.
- 1.2. If the suspicious transaction is happening right now, for example someone is trying to make a large cash payment, every effort should be made to speak with the MLRO or deputy, who will decide whether to accept the payment or suspend the transaction. If it is not practical or safe to do so, a report should be made to the MLRO or deputy immediately after the transaction is complete.
- 1.3. The information provided to the MLRO will be used to decide whether there are reasonable grounds to demonstrate knowledge or suspicion of money laundering, whether further investigation is necessary, whether the transaction should be accepted or suspended, and if appropriate, whether a suspicious activity report should be made to the National Crime Agency (NCA). If it is not practical or safe to suspend a suspicious transaction a report should be made to the National Crime Agency immediately after the transaction is complete.
- 1.4. The employee must follow directions given to them by the MLRO and must **not** discuss the matter with others or notify the person(s) who is suspected of money laundering. 'Tipping off' a person suspected of money laundering is a criminal offence.
- 1.5. The MLRO or deputy must immediately evaluate any disclosure to determine whether the activity should be reported to the National Crime Agency (NCA).
- 1.6. The MLRO or deputy must, if they so determine, promptly report the matter to NCA in a prescribed manner and on their standard report form (currently referred to as a suspicious activity report (SAR)). This can be found on the NCA website: www.nationalcrimeagency.gov.uk

2. Identification of Clients

- 2.1. In general, management should ensure that appropriate checks are carried out on new partners, suppliers and contractors in accordance with the Council's existing policies and procedures.

2.2. However, where the Council is carrying out a **'relevant business'**,¹ and as part of this:

- forms an ongoing business relationship with a client; or
- undertakes a one-off transaction involving payment by or to the client of €10,000 (or the equivalent in sterling) or more; or
- cash payments totalling €10,000 or more which appear to have been broken down into smaller amounts so that they come below the high value limit; or
- it is known or suspected that a one-off transaction (or a series of them) involves money laundering.

Then the client identification procedures (listed below) must be followed before any business is undertaken for that client. In the event the business relationship with the client existed before 1st March 2004 this requirement does not apply.

2.3. Where the 'relevant business' is being provided internally signed, written instructions on Council headed notepaper or an email on the internal email system should be provided at the outset of the business relationship.

2.4. If the 'relevant business' is being provided externally then the following additional checks must be completed:

- Check the organisation's website and other publically available information such as telephone directory services and Companies House to confirm the identity of the personnel, their business address and any other details;
- Ask the key contact officer to provide evidence of personal identity and position within the organisation, for example a passport, photo ID card, driving licence and signed, written confirmation from the Head of Service or Chair of the relevant organisation that the person works for the organisation. This can be obtained through electronic ID verification if it is free from fraud and provide sufficient assurance of the identity of the individual;
- Enhanced due diligence will be required for any transaction where the organisation is established in a high-risk third country, or where the transaction is complex or unusually large.

2.5. Remember, these additional client identification procedures are **only** required when conducting a 'relevant business.'

¹ Relevant business is defined as the provision 'by way of business' of advice about tax affairs; accounting services; audit services; legal services; services involving the formation, operation or arrangement of a company or trust; or dealing in goods wherever a transaction involves a cash payment of €15000 or more

3. The types of activities that may be affected

3.1. The following table sets out the types of activities that might be suspicious, and how the Council may come across those activities. It is not intended to be exhaustive, and just because something you are suspicious about is not on the list, it doesn't mean you shouldn't report it.

Activity	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations
Secretive clients	<ul style="list-style-type: none"> • People buying or renting property from the Council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for Council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements
Illogical transactions	<ul style="list-style-type: none"> • People paying in cash then requesting refunds • Requests for the Council to pay seemingly unconnected third parties in respect of goods / services provided to the Council • Requests for the Council to pay in foreign currencies for no apparent reasons
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property
Movement of funds overseas	<ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for "tax purposes"
Cancellation of earlier transactions	<ul style="list-style-type: none"> • Third party "refunds" grant payment as no longer needed / used • No payment demanded even though good / service has been provided • Sudden and unexpected termination of lease agreements
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> • Queries from other companies regarding legitimacy of customers • Council receiving correspondence / information on behalf of other companies

Extensive and overcomplicated client business structures / arrangements	<ul style="list-style-type: none"> • Requests to pay third parties in respect of goods / services • Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties
Poor accounting records and internal financial control	<ul style="list-style-type: none"> • Requests for grant funding / business support indicates third party not supported by financial information • Companies tendering for contracts unable to provide proper financial information / information provided raises concerns • Tender for a contract which is suspiciously low
Unusual property investments or transactions	<ul style="list-style-type: none"> • Requests to purchase Council assets / land with no apparent purpose • Requests to rent Council property with no apparent business motive
Overcomplicated legal arrangements / multiple solicitors	<ul style="list-style-type: none"> • Property transactions where the Council is dealing with several different parties

4. Training

- 4.1. Officers considered to be most at risk of being exposed to suspicious situations will be made aware by their senior officer and provided with appropriate training.
- 4.2. Additionally, all officers and Members will be familiarised with the legislation and regulations relation to money laundering and how they affect the employees (themselves) and the Council.
- 4.3. It is not necessary for all staff to be aware of the specific criminal offences, staff that are likely to encounter money laundering should be aware of the procedures that are in place. This policy and procedures provides sufficient information to raise awareness for most staff.
- 4.4. It is recommended that staff in areas that are highly vulnerable to money laundering, should be provided with targeted training that is specific to the Council activity at hand. This could be achieved by in-house resources, or through training courses and seminars run by external provider.

Anti Money Laundering Reporting Form

Your Contact Details

Please provide your contacts details in the box below so we can confirm that we have received the report and get into contact with you if required.

Name :	
Role:	
Email:	
Contact Telephone:	

Main Subject

Please provide the details of the person you suspect of money laundering. If you suspect more than one person, please fill in the additional boxes below.

Name:			
Date of Birth:		Gender:	
Occupation:			
Address	Type: (Home, work etc)		

Transaction(s)

Please enter the details of the transactions you think are suspicious

Date:			
Amount:		Currency:	
Credit/Debit			
Reason for the transaction:			

Date:			
Amount:		Currency:	
Credit/Debit			
Reason for the transaction			

Account(s)

Please enter details of the account(s) used.

Account Holder's Name		Acc. No	
		Sort Code:	
Current balance:		Balance date:	

Account Holder's Name		Acc. No	
		Sort Code:	
Current balance:		Balance date:	

Associated Subjects:

If there are any other people you suspect are involved in money laundering, please enter their details below.

Name:			
Date of Birth:		Gender:	
Occupation:			
Reason for association			
Address	Type: (Home, work etc)		

Name:			
Date of Birth:		Gender:	
Occupation:			
Reason for association			
Address	Type: (Home, work etc)		

Linked addresses:

Please enter details of any linked addresses:

Address	Type: (Home, work etc)	

Reason for Suspicion:

Please enter details of your suspicions. Please provide as much information as possible.

KENT COUNTY COUNCIL

ANTI-BRIBERY POLICY

Document Owner	Benjamin Watts General Counsel
Version	Version 6

Version	Reviewed	Reviewer	Approver	Date approved
Original				
4	1 May 2017	Internal Audit	Governance and Audit Committee	1 Nov 2017
5	28 Feb 2020	Internal Audit	Governance and Audit Committee	21 Jul 2020
6	14 Dec 2021	Internal Audit	Governance and Audit Committee	25 Jan 2022

1. Introduction

- 1.1. This policy is introduced to ensure compliance with the Bribery Act 2010. It explains the process through which the Council intends to maintain high standards and to protect the organisation, employees, Members and business partners against allegations of bribery and corruption.
- 1.2. It is the Council's policy to conduct business in an honest and open way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. The Council attaches the utmost importance to this policy and will apply a "zero tolerance" approach to acts of bribery and corruption by any of its Members, employees, or persons and partners acting on our behalf. Any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2. Policy Statement

- 2.1. Bribery is a criminal offence. The Council will not pay bribes, or offer improper inducements to anyone for any purpose, nor will the Council accept bribes or improper inducements. The use of a third party to channel bribes is also a criminal offence. The Council will not engage indirectly in or otherwise encourage bribery.
- 2.2. The Council is committed to ensuring compliance with the highest legal and ethical standards. The Council will commit to policies and procedures to prevent, deter, and detect acts of bribery. The Council will ensure that anti-bribery compliance is an essential aspect of its governance process and at the core of its business principles. It is an on-going process and not a one-off exercise.

3. Objective

- 3.1. This policy presents a clear and precise framework to understand and implement the arrangements required to comply with the Bribery Act 2010. It provides the context for the detailed rules, procedures and controls in place. It should provide no room for misinterpretation and will ensure that Members, employees, volunteers and business partners know what is expected of them in preventing bribery.
- 3.2. This policy should be read in conjunction with, and reinforce, other related policies and documents (see paragraph 27). The provisions in these policies and documents should be reflected in every aspect of the way the Council operates. The requirement to act honestly and with integrity at all times is made clear and is fundamental and non-negotiable.
- 3.3. This policy explains the procedures established to prevent acts of bribery and allow any breach to be identified and reported.

4. Scope

- 4.1. This policy applies to all of the Council's activities. The Council requires that all Members (including independent and co-opted Members), employees at all levels and grades, temporary and agency staff, volunteers, contractors, agents, consultants and partners acting on the Council's behalf, comply with the provisions of this policy. The Council will also seek to promote the adoption of reciprocal anti-bribery and corruption measures that are consistent with the Council's policy by joint venture partners and major suppliers.
- 4.2. The responsibility to mitigate the risk of bribery resides at all levels of the Council and includes all directorates. It does not rely solely on the Council's assurance functions.

5. Policy Commitment

- 5.1. The Council commits to:
 - setting out a clear anti-bribery policy and keeping this up-to-date with regular reviews;
 - making all Members, employees and partners aware of their responsibilities to adhere to this policy at all times;
 - providing training, where appropriate, to allow Members, employees and partners to recognise and avoid the use of bribery by themselves or others;
 - encouraging Members, employees and partners to be vigilant and to report any suspicions of bribery;
 - providing suitable channels of communication (e.g. Whistleblowing Procedure) to ensure that sensitive information is handled appropriately;
 - investigating instances of alleged bribery and assisting the police and other authorities in any prosecution;
 - taking action against anybody acting for or on behalf of the Council who is involved in bribery;
 - reporting breaches and suspected breaches of this policy to Members, employees and partners in an open and transparent way; and
 - including appropriate clauses in contracts with suppliers to advise on the Council's approach to the provisions of the Bribery Act 2010.

6. The Bribery Act 2010

- 6.1. The Bribery Act 2010 was introduced to update and enhance English law on bribery. It creates a strict liability corporate criminal offence of failing to prevent bribery. The only defence against this corporate offence is for organisations to have adequate procedures in place to prevent bribery.

6.2 The Act includes four offences:

- Bribing a person to induce or reward them to perform a relevant function improperly;
- Requesting, accepting or receiving a bribe as a reward for performing a relevant function improperly;
- Using a bribe to influence a foreign official to gain a business advantage;
- In relation to a commercial organization, committing bribery to gain or retain a business advantage, there being no adequate procedures in place to prevent such actions.

6.3 Acts of bribery are intended to influence an individual or organisation in the performance of their duty and for them to act illegally.

6.4 The penalties under the Bribery Act have been raised significantly and are severe. The new corporate offence is punishable with an unlimited fine. An individual guilty of an offence may be liable to imprisonment for up to 10 years or to a fine, or to both.

6.5 The Council accepts that public bodies may be classed as a “commercial organisation” in relation to the corporate offence of failing to prevent bribery. In any event, it represents good governance and practice to have adequate procedures in place to protect the Council, Members, employees and partners from reputational and legal damage. It is in the interests of everybody connected to the Council to act with propriety at all times.

KENT COUNTY COUNCIL
BRIBERY ACT PROCEDURE

1. Council Procedures on the Bribery Act

- 1.1. The Council will follow the guidance issued by the Ministry of Justice. The actions are intended to be proportionate to the risks faced by the Council and to the nature, scale and complexity of the Council's activities. The actions are expected to provide a defence of "adequate procedures" against any corporate offence. The following steps will be taken:
- 1.2. **Top Level Commitment** – The Corporate Management Team is committed to preventing bribery by persons associated with the Council. A report on the Bribery Act 2010 and the introduction of this policy has been approved by the Corporate Management Team (on 23 August 2011) and the Governance and Audit Committee (on 14 September 2011).
- 1.3. **Risk Assessment** – The nature and extent of the Council's exposure to external and internal risks of bribery will be assessed as part of the Council's risk management process. Any risk assessment is intended to be an on-going process based on regular communication and review.
- 1.4. **Due Diligence** – A proportionate and risk based approach will be taken in respect of persons and other organisations that perform services for or on behalf of the Council. Due diligence will include an evaluation of the background, experience and reputation of business partners. The transactions will be properly monitored and written agreements and contracts will provide references to the Bribery Act 2010 and this policy. Reciprocal arrangements may be required for business partners to have their own policies in place. They will be advised of the Council's policy and be expected to operate at all times in accordance with such policy.
- 1.5. **Communication** – The Council will ensure that this policy and other related policies and procedures are embedded in the Council's working arrangements through appropriate communication, including training, which is proportionate to the risks the Council faces. The Council's induction programme will include reference to the Bribery Act 2010 and this policy.
- 1.6. **Monitoring and Review** – This policy, control arrangements, risk management processes and other related policies and procedures designed to prevent bribery and corruption will be monitored, reviewed and improved where necessary on a regular basis. All incidents of bribery or suspected bribery will be reported to the Governance and Audit Committee. An assurance of compliance will be included in the Annual Governance Statement.
- 1.7. In the context of this policy it is unacceptable for persons acting for or on behalf of the Council to:
- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
 - give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure

- accept payment from a third party that is known to be, or suspected to have been, offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if it is known to be, or suspected to have been, offered with an expectation that a business advantage will be provided by the Council in return
- retaliate against or threaten a person who has refused to commit an act of bribery or who has raised concerns under this policy and
- engage in any activity in breach of this policy

2. Gifts and Hospitality

- 2.1. This policy is not intended to change the requirements of the Council's Gifts and Hospitality policies and procedures. This is contained in the Kent Code and in the Members Code of Conduct in the Council's Constitution. The guidelines clearly set out the restrictions on accepting gifts and hospitality, the need to inform the manager and the need to register any approved gifts that are retained.
- 2.2. If there is any doubt about whether an invitation or gift should be accepted then the offer should be refused. Each Corporate Director is required to review their respective Gifts and Hospitality registers at least annually. The Corporate Director of Finance and Procurement will ensure that reminders on this subject and the need for officers to complete a Register of Interests form are sent out every year.
- 2.3. The procedures for Members' registers of interest are set out in the Members' Code of Conduct.

3. Public Contracts

- 3.1. Under the Public Contracts Regulations 2015 (which gives effect to EU law in the UK) a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. It is understood that there are no plans to amend the 2006 regulations for these to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. The Council will use its discretion as to whether to exclude organisations convicted of this offence and any instances where this is the case will be reported to the Corporate Management Team for a decision.

4. Member, staff and partner Responsibilities

- 4.1. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or acting for or on its behalf. All Members, staff, volunteers and partners are required to avoid activity that breaches this policy. Adherence to the policy is mandatory.
- 4.2. Members, staff, volunteers and partners must:

- Ensure that they have read, understood and comply with the Bribery Act Policy.
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred, or may occur in the future.

4.3. In addition to the possibility of criminal prosecution, members of staff who breach the policy will face disciplinary action, which could result in dismissal for gross misconduct.

5. Raising a concern

5.1. Staff are encouraged to raise any concerns with their manager. In addition, the Council has published a Whistleblowing Procedure. This provides information on the courses of action available to report serious concerns (including bribery) in confidence. Members, staff or partners who refuse to accept the offer of a bribe may worry about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.

5.2. The Council is committed to ensuring that nobody suffers detrimental treatment through refusing to take part in bribery.

6. Review of the Bribery Act Policy

6.1. It is the responsibility of the Corporate Director of Finance and Procurement to routinely refresh, review and reinforce this policy and its underlying principles and guidelines. All members of staff are responsible for reading and understanding this policy which will also form part of the induction programme.

7. Other relevant policies

7.1. The following policies, procedure documents and codes of conduct should be read in conjunction with the Bribery Act Policy:

- Constitution
- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Whistleblowing Procedure
- Kent Code
- Disciplinary Procedure
- Members Code of Conduct
- Spending the Council's Money

Anti-Fraud and Corruption Strategy

Document Owner	Jonathan Idle, Head of Internal Audit and Counter Fraud Tel: 03000 416554 Jonathan.Idle@kent.gov.uk
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A. Policy Statement

1. Fraud against Local Government is estimated to cost £7.8¹ billion per year. The Government's Economic Crime Plan states the numbers of fraud offences rose by 12% during 2018 to 3.6m constituting a third of all crimes in UK. This is a significant loss and threat to the public purse. To reduce these losses Kent County Council is committed to:
 - The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
 - The prevention of fraud and the promotion of an anti-fraud culture.
 - A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
 - The investigation of a risk-based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.
 - The Local Government Fraud Strategy: Fighting Fraud Locally which means the Council will:
 - **Govern** the anti-fraud, bribery and corruption measures to ensure they are robust and holistic;
 - **Acknowledge** the threat of fraud and the opportunities for savings that exist;
 - **Prevent** and detect all forms of fraud;
 - **Pursue** appropriate sanctions and recover any losses;
 - **Protect** itself and the community against serious and organised crime, protecting the organisation from becoming a victim of fraud.

Definition of Fraud

2. The Council defines fraud as 'any activity where deception is used for personal gain or to cause loss to another.' Fraud can be committed in one of three ways:
 - **Fraud by false representation** – Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.

¹ CIPFA Fraud and Corruption Tracker Summary Report 2019

- **Fraud by failing to disclose information** – Examples include failing to disclose a financial interest in a company KCC is trading with or failing to disclose a personal relationship with someone who is applying for a job at the council.
 - **Fraud by abuse of position** – Examples include a carer who steals money from the person they are caring for, or staff who order goods and services through the Council's accounts for their own use.
3. While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that is not true.

Definition of Corruption

4. The Council defines corruption as the abuse of entrusted power for private gain; involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.²

Current Threats and their Impact

5. KCC faces a range of fraud and corruption threats and the impact can be significant causing financial loss, reputational damage and harm to service users and the residents of Kent. In the last 12 months, the most frequent types of fraud and similar crimes that have impacted on KCC are as follows:
- **Blue Badge Fraud.** This type of fraud causes a financial loss to the wider Kent economy, undermines the public's confidence in the Blue Badge scheme and prevents genuine Blue Badge users from accessing safe, convenient parking. Using the National Fraud Authority's methodology for calculating losses we estimate the Kent economy could be losing as much as £1.3m per year.
 - **False Applications for Financial Support.** The applications are from parents falsely presenting to the Council as destitute and having no recourse to public funds. This type of fraud has been increasing in Kent. It has a direct financial impact on the Council. Estimating the losses is difficult, but based on previous allegations, it is believed that this type of fraud could result in losses of £250,000 per year.
 - **Misuse of Direct Payments.** This type of fraud causes financial loss to the Council and undermines the public's confidence in the services provided. The individual values vary significantly depending on need

² HM Government (2014) UK anti-corruption plan

but it is estimated that misuse could result in losses of £100,000 per year.

- **Cyber Crime.** This type of offence can manifest in a number of forms, through ransomware and denial of service attacks, change of bank details on mandates, payroll and requests for urgent payments. It is estimated that the potential losses could result into £100,000s per year.
- **Procurement Fraud.** This type of fraud occurs throughout a procurement process, from bribery & cartel risks at tendering stage, through to duplicate/ false invoicing, defective/ non-existent goods and false performance reporting.

Setting the Culture

B. Standards

6. Kent County Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following standards from all employees, agency workers, volunteers, suppliers and those providing services under a contract with KCC:
 - **Selflessness** - Act solely in terms of the public interest.
 - **Integrity** - Avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
 - **Objectivity** - Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
 - **Accountability** - Be accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 - **Openness** - Act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - **Honesty** - Be truthful.

- **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Further reading

7. In addition to this Strategy, there are a range of Policies and procedures that help reduce the Council's fraud risks. These include:
 - Anti-Bribery Policy;
 - Anti-Money Laundering Policy;
 - Whistleblowing Policy and Procedure;
 - The Kent Code;
 - Disciplinary Policy;
 - Financial Regulations;
 - Code of Member Conduct;
 - Financial Regulations;
 - Data Protection Policy.

C. Roles and Responsibilities

The Role of Elected Members

8. As elected representatives, all Members of Kent County Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute.
9. This is achieved through Members operating within the Constitution which includes the Code of Member Conduct, Financial Regulations and Spending the Council's Money.

The Role of Employees

10. Kent County Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the Head of Internal Audit.
11. Employees are expected to comply with the appropriate Code of Conduct and the Council's policies and procedures.
12. Employees are responsible for complying with Kent County Council's policies and procedures and it is their responsibility to ensure that they are aware of

them. Where employees are also members of professional bodies, they should also follow the standards of conduct laid down by them.

13. Employees are under a duty to properly account for and safeguard the money and assets under their control/charge.
14. Employees are required to provide a written declaration of any financial and nonfinancial interests or commitments, which may conflict with KCC's interests. KCC Financial Regulations specify that employees who have a direct or indirect financial interest in a contract shall not be supplied with, or given access to any tender documents, contracts or other information relating to them, without the authority of the senior manager.
15. Failure to disclose an interest or the acceptance or offering of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality – both offered and accepted.
16. Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this Strategy.
17. Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

The role of the Head of Paid Services

18. Ensuring that the authority is measuring itself against the checklist for Fighting Fraud and Corruption Locally and there are sufficient resources to manage the risk of fraud.
19. Ensure the Governance & Audit Committee receives regular reports on the work of those leading on fraud and the external auditor is aware of the reporting.

The role of the Corporate Director of Finance

20. The Corporate Director of Finance is responsible for developing, reviewing and maintaining an Anti-Fraud and Corruption Strategy and for advising on effective systems of internal control to prevent, detect and pursue fraud and corruption; advising on anti-fraud and anti-corruption strategies and measures; and, ensuring that effective procedures are in place to investigate promptly any fraud or irregularity.
21. Ensuring the Head of Internal Audit is assessing its resources and capability at least annually against the current fraud risks and Counter Fraud staff have unfettered access to people and records to prevent and detect fraud.

The Monitoring Officer

22. Ensuring that Members, Governance & Audit Committee and Portfolio leads are aware of Counter Fraud Activity and provide training on Counter Fraud risks and approaches.
23. The Counter Fraud Team are independent of processes and reports to Governance & Audit Committee to ensure there is Member scrutiny.

The role of the Governance and Audit Committee

24. The Governance and Audit Committee is responsible for ensuring that 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; and, that the Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times.
25. Ensuring that the Portfolio lead is up to date and understands the activity being undertaking to Counter Fraud.
26. Provide support and challenge to the Counter Fraud Activity being undertaken across the Council.

Kent County Council's Commitment

27. Fraud and corruption are serious offences and employees and Members may face disciplinary action if there is evidence that they have been involved in these activities. Where criminal offences are suspected, consideration will be given to pursuing criminal sanctions, in line with the KCC Sanction and Prosecution Policy, which may involve referring the matter to the police.
28. In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss including the costs of the investigation whenever appropriate.
29. In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions applied, will be publicised where it is deemed appropriate. This will include use of the Council's Intranet and releasing press statements immediately after criminal convictions are secured. In addition, the Council will promote an anti-fraud culture through fraud awareness campaigns, presentations, training and e-learning.

D. Prevention – Capability, Competence & Capacity

Responsibilities of management

30. The primary responsibility for the prevention and detection of fraud is with management. Management must ensure that they promote an anti-fraud culture and assess the risk of fraud, bribery and corruption. They must ensure appropriate controls are in place to minimise the risk of fraud, for example, this could include establishing procedures, authorisation limits and segregating duties. Management must ensure the controls are operating as expected and are being complied with. They must ensure that adequate levels of checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

31. Management must also ensure that the development of new policies, strategies and initiatives are fraud-proofed by engaging with Counter Fraud Specialists to support the assessment of the fraud risks.

Internal Audit and Counter Fraud

32. The Head of Internal Audit and Counter Fraud is responsible for the independent appraisal of controls and for assisting managers in the investigations of fraud and corruption.

33. Internal Audit includes proactive fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity.

34. The Head of Internal Audit will establish performance measurements for counter fraud activity and will report progress against the performance measurements proactive counter fraud activity and on a quarterly basis to the Governance and Audit Committee.

35. The Counter Fraud Team will provide management with specialist support to assess the risk of fraud, bribery and corruption that it faces through the completion of risk assessments, in particular on the introduction of new policies, strategies and initiatives.

36. Through the completion of proactive and reactive work, make recommendations to management on how to strengthen the counter fraud culture and control framework to help prevent and detect fraud.

Working with others and sharing information - Collaboration

37. The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. This will include:

- Coordinating our activity with the other enforcement teams across the Council, such as Waste and Trading Standards, to maximise our impact.
- Working in partnership with District, Borough and City Councils to share intelligence and target our collective resources at the areas at most susceptible to fraud.
- Working with and supporting the Police and other enforcement agencies.
- Working with the Cabinet Office in the development and introduction of the Government Counter Fraud Profession.

38. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including, but not limited to, the Cabinet Office National Fraud Initiative, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

National Fraud Initiative

39. Kent County Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (to the Cabinet Office) for example payroll, pension, and accounts payable (but not limited to these) which is then matched to data held by public and private sector bodies. Enquires are made into any positive matches (e.g. an employee on the payroll in receipt of housing benefit).

Training and awareness – Communication

40. The successful prevention of fraud is dependent on risk awareness, the effectiveness of training (including induction) and the responsiveness of staff throughout the Council.

41. Management will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.

42. Internal Audit will provide fraud awareness training to risk areas and on request and will publish its successes to raise awareness.

E. Detection and Investigation – Capability, Competence & Capacity

43. The Council is committed to the risk-based investigation of all instances of actual, attempted and suspected fraud committed against the Council and the recovery of funds and assets lost through fraud.

44. Any suspected fraud, corruption or other irregularity must be reported to the Head of Internal Audit. The Head of Internal Audit will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.

45. Action could include:

- Investigation carried out by Internal Audit staff;
- Joint investigation with Internal Audit and relevant directorate management;
- Directorate staff carry out investigation and Internal Audit provide advice and guidance;
- Referral to the Police.

46. The responsibility for investigating potential fraud, corruption and other financial irregularities within KCC lies mainly (although not exclusively) with Internal Audit. Staff involved in this work will therefore be appropriately trained, and this will be reflected in training plans.

F. Raising Concerns and the Whistleblowing Policy

Suspicious of fraud or financial irregularity

47. All suspected or apparent fraud or financial irregularities must be brought to the attention of the Head of Internal Audit in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Head of Paid Service or the Monitoring Officer.

48. If a member of the public suspects fraud or corruption they should contact the Head of Internal Audit or Counter Fraud Manager in the first instance. They may also contact the Council's External Auditor, all of whom may be contacted in confidence.
49. The Council's Internal Audit Section can be contacted by telephone on 03000 414500 or by mail to internal.audit@kent.gov.uk.

Whistleblowing Policy

50. Employees (including Managers) wishing to raise concerns should refer to the Council's Whistleblowing Policy and associated procedures.
51. The Council's Whistleblowing Policy encourages individuals to raise serious concerns internally within KCC, without fear of reprisal or victimisation, rather than over-looking a problem or raising the matter outside. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.
52. Employees wishing to raise concerns can obtain a copy of the Whistleblowing policy and procedure on KNet.
53. Members of the public and those working on behalf of KCC can obtain a copy of the external 'Speaking out against wrong doing Policy' on Kent.gov.uk.

G. Conclusion

54. Kent County Council will maintain systems and procedures to assist in the prevention, detection and investigation of fraud. This Strategy will be reviewed annually and is available on the Council's Intranet (KNet).

Whistleblowing Policy

Speaking up about wrongdoing

Document Owner	Amanda Beer Corporate Director People and Communications
Version	Version 2

Version	Reviewed	Reviewer	Approver	Date Approved
Original				
2	16 December 2021	Internal Audit	Governance & Audit Committee	

1. Introduction

- 1.1. This Policy applies to all persons working for KCC or on our behalf, including members, employees at all levels whether permanent or temporary, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and partners.
- 1.2. This Policy does not form part of any employee's contract of employment. It may be amended at any time and KCC may depart from it depending on the circumstances of any case.
- 1.3. All organisations face the risk of things going wrong or of unknowingly harbouring wrongdoing. By promoting a culture of openness within KCC, employees, partners and other stakeholders are encouraged to raise issues which are of concern at work. By knowing about wrongdoing at an early stage, steps can be taken to safeguard the interests of all staff and prevent fraud and corruption before it happens.
- 1.4. KCC is committed to the highest possible standards of openness, probity, and accountability. If employees and others working with us (including volunteers) have concerns regarding any aspect of our work we encourage them to come forward and speak up with their concerns. In some instances, concerns may need to be expressed on a confidential basis.
- 1.5. To support the implementation of this Policy, a whistleblowing procedure is also available, which can be found on Knet.

2. Aim

- 2.1. This Policy is intended to encourage individuals to raise serious concerns internally within KCC, without fear of reprisal or victimisation, rather than over-looking a problem or raising the matter outside.
- 2.2. This Policy aims to ensure individuals:
 - can feel confident in raising serious concerns and to question and act upon concerns about practice
 - are provided with avenues to raise concerns and receive feedback on any action taken
 - receive a response to their concerns and are aware of how to pursue the matter further if they are not satisfied with the outcome
 - can be reassured that they will be protected from reprisals or victimisation if they make a disclosure
 - are aware that, in the case of KCC employees, a false or malicious disclosure will be addressed in accordance with the KCC Disciplinary Procedure.

3. What is whistleblowing?

- 3.1. A whistle-blower is a person who is working for or with KCC and raises a concern which relates to possible fraud, crime, danger or other serious risks which could threaten service users, customers, members of the public or the success and reputation of KCC.

4. Scope

- 4.1. The Whistleblowing Policy applies to all employees, agency workers, volunteers and those contractors working on KCC premises (e.g. cleaners, builders and drivers etc.), suppliers and those providing services under a contract with KCC in their own premises are also covered by the policy.
- 4.2. Concerns that are raised will be addressed in accordance with the associated whistleblowing procedure and these can include matters such as:
 - conduct which is, has been or is likely to be an offence or breach of law
 - conduct that has occurred, is occurring or is likely to occur the result of which KCC fails to comply with a legal obligation. For example unauthorised use of public funds, possible fraud and corruption, sexual or physical abuse of clients, or other unethical conduct discrimination of any kind and waste/frivolous expenditure
 - a concern that a KCC employee (or someone working with us) or a service user may be at risk of being drawn into extremism and terrorism (See para 10.1)
 - disclosures related to past, current or likely miscarriages of justice
 - past, current or likely health and safety risks, including risks to the public as well as other employees (see 4.3 below)
 - past, current or likely damage to the environment
 - concerns about any aspect of service provision
 - other concerns regarding the conduct (including breaches of known standards or KCC's Standing Orders) of officers or KCC Members or others acting on behalf of the KCC
- 4.3. KCC's Safety Complaints Procedure should be used to raise any issues, concerns or complaints of a health and safety nature and which are not confidential.
- 4.4. If employees wish to raise a concern regarding issues relating to their own employment, the KCC Resolution Procedures should be used. Further information on this procedure can be found on KNet.

5. Protection of the whistle-blower

- 5.1. KCC is committed to the Whistleblowing Policy and individuals are encouraged to raise concerns about malpractice in the context of the policy. Concerns will be treated seriously and actions taken in accordance with this policy.
- 5.2. Individuals may be anxious that, by reporting genuine whistleblowing concerns their actions may leave them vulnerable. It is important to emphasise that KCC will not tolerate the victimisation, intimidation or penalisation of anyone raising a genuine concern, anyone involved in the subsequent investigation or anyone acting as a witness.
- 5.3. Anyone responsible for any such action against individuals making genuine disclosures will be the subject to a disciplinary investigation under the disciplinary policy .

5.4. It is automatically unfair to dismiss an employee if the reason, or main reason, is that they made a protected disclosure, i.e. a disclosure about a 'relevant failure' in the following areas:

- a criminal offence;
- breach of legal obligation;
- a miscarriage of justice;
- danger to an individual's health and safety;
- damage to the environment; or
- deliberate concealment of information relating to any of the above.

5.5. Whistle-blowers receive protection under the Public Information and Disclosure Act 1998. Further information can be found at the end of the policy under Appendix 1

6. Confidentiality

6.1. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.

7. Anonymous Allegations

7.1. Concerns expressed anonymously are much less powerful than those that are attributed to a named individual. However anonymous allegations will be considered and investigated at KCC's discretion. In exercising the discretion, the factors to be taken into account would include:

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

8. Untrue Allegations

8.1. Persons who knowingly make false, malicious or vexation allegations will be investigated and could be subject to disciplinary action under the disciplinary policy.

9. Bribery Act 2010

9.1. KCC has a zero tolerance approach to acts of bribery and corruption. Any instances of suspected bribery and corruption must be reported. If you do not feel able to report your concerns to your line manager, the Whistleblowing Procedure can be used to confidentially raise this matter.

10. Counter-Terrorism & Security Act 2015 – Prevent duty for Local Authorities

10.1. The Counter-Terrorism & Security Act 2015 places a duty on Local Authorities to have due regard to the need to prevent people from being drawn into terrorism. If you have a concern that a KCC employee (or someone who works with us) or a service user is being drawn into extremism or terrorism you should raise this via the ['CHANNEL' referral process](#).

11. Additional Information

11.1. E-Learning module – ‘Whistleblowing with Confidence’

12. Alternative Formats

This document is available in other formats. Call 03000 421553 or email alternativeformats@kent.gov.uk

Appendix 1

The Law

The Public Interest Disclosure Act 1998 (PIDA) applies to all employees and is in place in order to allow employees to raise legitimate concerns about matters that are of a public nature. These include situations where criminal offences, breaches of legislation and illegality occur. These are called "Qualifying Disclosures".

It is not necessary for the worker to have proof that such an act is being, has been, or is likely to be committed; a 'reasonable belief' is enough to form the basis of concerns. Some examples of this may be:

- Criminal offences.
- Fraud, bribery or financial mismanagement.
- Abuse of vulnerable groups of people.
- Practices that put the health and safety of employees or customers at risk.
- Failure to comply with legal obligations.
- Breaches of legislation, such as the Data Protection Act.
- Covering up medical negligence.
- Causing damage to the environment.
- Concealment of any of the above.

For a disclosure to be protected it should be made in the appropriate manner to a KCC manager. For example, disclosing a serious health and safety issue to a manager and / or the Health and Safety Officer is likely to be protected, but not if the concern was disclosed directly to the newspapers or media without having first attempted to make the organisation aware of the problem.

This policy provides guidance on what falls under the scope of the whistleblowing legislation, how any such issues may be raised in confidence within KCC and provides assurances that its employees will be protected from suffering from any detriment (i.e. victimisation, discrimination or dismissal) for raising any matters of public interest.

Whistleblowing Procedure Speaking up about wrongdoing

Document Owner	Amanda Beer Corporate Director People and Communications
Version	Version 2

Version	Reviewed	Reviewer	Approver	Date Approved
Original				
2	16 Dec 2021	Internal Audit	Governance & Audit Committee	

1. Introduction

- 1.1. It is important for individuals (employees, agency workers, volunteers and those contractors working on KCC premises) to have an appropriate means to raise concerns if they believe that something is seriously wrong within KCC.
- 1.2. You may become aware of, or directly witness, situations or conduct that makes you feel uncomfortable or you regard as inappropriate. The Whistleblowing Procedure provides a means for you to raise concerns about matters not related to your own employment or your work within KCC but which you feel need to be examined. Examples of the type of matters that could lead to you wishing to raise a whistleblowing concern are:
 - conduct which is, has been or is likely to be an offence or breach of law
 - conduct that has occurred, is occurring or is likely to occur the result of which KCC fails to comply with a legal obligation. For example unauthorised use of public funds, possible fraud and corruption, sexual or physical abuse of clients, or other unethical conduct discrimination of any kind and waste/frivolous expenditure
 - a concern that a KCC employee (or someone working with us) or a service user may be at risk of being drawn into extremism and terrorism (See para 10.1)
 - disclosures related to past, current or likely miscarriages of justice
 - past, current or likely health and safety risks, including risks to the public as well as other employees (see below)
 - past, current or likely damage to the environment
 - concerns about any aspect of service provision
 - other concerns regarding the conduct (including breaches of known standards or KCC's Standing Orders) of officers or KCC Members or others acting on behalf of the KCC
- 1.3. This document outlines the process that will be followed in the event of a whistleblowing concern being raised.

2. Other Procedures

- 2.1. This procedure is separate from KCC's Complaints Procedures and other statutory reporting procedures applying to some Directorates. Managers are responsible for making service users aware of these procedures.
- 2.2. Any investigation into allegations of potential malpractice under this procedure will not influence or be influenced by any disciplinary or redundancy procedures that already affect an individual.
- 2.3. KCC's Safety Complaints Procedure should be used to raise any issues, concerns or complaints of a health and safety nature and which are not confidential.
- 2.4. If, as an employee, you wish to raise a concern regarding issues relating to your own employment KCC has a Resolution Policy and Procedure that you can use. Further information on these documents can be found on KNet.

3. How to Raise a Concern

General

3.1. Concerns can be raised verbally or in writing. A concern should:

- set out the background and history of the concern, giving names, dates and places where possible
- give the reason why you are particularly concerned about the situation.

3.2. The earlier a concern is raised the easier it is to take action. Although you are not expected to prove beyond doubt the truth of an allegation, you need to demonstrate to the person contacted that there are sufficient grounds for your concern. A trade union or professional association may raise a matter on your behalf.

3.3. If you intend to raise a whistleblowing concern you are encouraged to include your name. If you specifically request for your name not be released during the examination of your concern, all efforts will be made for this information to remain confidential. However, if you are required to participate in the process as a witness, it may not be possible for your name to be withheld.

3.4. A trade union or professional association may raise a matter on your behalf.

3.5. In the event of anonymous allegations being received, this should be sent to one of the Senior Management contact points and/ or Internal Audit who will determine whether or not it is possible and appropriate for the allegations to be examined.

Step One – Raising a Concern

3.6. Whenever possible you should raise your concern with your immediate manager or his/her manager, who can, if needed, seek guidance and advice from one of the Senior Management Contact Points. If this is not appropriate or you feel your concerns are not being addressed, you should approach the following officers and Senior Management contact points who support Corporate Directors according to the nature of the concern:

Directorate	Contact Name	Email
Strategic & Corporate Services	Rachel Chalmers-Stevens	Rachel.Chalmers.stevens@kent.gov.uk 03000 410004
Growth, Environment & Transport	Theresa Warford	Theresa.Warford@kent.gov.uk 03000 417 192
Education & Young People's Services	Jenny Hall	Jenny.Hall@kent.gov.uk 03000 416188
Social Care, Health & Wellbeing	Jade Caccavone	Jade.Caccavone@kent.gov.uk 03000 416 169

Senior Management contact points	Amanda Beer – Corporate Director People and Communications	Amanda.Beer@kent.gov.uk 03000 415835
Senior Management contact points	Ben Watts – General Counsel	Benjamin.Watts@kent.gov.uk 03000 416 814
Senior Management contact points	Jonathan Idle – Head of Internal Audit	Jonathan.Idle@kent.gov.uk 03000 417 840
Senior Management contact points	James Flannery - Counter Fraud Manager	James.Flannery@kent.gov.uk 03000 416 621

Recording Concerns

- 3.7. Each Directorate will be responsible for maintaining their own whistleblowing log. Managers who receive a concern should send details to their relevant directorate contact as above. The log will include the area of business that have been affected, a summary of the concerns being raised, action taken and the resulting outcome.
- 3.8. Internal Audit maintain a central record of whistleblowing concerns. Directorates will be required to provide a copy of their whistleblowing log on a quarterly basis to Internal Audit for inclusion into the central log to ensure a complete record is maintained.
- 3.9. Managers that receive Whistleblowing concerns must report the matter to the above departmental contacts and Internal Audit for inclusion on the central record by sending the details to internal.audit@kent.gov.uk with the subject line 'Whistleblowing'.
- 3.10. KCC has an [Anti-Fraud and Corruption Strategy](#) and all suspected financial irregularities must be reported to the Head of Internal Audit.

Whistleblowing Hotline

- 3.11. Internal Audit is independent and provides objective assurance and consulting activity designed to add value and improve an organisation's operations. If you wish to raise any type of Whistleblowing concern directly with Internal Audit (anonymously if necessary) please call the Whistleblowing helpline on 03000 414 500 or e-mail internal.audit@kent.gov.uk.

Step Two - How KCC will respond

- 3.12. The action KCC takes will depend on the nature of the concern. The matters raised may:
- be investigated internally by management, Internal Audit or through the disciplinary or other internal process

- be referred to the Police
- be referred to the External Auditor
- form the subject of an independent inquiry.

3.13. You will be written to within ten working days of your concern being raised

- acknowledging that the concern has been received
- indicating how KCC proposes to deal with the matter
- giving an estimate of how long it will take to provide a final response
- informing you if any initial enquiries have been made
- whether further investigations will take place and, if not, why not.

3.14. In order to protect individuals and KCC, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (e.g. child protection or discrimination issues) will normally be referred for consideration under those procedures.

3.15. An appropriate manager will conduct preliminary enquiries into the matters you have raised. In order to determine whether your concern needs to be formally investigated the manager will seek advice from the People and Communication Team and, where appropriate, safeguarding professionals, Internal Audit or the Counter Fraud Manager.

3.16. When any meeting is arranged you have the right to be accompanied by a trade union representative or a workplace colleague who is not involved in the area of work to which the concern relates.

3.17. The formal investigation will identify what, if any, action is required to address the concerns you identified via the Whistleblowing Procedure. This may involve disciplinary action against another KCC employee or the involvement of agencies such as the Police or the External Auditor.

3.18. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

Protection from Reprisals and Victimisation

3.19. KCC does not tolerate reprisals, victimisation or harassment and will take all reasonable action to protect you if you raise a concern via the Whistleblowing Procedure. KCC will treat any reprisals, victimisation or harassment as a serious matter and if this involves a KCC employee it will be investigated in accordance with the Disciplinary Procedure. In the event of a disciplinary case being found, this could potentially result in the person's dismissal.

Public Interest Disclosure

3.20. The Public Interest Disclosure Act 1998 gives employees two safeguards in respect of disclosures of information.

- An employee is entitled not be subjected to any detriment by virtue of having made a protected disclosure.
- The dismissal of any KCC employee directly due to the individual having made such a disclosure will automatically be unfair

Support

3.21. KCC will take steps to minimise any difficulties you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, KCC will advise or arrange for you to have advice about the procedure.

3.22. KCC accepts that you need to be assured that concerns will be properly addressed and, subject to legal constraints, will provide information about the outcomes of any investigations.

Contact

3.23. The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought.

4. How the Matter can be taken further

4.1. This procedure is intended to reassure you and provide clear information to help you raise concerns in confidence and directly with the Council.

4.2. KCC hope you will be satisfied with its response. If you are not, or if you feel for any reason, you can't raise the matter directly with the Council then possible alternative points of contact points are listed below.

4.3. Please be assured that we would rather you raised a matter with an appropriate regulator or outside body than not at all.

Contact Details (External Organisations)	Details
Grant Thornton The Council's external auditors	Address: 30 Finsbury Square, London, EC2A 1AG Tel no. 020 7383 5100
The Local Government and Social Care Ombudsman	Address: PO Box 4771, Coventry, CV4 0EH E-mail: advice@lgo.org.uk Web: www.lgo.org.uk Tel no. 03000 061 0614
The Equalities and Human Rights Commission	Address: FREEPOST Equality Advisory Support Service FPN4431 Email: correspondence@equalityhumanrights.com Web: www.equalityhumanrights.com Tel no. 0808 800 0082

The Health and Safety Executive (Regional Office)	Address: Health and Safety Executive, International House Dover Place Ashford Kent TN23 1HU : Web: www.hse.gov.uk Tel no. 0845 345 0055
The Environment Agency (Regional Office)	Address: National Customer Contact Centre PO Box 544 Rotherham S60 1BY E-mail: enquiries@environmentagency.gov.uk Web: www.environment-agency.gov.uk Tel No. 0370 850 6506
Citizens Advice	Please refer to web for local information Web: www.citizensadvice.org.uk/
Police	Please refer to web for local information Web: www.kent.police.uk Tel No. non emergencies 101
Your local councillors (if you live in Kent)	Web site: www.Kent.gov.uk
Protect – Free Confidential Whistleblowing advice	Tel No: 020 3117 2520 Website: www.protect-advice.org.uk
Whistleblowing: List of prescribed people and bodies	Website: https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies-2/whistleblowing-list-of-prescribed-people-and-bodies

5. Reporting

- 5.1. Anonymised information on the number of referrals, concerns and outcomes will be reported by the whistleblowing policy owner on a yearly basis to the Governance and Audit Committee. This is to provide assurance on the communication strategy and current awareness of whistleblowing across the organisation.

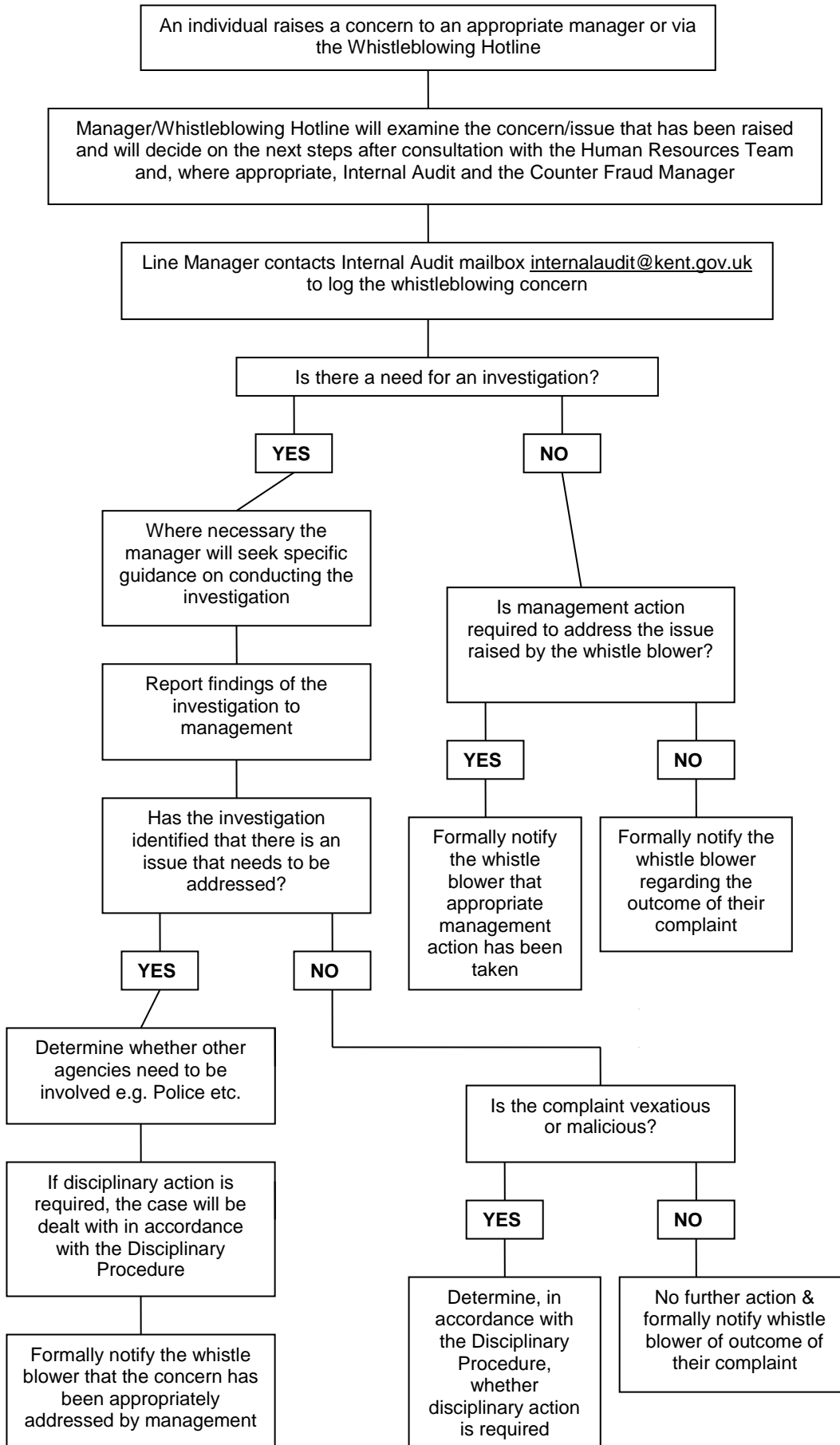
6. False or Malicious Allegations.

- 6.1. Disciplinary action will only be taken against individuals who make malicious or vexatious allegations.

Alternative Formats

This document is available in other formats. Call 03000 421553 or email alternativeformats@kent.gov.uk

Whistleblowing Procedure



If you require this policy in an alternative format, please go to the end of this document for details.

How do I raise a concern?

Ring the Whistleblowing Hotline ☎ 03000 414500

Or

Email / Write

- internal.audit@kent.gov.uk or
- Head of Internal Audit, Sessions House, Maidstone, Kent, ME14 1XQ

Or

Contact a senior officer directly, a list of officers can be found in Annex 1 or on our web site <https://www.kent.gov.uk/about-the-council/how-the-council-works/corporate-management-team> or by telephoning Customer Services on 03000 414141

What information should I provide?

- Background and history of the concern.
- Names, dates and places where possible, and
- The reason why you are particularly concerned about the situation.

You are not expected to prove the truth of your raised concern. You will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

The earlier you express the concern the easier it will be to take appropriate action.

1. Introduction

- 1.1. Kent County Council is committed to the highest possible standards of openness, honesty, integrity and accountability. As part of this commitment, the Council is keen that any activity which falls below these standards is reported to the Council, in order that it can be dealt with promptly. The Council, whilst making every effort to deal fairly and honestly in providing public services, acknowledges that there may be occasions when members of the public suspect that there is or may be something wrong regarding the activities of the Council which needs prompt action to correct it.
- 1.2. The Council recognises the need to encourage anyone with concerns about any aspect of the Council's work to come forward and voice those concerns. Usually, these are easily resolved. However, when these are about unlawful conduct, financial malpractice or dangers to the public, people or the environment, it can be difficult to know what to do. Specific examples could include:
 - a criminal offence (e.g., fraud, theft, bribery, corruption etc.) may have or has been committed;
 - a miscarriage of justice has been or is likely to occur;
 - the health or safety of an individual has been or is likely to be endangered;
 - public funds are being used in an unauthorised manner; the environment has been or is likely to be damaged; the Council's own rules have been or are being breached;
 - abuse (e.g., physical or verbal) of someone receiving a council service, or council employee is taking place; and
 - someone receiving a Council service is being discriminated against (e.g., on the grounds of disability, race, gender).
- 1.3. The Council has this Policy: 'Speaking up about Wrongdoing, arrangements for the public', specifically to enable you, as a member of the public, to raise your concerns about suspected malpractice at an early stage and in the right way. We would rather that you raised the matter when it is just a concern rather than wait for definite proof. This Policy is intended to encourage and enable you to be able to communicate serious concerns with the council rather than overlooking a problem.
- 1.4. If something is troubling you, which you think we should know about, or consider, please use this policy. Don't ignore the concern. If in doubt – raise it!
- 1.5. Concerns or allegations which fall within the scope of individual schools should normally be referred for consideration direct to the school's Chair of Governors.

2. Scope and objectives

Scope

2.1. This policy is provided for use by anyone who is not employed by the council (staff have their own policy). This includes any:

- member of the public;
- elected member;
- other local authorities;
- council service:
 - consultants;
 - contractors;
 - customers;
 - partners;
 - providers;
 - recipients;
 - suppliers.

2.2. It is not intended that this Policy, and its associated procedures, be used to raise concerns which fall within the scope of other Council procedures, where these are available and more appropriate, for example complaints about service delivery (please see the Complaints Procedure on the Council's website).

Objectives

2.3. The objectives of this Policy are to encourage you as a member of the public or someone who engages with KCC to:

- feel confident about raising serious concerns;
- feel reassured that, if you raise any concerns and reasonably believe them to be true (i.e. "Whistle blow"), your concerns will be taken seriously;
- have a range of ways in which to raise concerns and to receive appropriate feedback on any action taken;
- ensure that you receive an appropriate response from the council to the concerns you have raised and, if not satisfied, show how you may take the matter further if you are dissatisfied with the response.

3. Safeguards

Harassment or victimisation

3.1. The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of possible reprisals. The Council will not tolerate victimisation and will act to prevent this when you raise a concern.

Confidentiality

3.2. The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed (information relating to the investigation will be strictly controlled on a need-to-know basis). However, it is not easy for the Council to act on concerns that are made anonymously. If you ask us for your identity to be kept confidential, we will not disclose it without your consent or unless we are required to do so by a Tribunal, Court of Law or an Act of Parliament. If the situation arises where we are not able to resolve the concern without revealing your identity (e.g., a statement by you may be required as part of the evidence), we will discuss with you whether and how we can move forward.

Concerns raised anonymously

3.3. This Policy strongly encourages you to put your name to your concern. Concerns expressed anonymously will be much more difficult for us to consider or to give you feedback. Concerns raised anonymously are much less powerful and less likely to be effective, but they will be considered at the discretion of the Council.

3.4. In exercising discretion, the factors considered will include the:

- seriousness of the issues raised;
- credibility and plausibility of the concern; and
- likelihood of confirming the allegation from the available sources.

4. How to raise a concern directly with the Council

4.1. As a first step, you should normally call the Whistleblowing Hotline, 03000 414500.

4.2. You can also raise your concern directly with the Council's Head of Internal Audit, the Head of Paid Service, Section 151 Officer, or relevant Senior Manager of the service area involved. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that management of the service area is involved then, alternatively, the following individuals can be contacted.

- Head of Paid Service – if the wrongdoing is about standards of behaviour;
- General Counsel - Monitoring Officer - if the wrongdoing is thought to be illegal;
- Section 151 Officer – if the wrongdoing is about improper payments;
- Head of Internal Audit – if the wrongdoing is a fraud;
- Corporate Director of Children, Young People and Education - if the wrongdoing is a children's safeguarding issue.

- Corporate Director of Adult Social Care and Health - if the wrongdoing is an adult safeguarding issue.
- 4.3. Please say if you want to raise the matter in confidence, so the person you contact can make appropriate arrangements.
- 4.4. Specific contact details for Council officers can be found on our web site www.kent.gov.uk or by ringing Customer Services on 03000 414141. A few key officer contacts appear in annex one below, along with a number of external contacts in annex two.
- 4.5. Concerns are better raised in writing. If you choose to do this, you should write:
- an email to internal.audit@kent.gov.uk or,
 - a letter to the Head of Internal Audit, Sessions House, Maidstone, Kent, ME14 1XQ.
- 4.6. You are invited to set out:
- the background and history of the concern,
 - names, dates and places where possible, and
 - the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing, you can telephone or meet the appropriate officer.
- 4.7. Further advice and guidance on what to do if the matter relates to the safeguarding/ financial abuse of children or adults can be found in the:
- www.kent.gov.uk/education-and-children/protecting-children/report-abuse
 - www.kent.gov.uk/leisure-and-community/consumer-protection/Spot-the-signs-of-financial-abuse
- 4.8. The earlier you express the concern the easier it will be for the Council to act.
- 4.9. You are not expected to prove the truth of your concern, but you will need to demonstrate to the person contacted that there are sufficient grounds for your concern.

5. How the Council will respond

- 5.1. The action taken by the Council will depend on the nature of the concern. The matters raised may be:
- investigated internally;
 - referred to the police;
 - referred to the council's external auditor,
 - form the subject of an independent enquiry.

- 5.2. To protect individuals and the Council, initial enquiries will be made to decide what form an investigation should take. Concerns or allegations which fall within the scope of specific procedures (for example, child protection) will normally be referred for consideration under those procedures. Some concerns may be resolved by agreed action without the need for investigation.
- 5.3. Within ten working days of a concern being received, the Council will contact you to:
- acknowledge that the concern has been received;
 - indicate, in overall terms, how it proposes to deal with the matter.
- 5.4. The amount of contact between you and the Council officers considering the issues will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, they may contact you for further information.
- 5.5. The Council will take steps to minimise any difficulties which you may experience because of raising a concern.
- 5.6. The Council accepts that you need to be assured that the matter has been properly addressed and will inform you of the action it is taking or has taken.

6. How the matter can be taken further

- 6.1. This policy is intended to reassure you and provide clear information to help you raise concerns in confidence and directly with the Council.
- 6.2. We hope you will be satisfied with its response. If you are not, or if you feel for any reason, you can't raise the matter directly with the Council then possible alternative points of contact points are listed at Annex 2. Please be assured that we would rather you raised a matter with an appropriate regulator or outside body than not at all.

7. The responsible officer

- 7.1. The Corporate Director, People and Communications has overall responsibility for the maintenance and operation of this Policy for the public. The Monitoring Officer will maintain a corporate register of the number and nature of the concerns raised and the outcomes (but in a form which will protect your confidentiality) and will report as necessary to the Head of Paid Service and the council, where appropriate.
- 7.2. The policy will be reviewed on a regular basis to ensure that it remains up to date and effective. The review will be carried out by the:
- Corporate Director People & Communications;

- General Counsel & Monitoring Officer
- Counter Fraud Manager

8. Alternative formats

8.1. This document is available in other formats. Call 03000 421553 or email alternativeformats@kent.gov.uk

Responsible Officer: Corporate Director People and Communications

Date: 15 December 2021

Review Date: December 2023

Annex 1

Contact Details (Kent County Council) Annex 1 Contact	Details
Head of Paid Service/ Corporate Director of Strategic and corporate Services	David Cockburn
Corporate Director Children, Young People and Education	Matt Dunkley CBE
Corporate Director Adult Social Care and Health	Richard Smith
Corporate Director Growth, Environment and Transport	Simon Jones
Corporate Director Finance	Zena Cooke
General Counsel	Benjamin Watts
Corporate Director People and Communications	Amanda Beer
Corporate Director Growth, Environment & Transport	Simon Jones
Head of Internal Audit	Jonathan Idle

Annex 2

Contact Details (External Organisations) Annex 2 Contact	Details
Grant Thornton The Council's external auditors	Address: 30 Finsbury Square, London, EC2A 1AG Tel no. 020 7383 5100 https://www.grantthornton.co.uk/contact-us/
The Local Government and Social Care Ombudsman	Address: PO Box 4771, Coventry, CV4 0EH E-mail: advice@lgo.org.uk Web: www.lgo.org.uk Tel no. 03000 061 0614
The Equalities and Human Rights Commission	Address: FREEPOST Equality Advisory Support Service FPN4431 Email: correspondence@equalityhumanrights.com Web: www.equalityhumanrights.com Tel no. 0808 800 0082
The Health and Safety Executive (Regional Office)	Address: Health and Safety Executive, International House Dover Place Ashford Kent TN23 1HU : Web: www.hse.gov.uk Tel no. 0845 345 0055
The Environment Agency (Regional Office)	Address: National Customer Contact Centre PO Box 544 Rotherham S60 1BY E-mail: enquiries@environmentagency.gov.uk Web: www.environment-agency.gov.uk Tel No. 0370 850 6506
Citizens Advice Bureau	Please refer to web for local information Web: www.citizensadvice.org.uk/
Police	Please refer to web for local information Web: www.kent.police.uk Tel No. non emergencies 101
Your local councillors (if you live in Kent)	Web site: www.kent.gov.uk
Protect – Free Confidential Whistleblowing advice	Tel No: 020 3117 2520 Website: www.protect-advice.org.uk
List of Prescribed People and Bodies	Website: https://www.gov.uk/government/publications/blowing-

	<u>the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies</u>
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Agenda Item 21

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