

**GOVERNANCE AND AUDIT COMMITTEE**

**Wednesday, 22nd September, 2021**

**10.00 am**

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

**There will be a training session for Members of the  
Committee on the Annual Governance Statement at 9.30  
am in the Council Chamber**









## AGENDA

### GOVERNANCE AND AUDIT COMMITTEE

**Wednesday, 22nd September, 2021, at 10.00 am**  
**Council Chamber, Sessions House, County Hall, Maidstone**

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

#### **Membership (12)**

Conservative (8)	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
Independents (Green Party) (1):	Mr M Hood
Independent Member of the Governance and Audit Committee (1)	Dr D A Horne

#### **Webcasting Notice**

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

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

#### **UNRESTRICTED ITEMS**

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

1. Introduction/Webcasting

2. Membership

To note the appointment of Mr A Hook to the Committee

3. Substitutes

4. Declarations of Interest in items on the agenda for this meeting

5. Revised Terms of Reference of the Committee

Governance and Audit Committee

- 1.1 Membership: 11 Members (8 Conservative, 1 Labour, 1 Liberal Democrat, 1 Green/Independent; plus, 1 independent member.
- 1.2 Political Groups should only nominate Members as regular Members or as substitutes on the Governance and Audit Committee (and on Panels of the Committee) if they have had training in the relevant procedures.
- 1.3 The purpose of this Committee is to:
  - (a) ensure the Council's financial affairs are properly and efficiently conducted,
  - (b) review assurance as to the adequacy of the risk management and governance framework and the associated control environment, and
  - (c) receive ongoing assurance and information to enable the effective scrutiny and oversight of the Executive decision-making around shareholder strategy regarding companies in which the Council has an interest.
- 1.4 The Governance and Audit Committee is responsible for ensuring that:
  - (a) risk management and internal control systems are in place that are adequate for purpose and effectively and efficiently operated,
  - (b) the Council's corporate governance framework meets recommended practice, is embedded across the whole Council and is operating throughout the year with no significant lapses,
  - (c) the Council's Internal Audit function is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of work to be carried out is appropriate,
  - (d) the appointment and remuneration of external auditors is approved in accordance with relevant legislation and guidance, and the function is independent and objective,
  - (e) the external audit process is effective, taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit,
  - (f) the Council's financial statements (including the pension fund accounts) comply with relevant legislation and guidance and the associated

financial reporting processes are effective,

- (g) any public statements in relation to the Council's financial performance are accurate and the financial judgements contained within those statements are sound,
- (h) accounting policies are appropriately applied across the Council,
- (i) the Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit,
- (j) the Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times,
- (k) 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
- (l) the Council has appropriate arrangements in place to ensure that the commercial opportunities and risks presented through company ownership are managed effectively.

6. Minutes - 22 July 2021 (Pages 1 - 6)
7. Committee Work and Member Development Programme (Pages 7 - 12)
8. Corporate Risk Register (Pages 13 - 86)
9. External Audit Progress Report (Pages 87 - 96)
10. Treasury Management Update (Pages 97 - 116)
11. KCC Insurance Overview (Pages 117 - 122)
12. Code of Corporate Governance (Pages 123 - 126)
13. Annual Governance Statement 2021/22 (Pages 127 - 166)
14. Other items which the Chairman decides are urgent

### **EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

Benjamin Watts  
General Counsel  
03000 416814

**Tuesday, 14 September 2021**

*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.*

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## KENT COUNTY COUNCIL

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### 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 Thursday, 22 July 2021.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Dr D Horne, Mr M A J Hood, Mr D Jeffrey, Mr R A Marsh, Mr H Rayner, Mr R J Thomas and Mr S Webb

ALSO PRESENT: Mr P J Oakford and Dossett (Grant Thornton)

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), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Mr J Flannery (Principal Auditor), Ms F Smith (Audit Manager) and Mr A Tait (Democratic Services Officer)

### UNRESTRICTED ITEMS

#### **30. Election of Vice-Chair** (Item 3)

Mr H Rayner moved, seconded by Mr D Jeffrey that Mr R A Marsh be elected Vice-Chairman of the Committee.

*Carried unanimously.*

#### **31. Terms of Reference of the Committee** (Item 5)

The Committee noted its Terms of Reference and that revisions to them were due to be considered by the County Council at its meeting on 23 July 2021.

#### **32. Minutes** (Item 6)

RESOLVED that the Minutes of the meetings held on 23 April 2021 and 27 May 2021 are correctly recorded and that they be signed by the Charman.

#### **33. Extension of appointment of the Independent Member of the Governance and Audit Committee** (Item 7)

(1) Dr D A Horne declared an Other Significant Interest and left the meeting for this item.

(2) The Corporate Director of Finance introduced the report which recommended the reappointment of Dr D A Horne for a further period of two years. This was agreed.

(3) RESOLVED that Dr D A Horne be re-appointed as the Independent Member of the Committee for a further period of two years and that the next two-year appointment be included in the Committee Work Programme in 18 months time.

#### **34. Training Programme for Governance and Audit Committee Members** *(Item 8)*

(1) The General Counsel provided an outline of the training programme proposed for Members of the Committee.

(2) Members of the Committee suggested that the potential of providing training in partnership with other Local Authorities should be considered.

(3) RESOLVED that agreement be given to the training programme proposed in paragraph 2 of the report and that a further report setting out the proposed training programme and delivery programme be submitted to the next meeting of the Committee.

#### **35. Draft Statement of Accounts 2020-21** *(Item 9)*

(1) The Chief Accountant introduced the draft Statement of Accounts for 2020/21. These were due to be audited before the October meeting of the Committee, which would consider the finally audited accounts.

(2) The Committee congratulated the Corporate Director-Finance and her Team for producing the draft accounts in an efficient and timely manner despite the very adverse prevailing conditions caused by the pandemic.

(3) The Corporate Director of Finance agreed to provide a detailed response to the Committee Members on in respect of the relative high rise in remuneration for Non-Schools as opposed to Schools staff.

(4) The General Counsel explained that the Committee Members would have advanced sight of the Annual Governance Statement and that this would be the subject of a training session before the next Committee meeting.

(5) RESOLVED to note

(a) the draft Statement of Accounts for 2020-21; and

(b) that the final audited accounts will be presented to the October meeting of the Committee, which will also the Letters of Representation for approval.

### **36. Treasury Management Annual Review 2020/21**

*(Item 10)*

- (1) The Acting Business Partner – Kent Pension Fund gave a summary of Treasury Management activity in 2020-21.
- (2) In response to Members' questions, the Acting Business Partner – Kent Pension Fund said that the County Council and the County Councils Network were lobbying the Government in respect of the effect on the County Council of having responsibility for debts that the Government had originally agreed to finance.
- (3) RESOLVED that approval be given to the report for consideration by the County Council.

### **37. Internal Audit - External Audit Quality Assessment 2021**

*(Item 11)*

- (1) The Corporate Director of Finance and the Head of Internal Audit introduced the report on the significant outcomes of the independent External Quality Assessment process undertaken between January and April 2021 in compliance with the requirements of the Public Sector Internal Audit Standards. This report contained no requirement to enhance performance. It made recommendations which had all been accepted.
- (2) RESOLVED that the positive outcome of the External Quality Assessment 2021 be noted for assurance.

### **38. Annual Counter Fraud Report 2020/21 and proposed Counter Fraud Plan 2021/22**

*(Item 12)*

- (1) The Counter Fraud Manager introduced the report which set out Counter Fraud activity undertaken for 2020/21, including reported fraud and irregularities. The report also contained the draft Counter Fraud Action Plan for in 2021/22, covering reactive and proactive activity as well as reviews of the Anti-Fraud and Corruption Strategy; the Anti-Bribery Policy and the Anti Money Laundering Policy.
- (2) It was agreed that the Whistleblowing Policy would be placed on the County Council's website.
- (3) RESOLVED that :-
  - (a) the outturn of the Counter Fraud Activity for 2020/2 be noted for assurance; and

- (b) approval be given to:-
  - (i) the Counter Fraud Plan for 2021/22;
  - (ii) the Anti-Fraud and Corruption Strategy;
  - (iii) the Anti-Bribery Policy; and
  - (iv) the Anti-Money Laundering Policy.

### **39. Internal Audit Annual Report and Opinion for 2020-21**

*(Item 13)*

(1) The Head of Internal Audit reported the overall outcomes and key themes from Internal Audit work undertaken during 2020-21. This included the translation of these outcomes to the resultant annual opinion on the Council's systems of governance, risk management and internal control that was incorporated into the Annual Governance Statement as well as the related performance of the Internal Audit service in delivering this work.

(2) Resolved that:-

- (a) the report be noted for assurance as a source of independent assurance regarding the risk, control and governance environment across the Council; and
- (b) the outcomes from 2020-21 Internal Audit work be noted together with the resultant Adequate opinion to the Annual Governance Statement.

### **40. Internal Audit Progress Report**

*(Item 14)*

(1) The Audit Manager introduced the report which gave detailed summaries of completed Audit reports for the period April to June 2021. She informed the Committee that the work on cyber security had now been finalised and would be reported to the Committee in October.

(2) The Audit Manager agreed to provide the Committee Members with an estimate of the income not being collected by KCC as a result of Housing Benefit not being paid over to the housing provider.

(3) RESOLVED that the Internal Audit Progress Report for the period April to June 2021 be noted.

### **41. Internal Audit Plan 2021/22**

*(Item 15)*

(1) The Audit Manager provided details of the proposed Internal Audit Plan for 2021/22 together with the Internal Audit Charter, which underpinned the plans and practice of the Internal Audit team as well as the key performance indicators to be tracked and monitored during 2021/22.

(2) RESOLVED that:-

- (a) agreement be given to the proposed Internal Audit Plan for 2021/22;
- (b) the Internal Audit Charter be approved; and
- (c) the Key Performance Indicators for 2021/22 be noted for assurance.

#### **42. External Audit Progress Report**

*(Item 16)*

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report which provided recent updates and information. This report had previously been circulated to the Committee Members and published on the KCC website.

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

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By: Rosalind Binks, Chairman of Governance and Audit Committee  
Ben Watts – General Counsel  
Zena Cooke – Corporate Director Finance

To: Governance and Audit Committee – 22<sup>nd</sup> September 2021

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

Classification: Unrestricted

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

## **FOR DECISION**

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### **Introduction and background**

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

### **Current Work Programme**

3. Appendix 1 shows the latest programme of work for the Committee, up to July 2022. The content of the programme is matched to the Committee's Terms of Reference and aims to provide at least the minimum coverage necessary to meet the responsibilities set out. This does not preclude Members asking for additional items to be added during the year.

### **Member Development Programme**

4. The proposed Member Training programme was outlined and agreed at the July Committee, with additional sessions to review the Annual Governance Statement and the Statement of Accounts.

## **Recommendation**

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

**Jonathan Idle**  
**Head of Internal Audit (03000 417840)**

Committee Work Programme

Appendix 1

Category Item	Owner	Sep-21	Oct-21	Jan-22	Apr-22	Jul-22
<b>Secretariat</b>						
Minutes of last meeting	Andrew Tait	✓	✓	✓	✓	
Work Programme and Member Development Programme	Ben Watts/Zena Cooke	✓	✓	✓	✓	
<b>Risk Management and Internal Control</b>						
Corporate Risk Register	Mark Scrivener	✓		✓		✓
Review of the Risk Management Strategy, Policy and Programme	Mark Scrivener			✓		
Report on Insurance and Risk Activity	Lee Manser	✓				
Treasury Management quarterly report/six monthly review	Alison Mings	✓		✓	✓	
Treasury Management Annual Review	Alison Mings					✓
<b>Complaints</b> Ombudsman Complaints	Pascale Blackburn-Clarke		✓			
Annual Complaints & Customer Feedback Report	Pascale Blackburn-Clarke		✓			
Annual report on 'surveillance' activities carried out by KCC	Mark Rolfe		✓			
<b>Corporate Governance</b>						
Annual Governance Statement	Ben Watts	✓	✓		✓	
Annual review of Terms of Reference of G & A	Jonathan Idle Ben Watts			✓		
Annual review of the Council's Code of Corporate Governance	Ben Watts	✓				
LATCo Policies and Governance Structures (when required)	Ben Watts			✓		
Review of Anti-Money Laundering Policy	Zena Cooke				✓	
Review of Bribery Policy	Ben Watts				✓	
Audit Committee Effectiveness	GAC Chair			✓		

Category Item	Owner	Sep-21	Oct-21	Jan-22	Apr-22	Jul-22
<b>Internal Audit and Counter Fraud</b>						
Internal Audit Progress Report	Jonathan Idle		✓	✓	✓	
Schools Audit Annual Report	Christine McInnes			✓		
Internal Audit and Counter Fraud Annual Report	Jonathan Idle					✓
Internal Audit Strategy and Annual Plan	Jonathan Idle				✓	
Internal Audit External Quality Assessment	Jonathan Idle			✓		✓
Counter Fraud Annual Report	James Flannery					✓
Counter Fraud Progress Report	James Flannery		✓	✓	✓	
Review of the Anti-Fraud and Corruption Strategy (part of plan report)	James Flannery				✓	
<b>External Audit (provided by Grant Thornton)</b>						
External Audit Update	Paul Dossett	✓	✓	✓	✓	✓
External Audit Findings Report	Paul Dossett		✓			
Pension Fund Audit Findings Report	Paul Dossett		✓			
External Audit Certification of Claims and Returns Report	Paul Dossett			✓	✓	
Auditor's Annual report	Paul Dossett			✓		
Effectiveness of Internal and External Audit Liaison	Paul Dossett			✓		
External Audit Plan	Paul Dossett				✓	
External Audit Pension Fund Plan	Paul Dossett				✓	
External Audit Fee letter and / or procurement arrangements	Paul Dossett				✓	
External Audit Fraud, Law & Regulations & Going Concern Considerations	Zena Cooke				✓	

<b>Financial Reporting</b>						
Statement of Accounts	Zena Cooke / Cath Head		✓			✓
Revised Accounting Policies	Cath Head			✓		
Review of Financial Regulations	Emma Feakins			✓		
Performance of KCC Wholly Owned Companies	Emma Feakins		✓			
<b>Review of Companies which KCC has an Interest</b>						
Review of statutory accounts	Emma Feakins		✓			
<b>Other Reports</b>						
East Kent Opportunities LLP	Nigel Smith / Emma Feakins		✓			
Regional Growth, Discovery Park Technology Investment Fund	David Smith		✓			



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 – 22<sup>nd</sup> September 2021

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

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

## **FOR ASSURANCE**

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### **1. Background**

- 1.1 The Corporate Risk Register is maintained by the Corporate Risk Team on behalf of Cabinet and the Corporate Management Team. The register is formally reviewed annually each autumn but is a 'living document' and is reviewed and updated in-year to reflect any significant new risks or changes in risk exposure that may arise due to internal or external events; and to track progress against mitigating actions. The register presented to this Committee is a 'snapshot' in time.
- 1.2 The coronavirus pandemic led to a significant revision of the register during the summer of 2020, which was reported to Cabinet and Governance & Audit Committee. 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 developing the approach to flexible working and progressing the KCC Strategic Reset Programme. In this context, it is a good time to review how the prolonged response and recovery activity has impacted on the Authority's risk profile so far.

### **2. Monitoring, Review and Reporting of the Corporate Risk Register**

- 2.1 The Council has a Risk Management Policy & Strategy, which is reviewed by this Committee annually each January. It contains information about KCC's organisational Risk Management Framework, including the process for monitoring of key risks across the Authority and the hierarchy of risk registers. It is available on KCC's intranet site.

- 2.2 There is a small Corporate Risk Team supporting directorates to ensure that the Corporate Risk Register is underpinned by directorate and divisional / service risk registers, from which risks will be escalated in accordance with KCC's Risk Management Policy.
- 2.3 Corporate risks of relevance to each Cabinet Committee are reported to them annually, along with directorate risks, allowing for discussion and scrutiny of these risks with the relevant Risk Owners and responsible Cabinet Members present.
- 2.4 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 quarterly to Cabinet via the Quarterly Performance Report.

### **3. Corporate Risk Register summary**

- 3.1 The Corporate Management Team is being asked to give particular consideration as to whether any corporate risks that have been exacerbated by Covid-19 are reducing back to previous levels, or whether there are medium to long-term implications to be managed. This includes considering whether any controls to mitigate aspects of risks introduced by the pandemic have now been implemented successfully.
- 3.2 While there has been little change to the overall position of the risk register since last reported to this Committee in January 2021, the context of the risks continues to evolve, along with the Council's responses.
- 3.3 The risk rating for two risks has changed since last reported to this Committee, although in both cases it has not changed the overall classification of "high":
  - 3.3.1 CRR0007: Resourcing implications arising from serious and complex Children's Services demand (excludes SEND) – The risk rating has reduced slightly but still remains high. The Coronavirus pandemic has presented a number of challenges to delivering services and due to the 'lockdown' situations KCC has not been able to provide the support to children in the usual way. Consequently, there was a reduction in the spend of the revenue budget for the previous year which has driven the reduction in the rating of this risk. There are still many unknowns about future demand and impact and there is the potential for an increase in under 5's coming into care of the Authority as a result of the pandemic. This is a longer-term risk to be kept under review.
  - 3.3.2 CRR0016: Delivery of new school places is constrained by Basic Need allocation and the Education and Skills Funding Agency (ESFA). The risk rating was raised after conversation with the Risk Owner in liaison with CYPE Directorate Management Team because of the current significant budget gap.

- 3.4 When the corporate risk register was last presented to this Committee, it expressed the view that it still wished to receive the detailed version of the register, which is attached at appendix 1.
- 3.5 The Corporate Risk Register is about to undergo its more comprehensive refresh during the autumn, involving consultation with all CMT and Cabinet Members. This includes asking questions such as:
- a) Are the key risks still relevant?
  - b) Is the scope of the risks appropriate?
  - c) Has anything occurred which could impact upon them?
  - d) Have risk appetite or tolerance levels changed?
  - e) Are related performance / early warning indicators available and appropriate?
  - f) Are the controls in place effective?
  - g) Has the current risk level changed and if so, is it decreasing or increasing?
  - h) How realistic is the 'target' level of risk and over what period is it expected to be achieved (if not already)?
  - i) If the risk is increasing what further actions might be needed?
  - j) If risk exposure is decreasing can controls be relaxed?
  - k) Are there risks that need to be discussed with, or communicated to, other functions across the Council or with other stakeholders?
- 3.6 There are a number of significant external events due this autumn that may have a bearing on the corporate risk profile. For example, the 3-year Government Spending Review and autumn budget is due to be announced on 27<sup>th</sup> October. More information relating to social care reform is also due before the end of the calendar year.
- 3.7 Views from Governance and Audit Committee are welcome to feed into the review.
- 3.8 The Council's Risk Management Policy & Strategy, approved by this Committee in January 2021, 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.

#### **4. Directorate Risks**

- 4.1 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.

## **5. Risk Management Internal Audit**

- 5.1 As part of the 2020/21 Audit Plan it was agreed that Internal Audit would undertake a review of risk management in the Council to provide an opinion on the adequacy and robustness of risk management at 'grass roots' level. The approach taken was to assess risk management in a number of the planned audits in the 2020/21 Audit Plan and identify themes in an overall report at the end of the year.
- 5.2 The audit attracted a "Substantial" audit opinion, with "Very Good" prospects for improvement. No issues were raised in this audit. There is one action outstanding from the 2019/20 audit, relating to the refresh of KCC's risk management toolkit and training offer. This is built into the current workplan and will be completed during autumn 2021.

## **6. Committee Member Development**

- 6.1 The Corporate Risk Manager will liaise with Statutory Officers and the Chair of this Committee regarding risk management input into the Committee's training and development offer.

## **7. Recommendation**

- 7.1 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](mailto:mark.scrivener@kent.gov.uk)

### **Relevant Director**

**David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance**  
Email: [David.whittle@kent.gov.uk](mailto:David.whittle@kent.gov.uk)



# **KCC Corporate Risk Register**

**FOR PRESENTATION TO GOVERNANCE & AUDIT COMMITTEE  
22/09/2021**

## 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 January 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	High (20)	High (16)	↔
CRR0004	Simultaneous Emergency Response and Resilience	High (25)	Medium (15)	↔
CRR0005	Development of Integrated Care System (ICS) / Integrated Care Programmes (ICPs) in Kent and Medway NHS system	Medium (12)	Medium (8)	↔
CRR0006	Resourcing implications arising from increasing complex adult social care demand	High (20)	Medium (15)	↔
CRR0007	Resourcing implications arising from serious and complex children’s services demand	High (16)	Medium (12)	↓
CRR0009	Future financial and operating environment for local government	High (25)	High (16)	↔
CRR0010	Suitable accommodation and funding for Unaccompanied Asylum-Seeking Children (UASC)	High (20)	Medium (12)	↔
CRR0014	Cyber-attack threats and their implications	High (20)	High (16)	↔
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)	High (25)	Medium (12)	↑
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)	Revised Risk
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	High (16)	Medium (12)	↔
CRR0049	Fraud and Error	High (16)	Low (6)	↔
CRR0050	CBRNE incidents, communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Coronavirus public health emergency	High (25)	Medium (15)	↔
CRR0051	Maintaining or Improving workforce health, wellbeing and productivity throughout Coronavirus response and recovery	High (16)	Medium (8)	↔

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

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

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

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			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
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 during the Coronavirus pandemic. Spike in demand impacts on robustness of controls	Serious operational and financial consequences. Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities.	<b>Responsible Cabinet Member(s):</b> Sue Chandler, Integrated Children’s Services  Shellina Prendergast Education and Skills  Mike Hill (Lead Member for PREVENT)	<b>Target Residual Likelihood</b> Possible (3)	<b>Target Residual Impact</b> Major (5)	
‘Lockdown’ restrictions due to Covid-19 have meant that children and families have been 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.						
This risk links to the demand for children’s services risk (CRR0007).						

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 coronavirus 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	Nick Wilkinson, Prevent and Channel Strategic Manager

training strategy in place and regularly reviewed.		
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
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Peer review being undertaken to evaluate Prevent delivery structures and processes in the Authority with outputs of recommendations for improvement and to promote best practice.	Nick Wilkinson, Prevent and Channel Strategic Manager	September 2021

<b>Risk ID</b>	<b>CRR0002</b>	<b>Risk Title</b>	<b>Safeguarding – protecting vulnerable adults</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>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.</p> <p>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.</p> <p>In addition, the Government’s “Prevent Duty” requires the Local Authority to act to prevent people from being drawn into terrorism.</p> <p>The Coronavirus pandemic and associated ‘lockdown’ measures has raised concerns of increases in hidden harm, self-harm and neglect. This has impacted demand profiles.</p> <p>Social care services are making substantial adaptations to service delivery across the system.</p> <p>This risk links to the demand risk (CRR0006)</p>	<p>Failure to fulfil statutory obligations.</p> <p>Failure to meet the requirements of the “Prevent Duty” placed on Local Authorities.</p> <p>Safeguarding risks are not identified to / by KCC in a timely fashion during the Coronavirus pandemic.</p>	<p>Incident of serious harm or death of a vulnerable adult.</p> <p>Serious impact on vulnerable people.</p> <p>Serious impact on ability to recruit the quality of staff critical to service delivery.</p> <p>Serious operational and financial consequences.</p> <p>Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities.</p>	<p>Richard Smith Corporate Director Adult Social Care and Health (ASCH)</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Clair Bell, Adult Social Care and Public Health</p> <p>Mike Hill (Lead Member for PREVENT)</p>	<p>Likely (4)</p> <p><b>Target Residual Likelihood</b> Possible (3)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b> Major (5)</p>	

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.	Jeanette Young, 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	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
The ongoing development of meaning the measures framework as part of the Making a Difference Every Day approach will include a Quality Assurance Framework that is a systemic integrated approach to monitoring and evaluating the effectiveness of delivery of services using a variety of approaches to enable Adult Social Care to review the performance of the service against its' aspirations. This will provide a clear line of sight from practice to senior management.	Julie Davidson	October 2021
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 how to optimise outcomes for people who become subject to safeguarding enquiries	Julie Davidson	November 2021
Peer review being undertaken to evaluate Prevent delivery structures and processes in the Authority with outputs of recommendations for improvement and to promote best practice.	Nick Wilkinson, Prevent and Channel Strategic Manager	September 2021

<b>Risk ID</b>	<b>CRR0003</b>	<b>Risk Title</b>	<b>Securing resources to aid economic recovery and enabling infrastructure</b>			
<b>Source / Cause of Risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>The Coronavirus pandemic is impacting on the economy in Kent &amp; 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><b>Responsible Cabinet Member(s):</b> On behalf of Cabinet</p> <p>Derek Murphy Economic Development</p> <p>David Brazier Highways &amp; Transport</p>	<p>V. Likely (5)</p> <p><b>Target Residual Likelihood</b> Likely (4)</p>	<p>Serious (4)</p> <p><b>Target Residual Impact</b> Serious (4)</p>	

the current funding systems, including Section 106 contributions, Community Infrastructure Levy and other growth levers.	
<b>Control Title</b>	<b>Control Owner</b>
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	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
<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"> <li>• Greener Futures (building a sustainable, lower carbon economy)</li> <li>• Open and Productive (supporting long term productivity growth in an economy that welcomes investment and trade)</li> <li>• 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).</li> </ul> <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
Discussions have concluded and the Guidance Notes for the Kent & Medway Business Fund and the KMBF Small Business Boost have been agreed. The Kent & Medway Business Fund will open to pre application on 30 September, with the KMBF Small Business Boost opening in December 2021. The next phase of the Innovation Loan is still to be scoped.	David Smith, Head of Business and Enterprise (KCC lead)	December 2021

<b>Risk ID</b>	<b>CRR0004</b>	<b>Risk Title</b>	<b>Simultaneous Emergency Response, Recovery and Resilience</b>			
<b>Source / Cause of Risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>The Council, along with other Category 1 Responders in the County, has a legal duty to establish and deliver containment actions and contingency plans to reduce the likelihood and impact of major incidents and emergencies.</p> <p>This includes responses associated with the Government's Counter-terrorism Strategy (CONTEST) 2018.</p> <p>Ensuring that the Council works effectively with partners to respond to, and recover from, emergencies and service interruption is becoming increasingly important in light of recent national and international security threats, severe weather incidents, threats of 'cyber attacks' and uncertainties around implications of the future UK/EU relationship.</p> <p>The response to, and recovery from the Coronavirus 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 Coronavirus 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 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>Increased financial cost in terms of damage control and insurance costs.</p> <p>Adverse effect on local businesses and the Kent economy.</p> <p>Possible public unrest and significant reputational damage.</p> <p>Legal actions and intervention for failure to 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><b>Responsible Cabinet Member(s):</b> On behalf of Cabinet: Mike Hill, Community &amp; Regulatory Services</p>	<p>V. Likely (5)</p> <p><b>Target Residual Likelihood</b> Possible (3)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b> 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	Mark Rolfe, Head of Kent Scientific Services/Interim 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	Lisa Guthrie, 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.	Lisa Guthrie, 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
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
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 March 2022
Maintain Dungeness offsite emergency plan and validate the effectiveness with regular exercises	Tony Harwood, Resilience and Emergencies Manager	September 2021

Risk ID	CRR0005	Risk Title	Development of ICS/ICPs in Kent and Medway NHS system			
<b>Source / Cause of Risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
The Kent & Medway NHS system is under significant pressure with increasing levels of demand driving across financial deficits across commissioner and provider budgets, placing pressure on the Kent & Medway NHS system control total.	Failure to develop more partnership and aligned health & social care services and commissioning at both ICS and ICP level places pressure on system finances and hinders highest possible quality of care	Further deterioration in the financial and service sustainability of health and social care services in Kent and Medway.	Richard Smith, Corporate Director Adult Social Care & Health (ASCH)	Possible (3)	Serious (4)	
In response the NHS in Kent and Medway has formed an Integrated Care System (ICS) with 8 CCGs merging to form the basis of the System Commissioner, above four ICPs (Integrated Care Partnerships) and 42 PCN's (Primary Care Networks).	Development of four ICP generates additional demand/work on strategic leadership of KCC, particularly in ASCH and Public Health which has significant opportunity costs, including impact on business-as-usual activity.	Additional budget pressures transferred to social care as system monies are used to close acute and primary care service gaps.	Clare Maynard, Interim Strategic Commissioner	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
The policy intent of structural reform is to deliver better strategic planning and delivery of health and social care services at place-based community level and shift from acute to primary and community level services.	Multiple ICP's leads to differences in form, function and relationships between ICPs and the ICS and/or KCC which increases system complexity and leads to variation which increase costs/risks.	Legal challenge/judicial review of decisions and decision-making framework for joint decisions.	Allison Duggal, Director Public Health	Unlikely (2)	Serious (4)	
The relative roles and responsibilities between the proposed ICS and the emerging ICPs in Kent is still under development. The final legal structure and functional responsibilities of ICPs is still	System complexity leads to failure to meet statutory duties around the sufficiency of the care market, care quality and safeguarding.	Social care and public health priorities not sufficiently factored into/shaping emerging ICS/ICP plans and priorities, weakening integrated approach.	<b>Responsible Cabinet Member(s):</b>  Roger Gough, Leader of the Council  Clair Bell, Adult Social Care and Public Health			
		Focus on structural changes workstreams prevents more agile improvements/joint				

under development and may require primary legislative change. Regulators (CQC / Ofsted) increasing review health and care services and the commissioning/performance of those services and 'system' level.	Lack of understanding within KCC of NHS policy and regulatory environment; and vice versa, lack of understanding of local authority legislative, policy and democratic environment in NHS.	working being undertaken. Reputational damage to either KCC or NHS or both in Kent. Adverse outcome from CQC local system review.
<b>Control Title</b>		<b>Control Owner</b>
Regular update reports on ICS are taken to the Corporate Management Team		Karen Cook, Policy and Relationships Adviser (Health)
Senior KCC political and officer representation on the System Transformation Executive Board and System Commissioner Steering Group		Clare Maynard, Interim Strategic Commissioner / Richard Smith, Corporate Director ASCH
A joint KCC and Medway Health and Wellbeing Board for STP related matters/issues has been established.		David Whittle, Director SPRCA
Making A Difference Everyday way of working considers a 'bottom up' people first and great practice approach which dovetails with the 'top down' public health strategy and will help to ensure that public health improvement programmes are delivered alongside Local Care through Primary Care Networks and other primary care providers (e.g., community pharmacy).		Richard Smith, Corporate Director ASCH
County Council agreed framework for KCC engagement within the STP		Richard Smith, Corporate Director ASCH
Senior KCC level officer representation on the East Kent, West, North and Medway & Swale ICP Development Boards		Richard Smith, Corporate Director ASCH
Public Health leadership for the STP prevention workstream		Allison Duggal, Interim Director of Public Health
Public Health consultant representation on the East Kent, West, North and Medway & Swale ICP Development Boards		Allison Duggal, Interim Director of Public Health

Senior KCC political and officer representation on the System Transformation Executive Board and System Commissioner Steering Group	Allison Duggal, Interim Director of Public Health
Working through KCC Public Health partnership with the Kent Community Healthcare Foundation Trust (KCHFT) to ensure Public Health improvement programmes are linked and delivered alongside Local Care through Primary Care Networks and other primary care providers (e.g. community pharmacy)	Allison Duggal, Interim Director of Public Health
Health Integration paper presented to County Council in July 2021 – included requirement to approve transition from Kent and Medway Health and Wellbeing Board to the Health and Care Partnership Board	Karen Cook, Policy and Relationships Adviser (Health)
Health Reform and Public Health Cabinet Committee provides non-executive member oversight and input of KCC involvement in the STP.	Ben Watts, General Counsel and KCC Data Protection Officer

<b>Risk ID</b>	<b>CRR0006</b>	<b>Risk Title</b>	<b>Resourcing implications arising from increasing complex adult social care demand</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>Adult social care services across the country are facing growing pressures. The cost of adult social care services in Kent continues to increase due to the complexity of presenting need, including increasing numbers of young adults with long-term complex care needs.</p> <p>This is all to be managed against a backdrop of public sector funding restraint, implications arising from the implementation of the Care Act, increases in Deprivation of Liberty Assessments, impacts associated with reducing budgets of partner agencies and longer-term demographic pressures.</p> <p>In addition, the Coronavirus pandemic is resulting in fluctuations for demand in services, with the expectation of increasing demand as recovery progresses. The workforce will face significant further pressure in the short, medium and long term against this backdrop of working in unprecedented conditions and delivering rapid</p>	<p>Council is unable to manage and resource to future demand and its services consequently do not meet future statutory obligations and/or customer expectations.</p>	<p>Dissatisfaction with service provision from people requiring our support.</p> <p>Increased and unplanned pressure on resources.</p> <p>Decline in performance.</p> <p>Legal challenge resulting in adverse reputational damage to the Council.</p> <p>Financial pressures on other council services.</p>	<p>Richard Smith, Corporate Director Adult Social Care and Health (ASCH)</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Clair Bell, Adult Social Care and Public Health</p>	<p>Likely (4)</p> <p><b>Target Residual Likelihood</b></p> <p>Possible (3)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b></p> <p>Major (5)</p>	

<p>change. Altered demand as well as increasing demand – more in some areas, some of demand that would have taken a long to come up has come up sooner and may be more intense needs. More complexity on how teams prepare to carry out review.</p> <p>Adult social care services are part of a complex system to meet needs, which requires the whole system to work cohesively.</p>	
<b>Control Title</b>	<b>Control Owner</b>
Continued support for investment in preventative services through voluntary sector partners	Richard Smith, Corporate Director ASCH / Clare Maynard, Interim Strategic Commissioner
Development of Making A Difference Everyday (MADE) approach as part of KCC Strategic Reset	Richard Smith, Corporate Director ASCH
New operating model for Adult Social Care and Health, including Promoting Wellbeing approach to help manage demand.	Richard Smith, Corporate Director ASCH
Targeted use of additional social care monies received from Government, investing in services which evidence suggests will have the greatest impact. Set out in Kent Integration and Better Care Fund plan	Richard Smith, Corporate Director ASCH
ASCH representatives have worked with partners in the Kent Resilience Forum to assess health and social care impacts and contributed to a local recovery strategy and action plan	Richard Smith, Corporate Director ASCH
Regular analysis and refreshing of forecasts to maintain the level of understanding of volatility of demand, which feeds into the relevant areas of the MTFP and the business planning process	Richard Smith, Corporate Director ASCH
Public Health & Social Care ensures effective provision of information, advice and guidance to all potential and existing service users, promoting self-management to reduce dependency	Allison Duggal, Interim Director of Public Health

Ongoing monitoring and modelling of changes in supply and demand in order to inform strategies and service planning going forward.	Rachel Kennard, Chief Analyst	
Continual review and monitoring of demand in relation to Deprivation of Liberty assessments (DoLs) with external resources brought in as necessary. Increased data cleansing has led to an improved overview of backlog cases.	Maureen Stirrup, Head of Deprivation of Liberty Safeguards	
Public Health & Social Care ensures effective provision of information, advice and guidance to all potential and existing service users, promoting self-management to reduce dependency	ASCH Divisional Directors	
Core services have been significantly adapted during the Coronavirus pandemic, requiring new models of delivery, realignment of staff, and delivery of services through remote provision where possible.	ASCH Directorate Management Team	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Regular monitoring of 2021-22 position, with 'deep dives' where there are increases in referrals to identify sources and determine likely total impact on resource for future financial planning.	Michelle Goldsmith, Finance Business Partner / ASCH DMT	March 2022

<b>Risk ID</b>	<b>CRR0007</b>	<b>Risk Title</b>	<b>Resourcing implications arising from serious and complex Children's Services demand (excludes SEND – covered in CRR0044)</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
Local Authorities continue to face increasing demand for specialist children's services due to a variety of factors, including consequences of highly publicised child protection incidents and serious case reviews, policy/legislative changes etc. These challenges need to be met as children's services face increasingly difficult financial circumstances and operational challenges.	High volumes of workflow into integrated children's services leading to unsustainable pressure being exerted on them (recognising seasonal spikes).	Children's services performance declines as demands become unmanageable.  Failure to deliver statutory obligations and duties or achieve social value.	Matt Dunkley, Corporate Director CYPE	Likely (4)	Serious (4)	
	Spike in demand for children's services once 'lockdown' measures are fully eased.	Additional financial pressures placed on other parts of the Authority at a time of severely diminishing resources and potentially difficult policy decisions required.	<b>Responsible Cabinet Member(s):</b>  Sue Chandler, Integrated Children's Services	<b>Target Residual Likelihood</b> Possible (3)	<b>Target Residual Impact</b> Serious (4)	
The Coronavirus pandemic has seen a reduction in referrals for support during lockdown, with no obvious reduction in need. The demand seen has also been related to more serious and more complex cases.	Future wave(s) of pandemic exacerbate pressures on children's services, with insufficient capacity to manage.	Ultimately an impact on outcomes for children, young people and their families.				
<b>Control Title</b>			<b>Control Owner</b>			
Redeployment of social work and early help resources to deal with demand arising from Covid and other factors.			Matt Dunkley, Corporate Director CYPE			
The Children's Social Work budget has been adjusted to compensate for the additional demand			Cath Head, Head of Finance			

	(Operations)
Modelling of latent demand related to Coronavirus pandemic completed and used to inform service resource planning. Review being undertaken of what happened against what was expected.	Rob Comber, Transformation and Innovation Manager / Rachel Kennard, Chief Analyst
Relationships with London Councils allow us to understand / test their intentions on an individual site basis regarding any large-scale potential purchasing of land.	Tim Woolmer, Strategic Relationships Adviser (Interim)
Intensive focus on ensuring early help to reduce the need for specialist children's support services	Matt Dunkley, Corporate Director CYPE
Change for Kent Children programme (phase 2) included as part of KCC Strategic Reset programme.	Matt Dunkley, Corporate Director CYPE
The Change for Kent Children Programme is working to ensure that vulnerable families can access the right support through intensive work in Early Help Units and Step-Down Panels, open access services or through targeted casework	Stuart Collins, Director Integrated Children's Services (Early Help and Preventative Services Lead)
'Threshold' document outlines the criteria required by partners when making a referral and have been working with partners to promote aid appropriate application.	Jennifer Maiden-Brooks, Systems Improvement Manager, Kent Safeguarding Children Multi-Agency Partnership

<b>Risk ID</b>	<b>CRR0009</b>	<b>Risk Title</b>	<b>Future financial and operating environment for Local Government</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner (s)</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
Financial, economic and societal impacts of Coronavirus pandemic and uncertainty regarding associated funding in future, exacerbating an already uncertain financial and operating environment, including lack of funding settlement beyond 2021-22 in the absence of three-year Spending Review.  The 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.  The uncertainty also applies to capital expenditure funded by grants. In particular, the basic need grant is insufficient to provide the number of school places identified in the commissioning plan, so the authority may not have capacity to incur additional borrowing costs to	Additional unfunded spending demands and continued real-terms funding reductions threaten the financial sustainability of KCC, its partners and service providers.  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.  Delays and uncertainty surrounding Spending / Fair Funding reviews impacts on KCC's medium term financial planning.	Unsustainable financial situation, ultimately resulting in s114 notice.  Potential for partner or provider failure – including sufficiency gaps in provision.  Reduction in resident satisfaction and reputational damage.	On behalf of CMT:  Zena Cooke, Corporate Director Finance (Section 151 Officer)  <b>Responsible Cabinet Member(s):</b>  All Cabinet Members	V. Likely (5)  <b>Target Residual Likelihood</b>  Likely (4)	Major (5)  <b>Target Residual Impact</b>  Serious (4)	

make up for the shortfall.	
<b>Control Title</b>	<b>Control Owner</b>
Processes in place for monitoring delivery of savings and budget as a whole, including identification of management action.	Zena Cooke, Corporate Director Finance (Section 151 Officer)
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 the end of UK/EU transition period is captured e.g. new burdens imposed	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 CCN, Society of County Treasurers and other local authorities and Government of potential opportunities and issues around devolution and public reform	David Whittle, Director SPRCA
KCC Interim Strategic Plan and Strategic Reset Framework developed, outlining how the Council will operate in future, taking into account implications of the Coronavirus 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

Action Title	Action Owner	Planned Completion Date
Engage with Government for a fair-funding needs formula for Grant distribution and tariffs/top ups under business rate retention	Dave Shipton, Head of Finance (Policy, Strategy and Planning)	TBC
Ensure appropriate response to next Government Spending Review.	Dave Shipton, Head of Finance (Policy, Strategy and Planning)	October 2021
Work proactively with Government regarding how the new business rate retention scheme can be most effectively implemented.	Dave Shipton, Head of Finance (Policy, Strategy and Planning)	TBC
Assess impact of and respond to Government plans for the future of social care.	Richard Smith, Corporate Director ASCH	TBC

<b>Risk ID</b>	<b>CRR0010</b>	<b>Risk Title</b>	<b>Suitable accommodation and funding for Unaccompanied Asylum-Seeking Children (UASC)</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
There is additional pressure on children's services from new UASC arrivals, plus significant numbers of age-disputed new arrivals.	Insufficient accommodation, social work assessment capacity and support for UASC.	Impact on vulnerable young people. The Council would be unable to fulfil its statutory duties effectively.	Matt Dunkley, Corporate Director, CYPE	Likely (4)	Major (5)	
Government uplifts to funding introduced in 2020 have helped, although there are still legacy cost issues relating to care leavers.	Shortfall in funding the full cost associated with fulfilling the Council's statutory duties,	Additional budget pressures on the Authority.		<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
KCC has had to temporarily stop taking new arrivals on two occasions due to reaching an unsafe capacity to care for UASC, although the Council is currently beginning to admit children into its reception centres. However, due to current high levels it may not be possible to accommodate all those arriving at the border.	Risk that other Local Authorities do not voluntarily accept UASC that arrive in Kent in sufficient numbers.	Legal consequences	<b>Responsible Cabinet Member</b>	Possible (3)	Serious (4)	
			Sue Chandler, Integrated Children's Services			
<b>Control Title</b>			<b>Control Owner</b>			
Representations made to Government for additional support to deal with care leaver legacy costs			Roger Gough, Leader of the Council			
The Council has utilised / re-purposed buildings in order to increase accommodation capacity in the short term.			Rebecca Spore, Director Infrastructure			

National Transfer scheme re-invigorated, meaning some children have been transferred to other local authorities.	Sarah Hammond, Director of Integrated Services (Children's Social Work Lead)	
UASC analytical modelling complete and monitored to assess capacity and continually review KCC position	Matt Dunkley, Corporate Director CYPE / Rachel Kennard, Chief Analyst	
Letter Before Claim laid before the Home Secretary – formal reply awaited.	Benjamin Watts, General Counsel	
The council is in advanced discussions with the Home Office to arrange a safe and sustainable solution for KCC to support those who arrive in the country.	Roger Gough, Leader of the Council / Sue Chandler, Cabinet Member Integrated Children's Services	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Consideration to pursue further legal action should the National Transfer Scheme not be made mandatory.	Matt Dunkley, Corporate Director CYPE / Benjamin Watts, General Counsel	TBC – awaiting Government response

<b>Risk ID</b>	<b>CRR0014</b>	<b>Risk Title</b>	<b>Cyber-attack threats and their implications</b>			
<b>Source / Cause of Risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner(s)</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>The Council has a duty to protect personal and other sensitive data that it holds on its staff, service users and residents of Kent.</p> <p>KCC repels a high number of cyber-attacks on a daily basis, although organisations across all sectors are experiencing an increasing threat in recent times, exacerbated by the Coronavirus pandemic, and must ensure that all reasonable methods are employed to mitigate them (within resource constraints), both in terms of prevention and preparedness of response in the event of any successful attack.</p> <p>KCC's ICT Strategy 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>In information terms the other factor is human. Technology can only provide a level of protection. Our staff must have a strong awareness of their responsibilities in terms of IT and information</p>	<p>Successful cyber-attack (e.g., 'phishing' scam or ransomware attack) leading to loss or unauthorised access to sensitive business data.</p> <p>Significant business interruption caused by a successful attack.</p>	<p>Data Protection breach and consequent Information Commissioner's Office (ICO) sanction.</p> <p>Damages claims.</p> <p>Reputational Damage.</p> <p>Potential significant impact on business interruption if systems require shutdown until magnitude of issue is investigated.</p>	<p>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><b>Responsible Cabinet Member(s):</b></p> <p>Peter Oakford, Finance, Corporate and Traded Services</p> <p>Bryan Sweetland, Communications, Engagement,</p>	<p>Likely (4)</p> <p><b>Target Residual Likelihood</b> Likely (4)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b> Serious (4)</p>	

security.	People and partnerships
<b>Control Title</b>	<b>Control Owner</b>
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 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
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Utilise new licensing agreement with Microsoft to enhance the security of KCC's infrastructure.	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	November 2021

Implementation of action plan in response to findings of independent cyber-security and resilience review

Dave Lindsay, Interim Head of ICT Strategy and Commissioning

September 2021(review)

<b>Risk ID</b>	<b>CRR0015</b>	<b>Risk Title</b>	<b>Managing and working with the social care market</b>			
<b>Source / Cause of Risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
A significant proportion of adult social care is commissioned out to the private and voluntary sectors. This offers value for money but also means that KCC is dependent on a buoyant market to achieve best value and give service users optimal choice and control.	Care home market (particularly residential and nursing care) not sustainable.	Gaps in the care market for certain types of care or in geographical areas meaning difficulty in placing some service users.	Richard Smith, Corporate Director ASCH, in collaboration with Clare Maynard, Interim Strategic Commissioner	V. Likely (5)	Major (5)	
Factors such as the introduction of the National Living Wage, potential inflationary pressures and uncertainty over care market workforce in light of new settled status arrangements mean that the care market is under pressure.	Inability to obtain the right kind of provider supply at affordable prices.			<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
The Coronavirus pandemic has added additional pressures, further threatening sustainability of the market.	Significant numbers of care home closures or service failures.		<b>Responsible Cabinet Member(s):</b>	Possible (3)	Major (5)	
From 11 <sup>th</sup> November, anyone working or volunteering in a care home will need to be fully vaccinated against Coronavirus, unless exempt.	Providers choose not to tender for services at Local Authority funding levels or accept service users with complex needs.		Clair Bell, Adult Social Care and Public Health			
<b>Control Title</b>				<b>Control Owner</b>		
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.				Jeanette Young, 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

<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Community Support Market Position Statements being refreshed, to inform market shaping, oversight and sustainability	Simon Mitchell, Interim Commissioner	October 2021 (review)

<b>Risk ID</b>	<b>CRR0016</b>	<b>Risk Title</b>	<b>Delivery of New School Places is constrained by Basic Need allocation and the Agency (ESFA)</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>A significant expansion of schools is required to accommodate major population growth, with impact in the short to medium term to secondary age. The "Basic Need" capital grant from Dept of Education (DfE) will not fund the expansion in full.</p> <p>There is a current funding gap needing to be bridged to deliver the commissioning plan, created by cost pressures from higher-than-expected build costs, low contributions from developers (see risk CRR0003) and increases in pupil demand.</p> <p>The delivery of the plan is highly dependent upon securing a number of Free Schools in Kent over the period and that the ESFA complete the Free School projects on time and to an appropriate standard.</p> <p>The Coronavirus pandemic is also impacting on project delivery timescales and costs.</p>	<p>The expansion required may not be delivered, meaning KCC is not able to provide appropriate school places.</p> <p>Further upward demand pressures beyond what is forecast.</p>	<p>Some children must travel much further to attend a school, with a resulting impact on the transport budget.</p> <p>The duty to provide sufficient school places is not met, which may lead to legal action against the council.</p>	<p>Matt Dunkley, Corporate Director CYPE</p>	<p>Very Likely (5)</p>	<p>Major (5)</p>	
			<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
			<p>Shellina Prendergast, Education and Skills</p>	<p>Likely (4)</p>	<p>Significant (3)</p>	

<b>Control Title</b>	<b>Control Owner</b>
As part of capital planning we are looking at all available funding streams and programmes.	Christine McInnes, Director of Education
Contingency plans for alternative interim accommodation for each Free School project are being developed on a case-by-case basis i.e. temporary expansions to schools to meet immediate pressures, or the allocation of available places within existing schools.	Christine McInnes, Director of Education
Additional budget relating to Covid-19 delays, to cover off pressures.	Christine McInnes, Director of Education
Close working with the ESFA and engagement of the DfE/ESFA, Secretary of State and Kent MPs raising of the issue via the County Council Network.	Christine McInnes, Director of Education
The Officer-led Education Asset Board is being refreshed, which monitors school expansion capital programme, as well as Developer Contributions. Cabinet Committee and Cabinet also receive updates on the programme.	Christine McInnes, Director of Education
The Kent Commissioning Plan contains the forecast expansion numbers and locations. A school expansion programme has been mapped, costed and kept under review.	Christine McInnes, Director of Education
Policy and operations to secure sufficient developer contributions are overseen by Infrastructure Funding Group and approach to be updated in new Developer Contribution Policy, along with request for additional contributions.	Christine McInnes, Director of Education
Regular meetings with ESFA officials to monitor progress at individual project level and identify ways in which KCC can help progress these projects (Local delivery). Issues discussed with the Regional Schools Commissioner.	Christine McInnes, Director of Education
CYPE capital monitoring mechanism with Member involvement created, including Cabinet Committee twice yearly reporting	Christine McInnes, Director of Education
Policy and operations to secure sufficient developer contributions are overseen by Infrastructure Funding Group and approach to be updated in new Developer Contribution Policy, along with request for additional contributions.	Stephanie Holt-Castle, Head of Countryside, Leisure and Sport
Regular negotiations take place with District Councils regarding allocation of contributions	Area Education Officers

<b>Risk ID</b>	<b>CRR0039</b>	<b>Risk Title</b>	<b>Information Governance</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
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 and procedures 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)	
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.	Serious breaches under UK GDPR could attract a fine of c£17m.	<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
The Coronavirus 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.	Increased risk of litigation.	Roger Gough, Leader	Possible (3)	Serious (4)	
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.	Reputational damage.	Bryan Sweetland Communications, Engagement, People and Partnerships			
There is a critical dependency on one of the Council's Local Authority Trading Companies						

<p>(CBS) to support Information Governance compliance for the KCC systems and network.</p> <p>KCC services' requirement for non-standard systems creates vulnerabilities.</p>	
<b>Control Title</b>	<b>Control Owner</b>
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, 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
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Utilise new licensing agreement with Microsoft to enhance the security of KCC's infrastructure. Working on implementation and rollout. (Cross reference to CRR0014)	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	November 2021 (review)
Review methods of recording data breaches and identification / analysis of trends. Information Governance escalation report to CMT re breaches, behaviours and remedies.	Ben Watts, General Counsel and KCC Data Protection Officer	TBC
Working from Home Information Governance audit implementation of recommendations	Ben Watts, General Counsel / David Whittle, Director SPRCA	TBC
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	October 2021

<b>Risk ID</b>	<b>CRR0042</b>	<b>Risk Title</b>	<b>Post Transition period border systems, infrastructure and regulatory arrangements –</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
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 Great Britain and the EU.	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.	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 stages up until 2022.	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 personnel, procedures and physical infrastructure to support post-Transition border arrangements.	Significant detrimental impact on county's economic competitiveness, attractiveness for inward investment and quality of life for Kent residents.	<b>Responsible Cabinet Member(s):</b>  David Brazier, Highways & Transport  Mike Hill, Community & Regulatory Services	<b>Target Residual Likelihood</b>  Possible (3)	<b>Target Residual Impact</b>  Serious (4)	
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.						

<b>Control Title</b>	<b>Control Owner</b>	
KCC engagement with and support for the Kent Resilience Forum	Mark Rolfe, Head of Kent Scientific Services/Interim 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	
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	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Continued preparations for Transition focusing on refining the traffic management plans in light of new planning scenarios.	Tony Harwood, Resilience and Emergencies Manager / Mark	Ongoing until March 2022.

Rolfe, Interim Head of Kent  
Resilience Team

Risk ID	CRR0044	Risk Title	High Needs Funding shortfall			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
<p>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 on the DSG reserve.</p> <p>Corresponding pressure on some of KCC's non-DSG SEND related budgets e.g. SEN Home to School Transport, is also being experienced.</p> <p>Consequently, meeting the needs of children and young people with SEND within available resources is becoming ever more challenging.</p> <p>The ability to forecast costs in future years is difficult.</p> <p>The Department for Education (DfE) is introducing tighter reporting requirements on local authorities who have a deficit in their DSG account.</p>	<p>Inability to manage within budget going forward.</p> <p>Inability to reduce accumulated deficit on Dedicated Schools Grant reserve.</p>	<p>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.</p> <p>Impact on support for children with SEND (cross reference to CRR0047)</p>	<p>Matt Dunkley, Corporate Director CYPE</p>	<p>Likely (4)</p>	<p>Major (5)</p>	
			<p><b>Responsible Cabinet Member(s):</b> Shellina Prendergast, Education &amp; Skills</p>	<p><b>Target Residual Likelihood</b> Likely (4)</p>	<p><b>Target Residual Impact</b> Serious (4)</p>	

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) / Chrstine McInnes, Director of Education	
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.	Karen Stone, Revenue Finance Manager (0 - 25 services)	
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	
Action Title	Action Owner	Planned Completion Date
As required by the DfE, a recovery plan is to be 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	TBC
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

<b>Risk ID</b>	<b>Risk Title</b>	<b>Maintaining effective governance and decision making in a challenging financial and operating environment for local government</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>
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. Examples from other local authorities has shown the impact that ineffective decision making can have on financial resilience. 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. It is officers failing in their duty to provide robust professional advice needed by Members to effectively discharge their member leadership role, or unwillingness of elected Members to appropriately consider advice	Members are unwilling or unable to agree necessary policy (service) decisions to deliver a legally balanced budget and sustainable medium-term financial plan (MTFP). Members agree a budget requiring unrealistic and undeliverable efficiency savings leading to significant in-year overspends.  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.	Decisions challenged under judicial review on the appropriateness of the decision-making within KCC.  Monitoring Officer / Head of Paid Service statutory report to Council.  Reputational damage to the Council.  S114 Notice issued by the S151 Officer.	David Cockburn, Head of Paid Service  Zena Cooke, Corporate Director Finance (s151 Officer)  Ben Watts, General Counsel and Monitoring Officer  <b>Responsible Cabinet Member(s):</b> Roger Gough, Leader of the Council  Peter Oakford, Deputy Leader and Cabinet	Unlikely (2)  <b>Target Residual Likelihood</b> V. Unlikely (1)	Major (5)  <b>Target Residual Impact</b> Major (5)

from professional / statutory officers. Elected Members may require additional training and expertise to enable capability of effective challenge.	Member for Corporate and Traded Services
<b>Control Title</b>	<b>Control Owner</b>
Interim Strategic Plan agreed by County Council and published setting out objectives and priorities for the Council in 2021.	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	David Whittle, Director SPRCA

responsibilities effectively.		
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	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Review of KCC Operating Standards	David Whittle, Director SPRCA	TBC
Further amendments to KCC's Constitution, including review of effectiveness of Cabinet Committees and consideration of alternative arrangements	Ben Watts, General Counsel and KCC Data Protection Officer (DPO)	November 2021 (review)

Definition to be set regarding roles and responsibilities of Members and Officers.

Ben Watts, General Counsel  
and KCC DPO

TBC

<b>Risk ID</b>	<b>CRR0047</b>	<b>Risk Title</b>	<b>Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – implementation of Kent Local Area SEND Written Statement of Action</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
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	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.		Dissatisfaction from families				
In response to these concerns a programme has been identified across both KCC and Clinical Commissioning Groups to implement the changes and improvements required.		Potential for legal action if statutory time limits or processes are not met.	<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
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 Coronavirus pandemic.			Sue Chandler, Integrated Children's Services	Unlikely (2)	Major (5)	

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
<p>SEND Improvement Programme implemented, 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"> <li>-Parental engagement and co-production</li> <li>-Inclusive practice and the outcomes, progress and attainment of children and young people.</li> <li>- Quality of Education, Health and Care Plans</li> <li>- Joint commissioning and governance</li> <li>- Service provision</li> <li>- Preparation of adulthood.</li> </ul>	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 SEND strategy developed.	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)

<b>Risk ID</b>	<b>CRR0048</b>	<b>Risk Title</b>	<b>Maintenance and modernisation of KCC Estate</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
While there has been significant investment in parts of our estate over time, there will never be enough funding available to satisfy all aspirations relating to modernisation of our estate.	Lack of affordable capital programme, meaning insufficient investment in KCC estate to ensure it remains safe and fit-for-purpose.	Business interruption due to increasing level of reactive / emergency repairs required, or parts of the estate decommissioned (in whole or partially) if deemed unsafe	On behalf of CMT:  Rebecca Spore, Director of Infrastructure	Likely (4)	Serious (4)	
It is becoming increasingly challenging to ensure that all of our property assets are maintained to a sufficient standard, so that they are safe and fit-for-purpose.		Adverse impact on achievement of environmental targets.	<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
As parts of our estate age (e.g. some of our schools and our corporate headquarters), maintenance and / or modernisation costs will increase, and will be sub-optimal in terms of our environmental footprint and supporting new working practices.		Adverse impact on opportunities to rethink current working practices and adopt new ways of working	Peter Oakford, Finance, Corporate and Traded Services	Possible (3)	Serious (4)	
Ongoing investment to maintain and modernise our estate continues to compete with the other priorities to protect frontline services from effects of public sector funding restraint.		Impact on staff morale and productivity.				
Property asset considerations need to be viewed as part of a strategic picture alongside technology and people strategies and the appetite for change						

<p>tested.</p> <p>The Coronavirus pandemic has accelerated the pace of change to working practices, while also having adverse impact the council's capital programme.</p>		
<b>Control Title</b>	<b>Control Owner</b>	
Property commissioning function takes a 'hands on' approach to building compliance management	Tony Carty, Infrastructure Commissioning	
An annual programme of planned preventative maintenance is undertaken at KCC sites by the relevant Facilities Management contract partners.	Tony Carty, Infrastructure Commissioning	
Safety factors associated with our assets are given priority during the budget setting process.	Zena Cooke, Corporate Director Finance (Section 151 Officer)	
Ten-year lifecycle programme commissioned and underway.	James Sanderson, Strategic Capital Programme Manager	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
As part of KCC's Strategic Reset Programme, a Future Assets strategy is being developed to ensure an effective locality offer, matched to the future needs of the Council, in the context of financial constraints.	Rebecca Spore, Director of Infrastructure	September 2021 (presentation of Strategic Outline Case)
Stock condition surveys of both KCC-maintained schools and corporate buildings allow KCC to collect valid data and information, to understand forward maintenance liabilities for each asset, and plan the expenditure of the maintenance budget appropriately as part of an ongoing planned maintenance programme. This is the precursor to the commission of a rolling 3-year condition programme.	James Sanderson, Strategic Capital Programme Manager	March 2022

<b>Risk ID</b>	<b>CRR0049</b>	<b>Risk Title</b>	<b>Fraud and Error</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
As with any organisation, there is an inherent risk of fraud and/or error that must be acknowledged and proactively managed.  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.  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.  This includes ensuring that new emerging fraud/error issues are sufficiently risk assessed.	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: <ul style="list-style-type: none"> <li>- false representations are made to make a gain or expose another to a loss</li> <li>- failure to notify a change of circumstances to make a gain or expose another to a loss</li> <li>- abuses their position, in which they are expected to safeguard to make a gain or expose another to a loss.</li> </ul>	Financial loss leading to pressures on budgets that may impact the provision of services to service users and residents  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.	Zena Cooke, Corporate Director Finance (Section 151 Officer)  <b>Responsible Cabinet Member(s):</b>  Peter Oakford, Finance, Corporate and Traded Services	Likely (4)	Serious (4)	
				<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
				Unlikely (2)	Significant (3)	
<b>Control Title</b>				<b>Control Owner</b>		
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
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
Training and awareness raising is conducted periodically	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

<b>Risk ID</b>	<b>CRR0050</b>	<b>Risk Title</b>	<b>CBRNE incidents, communicable diseases and incidents with a public health implication</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
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 Coronavirus.	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  <b>Responsible Cabinet Member(s):</b>  Clair Bell, Adult Social Care and Public Health	V. Likely (5)	Major (5)	
				<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
				Possible (3)	Major (5)	
<b>Control Title</b>			<b>Control Owner</b>			
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

<b>Risk ID</b>	<b>CRR0051</b>	<b>Risk Title</b>	<b>Maintaining or Improving workforce health, wellbeing and productivity throughout Coronavirus response and recovery</b>			
<b>Source / Cause of risk</b>	<b>Risk Event</b>	<b>Consequence</b>	<b>Risk Owner</b>	<b>Current Likelihood</b>	<b>Current Impact</b>	
The Coronavirus pandemic has required the council's workforce to substantially adapt the way it operates and delivers services at short notice. This 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.	Lack of managerial capacity and / or capability to deliver in new environment	Increased absence levels	Corporate Management Team	Possible (4)	Serious (4)	
	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)	<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
	Lack of depth / resilience of key personnel or teams.			Unlikely (2)	Serious (4)	
Staff across the organisation continue to work under significant operational pressures.	Insufficient capacity should future wave of pandemic occur.		Bryan Sweetland Communications, Engagement, People and Partnerships			
<b>Control Title</b>			<b>Control Owner</b>			
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			Stewart Baxter-Smith, Head of			

semi-permanent basis.	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 Survey - comprehensive Covid-19 work and wellbeing staff surveys conducted, to build understanding of current picture and inform future planning and action with managers.	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	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
As part of KCC's Strategic Reset Programme, the latest People Strategy is being developed, setting out the intentions to make the most of KCC's workforce and its capabilities and reset the expectations of KCC as an employer in the medium term.	Paul Royel, Head of HR and OD	October 2021 (review)

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## APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since January 2021
AH0005	<p><u>Continued pressures on public sector funding impacting on revenue and capital budgets</u></p> <p>The recruitment and retention of staff continues to be a challenge for Adult Social Care and the wider care sector. There is a need to ensure that a suitably qualified and experienced workforce is in place to deliver services. This includes making sure critical roles are filled with staff who have the right skill set. Staff feel engaged and supported within the workplace.</p>	20	16	↔
AH0033	<p><u>Workforce – recruitment and retention of staff</u></p> <p>The recruitment and retention of staff continues to be a challenge for Adult Social Care and the wider care sector. There is a need to ensure that a suitably qualified and experienced workforce is in place to deliver services. This includes making sure critical roles are filled with staff who have the right skill set. Staff feel engaged and supported within the workplace.</p>	20	9	↑
AH0038	<p><u>Information Governance</u></p> <p>Responsibility of UK GDPR and Data Protection (2018) obligations are the responsibility of all ASCH staff and staff need to have a strong understanding of obligations, consequences and processes and working arrangements to ensure social care clients' data is looked after throughout their whole journey. It is paramount that strong Information Governance arrangements and working practices are in place to ensure social care clients' data is looked after throughout their whole journey. Adult Social Care &amp; Health (ASCH) directorate are responsible for ensuring continued compliance with UK GDPR and Data Protection (2018) obligations. Failure to comply could lead to losses of information</p>	12	9	NEW RISK

## APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

	and data breaches which would have an impact on social care clients and cause reputational consequences. It could also mean a loss of access to data (e.g., health) and the success of this directorate is dependent on sharing information with multiple organisations to provide the best possible care and support to an individual. In significant circumstances failure to comply could also lead to fines or sanctions.			
AH0011	<u>Business disruption</u> Impact of emergency or major business disruption on the ability of the Directorate to provide essential services to meet its statutory obligations. The potential of a multitude of business resilience measures impacting together.	12	9	↓
AH0037	<u>Information Asset Management</u> Fit for purpose configuration of ASC systems to enable data quality, consistency and trust of data.	12	6	NEW RISK
AH0035	<u>Future Models</u> Delivery of large-scale change programmes across both KCC and Adult Social Care and Health ensuring alignment of priorities and proportionality. Risk that Adult Social Care and Health work in silo and miss joint working opportunities.	9	6	NEW RISK
CY0038	Potential increase in NEETs following Covid-19 Due to young people being out of school for a significant period of time during lockdown which may result in an increased number of young people not returning to education, employment or training.	12	12	↔
CY0034	<u>Business Continuity and Resilience</u> There is a risk that critical services are unprepared or have	12	8	↔

## APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

	ineffective emergency and business continuity plans.			
CY0009	<p><u>Children not in full time education not receiving a suitable education</u>                  Due to the complexities and amount of data involved, and the integration of the restructure involving Early Help and Children's Services, there is a risk that professionals working with a C&amp;YP may not be aware that children are not accessing education and therefore are failing to receive an adequate education.</p>	12	6	↔
CY0032	<p><u>Information Governance</u>                  There is a risk that the Directorate may fail to manage data in accordance with the GDPR regulations and data is lost, misused or inappropriately disclosed.</p>	9	6	↔
CY0039	<p><u>Performance of the Liberi and EHM business applications.</u>                  Over the weekend of 30/31 January 2021, Kent ICT systems experienced an outage which impacted Liquid Logic. This resulted in a collapse of the EHM and Liberi platforms meaning that there are practice-based risks, including safeguarding concerns. Reputational risk to KCC. Impact on statutory return completion.</p>	8	8	RE-OPENED RISK
CY0030	<p><u>Management of the CYPE Directorate in year budget</u>                  Due to increasing levels of budgetary restraint and an increase in demand for some statutory provisions, particularly around home to school transport, as well as the increasing pupil population, there is a risk that the Directorate will fail to deliver its budget.</p>	6	6	↔
GT0001	<p><u>Health and Safety and wellbeing considerations</u>                  There are risks to staff wellbeing as a result of prolonged</p>	20	10	↔

## APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

	pressures relating to coronavirus response and recovery efforts. The risk also considers health and safety factors regarding the safe operation of KCC services for service users.			
GT0004	<p><u>Skills shortage and capacity issues to apply for funding and manage contracts and projects</u></p> <p>There is a risk that KCC will be unable to satisfactorily submit suitable business cases and manage the projects due to a shortage of staff with the appropriate skill set within KCC. In addition, it is possible that the Authority will be unable to attract or retain suitably trained project managers as the private sector remains competitive in this area.</p>	20	6	↑
GT0025	<p><u>Capital Investment and Asset Management</u></p> <p>Insufficient funding set aside/available to maintain existing and future demand.</p> <p>Budget is insufficient to adequately maintain our 8,700km road network and associated assets worth around £19.8bn.</p> <p>Funding risk for other services such as PROW and Windmills and waste sites.</p>	15	9	NEW RISK
GT0008	<p><u>Ash Dieback</u></p> <p>There is a risk that significant numbers of ash trees may be affected by this disease leading to the destruction of the Ash species in the County. In addition, the costs associated with monitoring and dealing with the removal of infected trees are increasing annually and this could impact on the budget for the services involved.</p>	12	12	↔
GT0021	<p><u>Internal services provided to the Directorate do not meet an acceptable standard</u></p>	12	9	↓

## APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

	There is a risk that the quality of the internal services that are provided to the Directorate do not meet required standards, causing a reduction in the performance of the Directorate's services in the eyes of the public and service users.			
GT0003	<u>Directorate preparedness for, management of and impact of severe weather incidents</u> Failure by key services in GET to deliver suitable planning measures, respond to and manage these events when they occur. This includes gaining assurance over delivery of services down the supply chain.	12	9	↓
GT0026	<u>Net Zero and Insufficiency of Funding</u> Additional infrastructure not provided to achieve our strategic priorities. This is both relating to funding risk and delivery risk.	12	9	NEW RISK
GT0024	<u>Information Governance</u> There is a risk that the Directorate may fail to manage data in accordance with the UK GDPR regulations and data is lost, misused or inappropriately disclosed.	12	6	↔
GT0020	<u>Identification, planning and delivery of Medium-Term Financial Plan targets</u> There is a risk that Medium Term Financial Plan (MTFP) budget targets are not met, including the risk of greater than planned for reductions or cessation of external funding and grants; variations in service activity or new service pressures arising that require additional savings and income generation.	12	4	↓
GT0019	<u>Delivery of in-year budget targets</u> There is a risk that budget targets are not met, including the risk	12	4	↔

## APPENDIX 2 - Directorate Risk Registers - Summary Risk Profile

	<p>of greater than planned for reductions or cessation of external funding and grants or reduced funding.                  Risk of costs from any aborted capital projects being charged back to the directorate creating additional in-year pressures.</p>			
ST0023	<p><u>Workforce capacity across the directorate</u>                  Insufficient capacity to maintain day-to-day delivery, including supporting service changes across the Authority.                  Lack of depth / resilience of key staff or succession plans not sufficiently robust.</p>	16	12	↔

By: Benjamin Watts – General Counsel  
To: Governance and Audit Committee – 22 September 2021  
Subject: **External Audit Progress Report**  
Classification: Unrestricted

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

**FOR ASSURANCE**

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**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**  
**03000 416749**

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# Audit Progress Report

Year ending 31 March 2021

14 September 2021

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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

## Your key Grant Thornton team members are:



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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](http://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 September 2021

## 2020/21 Financial Statements Audit

We began our work on the draft financial statements of the Council and Pension fund in July and work is progressing according to plan. No issues have been identified during the course of either audits which we need to bring to your attention.

We plan to be in a position in the coming week to issue assurance letters in respect of the Pension fund.

## 2019/20 Audit – Whole of Government Accounts

We will complete the certification of the audit for 2019/20 following completion of the audit of the Whole of Government Accounts return. Work was delayed because of issues with the reporting of the underlying software. This work is nearing completion and expect to issue the Certificate by the end of next month.

## 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 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 is now no more than three months after the date of the opinion on the financial statements.

In the Appendix we have issued an audit letter to the Chair of the Audit Committee setting out the reasons for the delay. We intend to issue our Auditor’s Annual Report no later than 31 January 2021. See page 7 for the letter.

# Progress at September 2021 (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.

### Meetings

We plan to next meet with the Head of Paid Service on the 15 September as part of our regular liaison meetings.

Page 83  
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.

### Financial Reporting Council review of the 2019/20 audit

As part of their annual programme of work, the Financial Reporting Council (FRC) selected the 2019-20 audit of Kent County Council and the Pension Fund for review. As at the date of writing this report the review is nearing completion and we will update the Governance and Audit Committee of the findings once the review is finalised. We anticipate the Report being sent to the Chairman of the Audit Committee and section 151 officer in the next few days. We will be happy to debrief the Committee on the report and take questions at the meeting on October 7<sup>th</sup>.

# Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 437"><b>Audit Plan</b></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"><b>Audit Findings Report (ISA 260)</b></p> <p data-bbox="120 632 1312 660">The Audit Findings Report will be reported to the October Governance and Audit Committee.</p>	October 2021	Not yet due
<p data-bbox="120 700 331 729"><b>Auditors Report</b></p> <p data-bbox="120 748 1189 777">This is the opinion on your financial statements and annual governance statement.</p>	October 2021	Not yet due
<p data-bbox="120 817 443 845"><b>Auditor's Annual Report</b></p> <p data-bbox="120 865 1391 932">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>	January 2021	Not yet due

# Audit letter in respect of delayed VFM work

Rosalind Binks  
Chairman of the Governance and Audit Committee  
Kent County Council  
Sessions House  
County Hall  
Maidstone  
Kent ME14 1XQ

14 September 2021

Dear Rosalind, Chair of the Governance and Audit Committee

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we 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 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.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 31 January 2022.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely



Paul Dossett  
Key Audit Partner



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 – 22 September 2021

Subject: **TREASURY MANAGEMENT UPDATE**

Classification: Unrestricted

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### **Summary**

This report provides an overview of Treasury Management activity and developments in 2021-22 up to the end of July 2021.

### **Recommendation**

The Committee is recommended to note the report

### **FOR INFORMATION**

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### **Introduction**

1. The Council's Treasury Management Strategy for 2021-22 was approved by full Council on 11 February 2021.
2. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of their treasury management function at least twice yearly (mid-year and at year end). This report provides an additional quarterly update as set out in the Council's Treasury Management Strategy.
3. 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.

### **Monthly activity report**

4. A monthly report is circulated to members of the Treasury Management Advisory Group and a copy of the July 2021 report is attached at appendix 1.

## External Context

5. Economic resurgence from the coronavirus pandemic continued to dominate the first quarter of the financial year as the vaccine programme was rolled out across the UK.
6. At its meeting on 4 August 2021 the Monetary Policy Committee (MPC) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. The MPC expects GDP growth to continue into the latter half of the year, albeit at a slightly slower pace than predicted in the May report with a forecast of 3% growth in Q3. The reason for the slightly more pessimistic forecast is the recent minor negative developments in the pandemic such as large numbers of workers being asked to self-isolate. The Committee maintains its forecast for gross domestic product (GDP) to reach pre-pandemic levels by the end of the year before contractionary fiscal policy begins to slow the rate of growth going forward.
7. Government initiatives continued to support the economy over the period, following the range of measures announced by the Chancellor in the 2021 Budget, which included extending the furlough (Coronavirus Job Retention) scheme until September 2021.
8. The latest labour market data showed that in the three months to June 2021 the unemployment rate fell to 4.7% and growth in average total pay (including bonuses) and regular pay (excluding bonuses) among employees was 5.2% for this period. The seemingly high growth partly reflected a base effect from a decline in average pay in the spring of last year, associated with the reduced pay of employees on the furlough scheme.
9. Annual CPI inflation was lower than expected at 2.0% year on year to July down from 2.5% in June due to lower prices in the recreation and culture sectors offset by higher transport prices. The Bank of England expects inflation to exceed 3% for a temporary period. The CPIH which is CPI including owner-occupied housing was 2.1% year/year, also lower than expectations.
10. Early estimates suggested that GDP increased by 4.8% in the second quarter of 2021. The largest contributor to this growth in GDP was household consumption likely to be due to the gradual easing of lockdown restrictions over the period. There were also increases in every other main component of GDP except for trade.
11. Ongoing monetary and fiscal stimulus together with improving economic growth prospects and successful vaccine rollout programmes continued to boost equity markets over the period. The Dow Jones reached a record high during the period while the UK-focused FTSE 250 index was back above pre-pandemic levels and the more internationally focused FTSE 100 had recouped around three-quarters of 2020 losses.

12. Inflation worries continued during the period but declines in bond yields between April and June suggest bond markets may be expecting any general price increases to be less severe, or more transitory, than was previously thought.
13. The 5-year UK benchmark gilt yield began the financial year at 0.36% before declining to 0.32% by the end of June 2021. Over the same period the 10-year gilt yield fell from 0.80% to 0.71%, despite jumping to 0.90% in May. The 20-year yield declined from 1.31% to 1.21%.
14. 1-month, 3-month and 12-month SONIA bid rates averaged 0.03%, 0.02% and 0.15% respectively over the period.
15. The successful vaccine rollout programme is credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. We continue to keep the institutions and durations on the Council's counterparty list recommended by treasury management advisors Arlingclose under constant review.

### **Local context**

16. At 31 March 2021 the Council had borrowed £853.7m and invested £502.0m 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. The Council's current strategy is to maintain 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 taking account of capital spending plans and available cash resources.

### **Borrowing Strategy during the period**

17. At 31 July 2021 the Council held £851.4m of loans and details of this debt is shown in the table at paragraph 1.1 of Appendix 1.
18. 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 Authority's long-term plans change being a secondary objective.
19. In keeping with these objectives no new borrowing was undertaken while £2.3m of existing loans were allowed to mature without replacement. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

20. 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.

### **Treasury investment activity**

21. The Council's average investment balances to date have amounted to £556.5m, representing income received in advance of expenditure plus balances and reserves held. Forecast cash balances are shown in the graph at paragraph 2.1 in appendix 1.
22. 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.
23. The Council's investments during the 4 months to the end of July are summarised in the table at paragraph 3.2 in appendix 1 and a detailed schedule of investments as at 31 July is attached in Appendix 2.

### **Internally managed investments**

24. Given the ongoing uncertainty around its cash flows the Council continues to hold significant 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.
25. Deposit rates with the Debt Management Account Deposit Facility (DMADF) are now largely around zero while the net return on Money Market Funds net of fees, which had fallen after Bank Rate was cut to 0.1% in March 2020, are also now at or very close to zero. Fund management companies have temporarily lowered or waived fees to avoid negative net returns.
26. At 31 July the Council had lent £14m to other local authorities (31 March 2021 £51m) with a maximum duration of 6 months. Lending opportunities have been limited and any loans are made taking account of the risks associated with the local authority as assessed by the Head of Finance (Policy, Planning and Strategy).
27. During the 4 months the Council loaned £3.5m to the no use empty loans programme. At 31 July the total lent totalled £9.1m achieving a return of 1.5% which is available to fund general services. £20.m of covered bonds were purchased in the 4 months bringing the total bond portfolio up to the £100m limit per the treasury strategy. These are tradeable, have the benefit of collateral cover and pay an above base rate return.

28. The progression of credit risk and return metrics for KCC's investments are shown in the extract from Arlingclose's quarterly investment benchmarking in the table below.

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>Weighted Average Maturity (days)</b>	<b>Income Rate of Return</b>
31.03.2021	3.76	AA-	53%	146	1.70%
30.06.2021	3.39	AA	31%	160	1.54%
Similar LAs	4.23	AA-	45%	1,101	0.94%
All Las	4.64	A+	67%	12	0.82%

29. The full summary of the investment benchmarking results is at paragraph 5.2 in appendix 1

### Externally Managed Investments

30. The Council has invested in equity, multi-asset and property funds. Since March 2021 there has been further improvement in market sentiment which is reflected in an increase in the capital values of the funds, as shown in the table below. In line with previous reports we have shown the returns over 12 month period. However, it is worth noting that the total return between July 2020 and July 2021 includes the recovery on equity funds following reductions in the immediate aftermath of the first Covid-19 lockdown and therefore not representative of normal expected growth patterns.

<b>Investment Fund</b>	<b>Book cost</b>	<b>31.3.21</b>	<b>2021-22</b>	<b>31.7.21</b>	<b>31.7.21</b>	
		<b>Market Value</b>	<b>Movement</b>	<b>Market Value</b>	<b>12 month return</b>	
					<b>Income</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>
Aegon (Kames) Diversified Monthly Income Fund	20.0	20.2	0.0	20.2	4.70%	12.46%
CCLA - Diversified Income Fund	5.0	5.0	0.2	5.2	3.05%	9.69%
CCLA – LAMIT Property Fund	60.0	57.1	3.1	60.2	4.13%	12.89%
Fidelity Global Multi Asset Income Fund	25.0	24.7	0.1	24.8	4.30%	4.27%
Investec Diversified Income Fund	10.0	12.2	0.5	12.7	3.65%	30.38%

M&G Global Dividend Fund	10.0	10.1	0.0	10.1	4.27%	6.36%
Pyrford Global Total Return Sterling Fund	5.0	5.0	0.0	5.0	1.94%	3.97%
Schroder Income Maximiser Fund	25.0	19.4	0.1	19.5	8.11%	30.53%
Threadneedle Global Equity Income Fund	10.0	10.9	0.1	11.0	3.28%	23.39%
Threadneedle UK Equity Income Fund	10.0	9.6	0.6	10.2	3.65%	29.20%
<b>Total Externally Managed Investments</b>	<b>180.0</b>	<b>174.1</b>	<b>4.8</b>	<b>178.9</b>	<b>4.40%</b>	<b>14.99%</b>

31. 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 Authority's investment objectives are regularly reviewed.
32. Strategic 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.

#### **Estimates for income 2020-21**

33. The average rate of return on the Council's portfolio is 1.53% that equates to £7.7m a year which is used to support services in year.

#### **Recommendation**

34. Members are asked to note this report.

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Alison Mings, Acting Business Partner – Kent Pension Fund

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**September 2021**

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## Treasury Management Report for July 2021

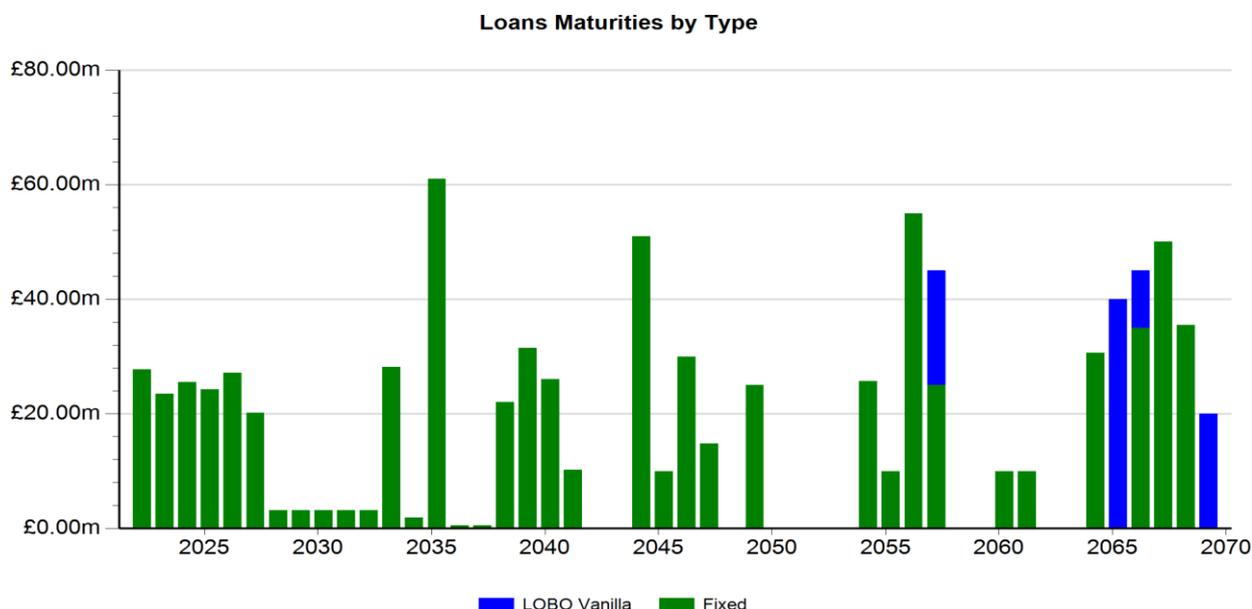
The following is a summary of the Council's treasury management activity during July 2021 and year to date.

### 1. Borrowing

1.1 The total amount of debt outstanding at the end of July was £851.4m down by £2.3m since the end of March 2021 as debt was repaid and no new borrowing was undertaken. The following table shows the borrowing analysed by lender.

	31/03/2021	2021-22	31/07/2021	31/07/2021	31/07/2021
	Balance	Movement	Balance	Average Rate	Value Weighted Average Life
	£m	£m	£m	%	yrs
Public Works Loan Board	449.61	0.00	449.61	4.83%	15.62
Banks (LOBO)	90.00	0.00	90.00	4.15%	42.55
Banks (Fixed Term)	291.80	0.00	291.80	4.40%	37.17
Streetlighting project	22.32	-2.29	20.03	1.43%	10.65
<b>Total borrowing</b>	<b>853.73</b>	<b>-2.29</b>	<b>851.44</b>	<b>4.53%</b>	<b>25.73</b>

1.2 The maturity profile of KCC's outstanding debt as at 31 July was as follows:



1.3 The following table shows the maturity profile of KCC's debt in 5-year tranches

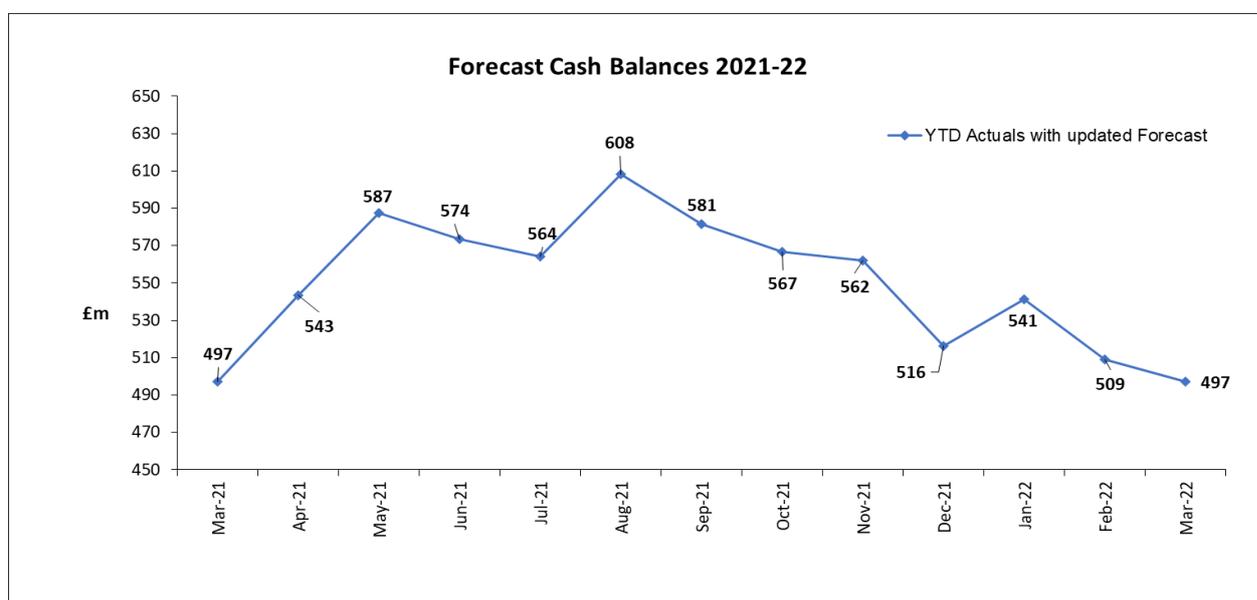
Loan Principal Maturity Period	Total Loan Principal Maturing	Balance of Loan Principal Outstanding
Opening Balance 31/07/2021		£851,437,598
Maturity 0 - 5 years	£127,070,157	£724,367,441
Maturity 5 - 10 years	£3,692	£724,363,750

Maturity 10 - 15 years	£118,806,192	£605,557,558
Maturity 15 - 20 years	£97,957,558	£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
<b>Total</b>	<b>£851,437,598</b>	

- 1.4 The Council's strategy continues to be to fund its capital expenditure from internal resources or short-term borrowing as well as consider longer term borrowing at advantageous points in interest rate cycles.
- 1.5 Total long-term debt managed by KCC includes £30.9m pre-LGR debt managed by KCC on behalf of Medway Council.

## 2. Cash Balances

- 2.1 At the end of July, the value of cash under management was £564m, a decrease of £10m from the end of June including grant monies and other receipts. Forecast cash balances are as follows:



## 3. Investments

- 3.1 At the end of July, the value of KCC's investments was £565m of which £179m, 32%, was invested in strategic pooled funds.
- 3.2 Details of the investments at the month end as well as the movement in 2021-22 are shown in the following table. A detailed listing of investments at 31 July is at appendix A.

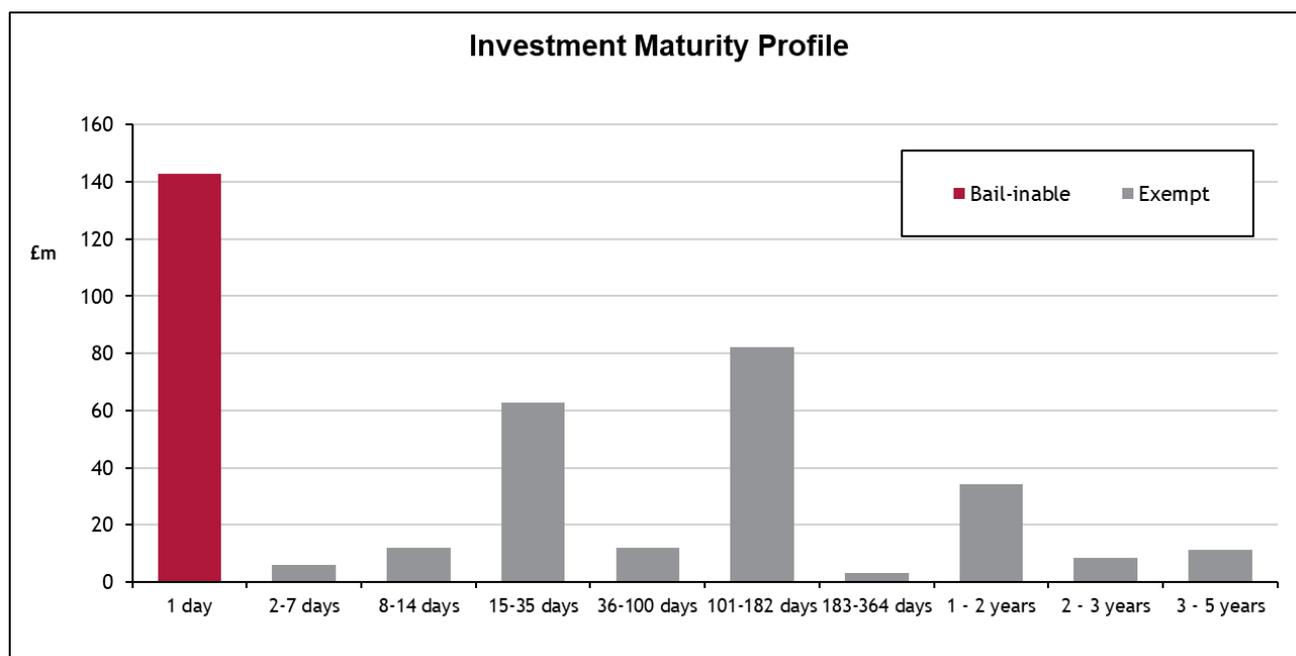
	31-Mar-21	2021-22	31-Jul-21	31-Jul-21	31-Jul-21
	Balance	Movement	Balance	Rate of Return	Average Credit Rating
	£m	£m	£m	%	
Bank Call Accounts	45.0	-9.4	35.6	0.06	A+
Money Market Funds	135.0	-27.9	107.1	0.00	AA-
Local Authorities	51.0	-37.0	14.0	0.22	A+
Covered Bonds	79.7	20.6	100.2	0.68	AAA
DMO Deposits incl Tbills	9.4	108.6	118.0	0.01	AA
No Use Empty Loans	5.6	3.5	9.1	1.50	
Equity	2.3	-0.2	2.1		
<b>Internally managed cash</b>	<b>327.9</b>	<b>58.2</b>	<b>386.1</b>	<b>0.16</b>	AA
<b>Strategic Pooled Funds</b>	<b>174.1</b>	<b>4.8</b>	<b>178.9</b>	<b>4.40</b>	
<b>Total</b>	<b>502.0</b>	<b>63.0</b>	<b>565.0</b>	<b>1.53</b>	

### 3.3 Internally managed investments

3.3.1 During July most of the surplus monies received have been invested with the Debt Management Office reflecting slightly better interest rates while ensuring security of the funds. We continue to hold significant balances in money market funds and bank reserve accounts which have same day availability, given the ongoing uncertainty about the impact of Covid on the Council's income and services. We also added to our covered bond portfolio which is tradeable and has the benefit of collateral cover.

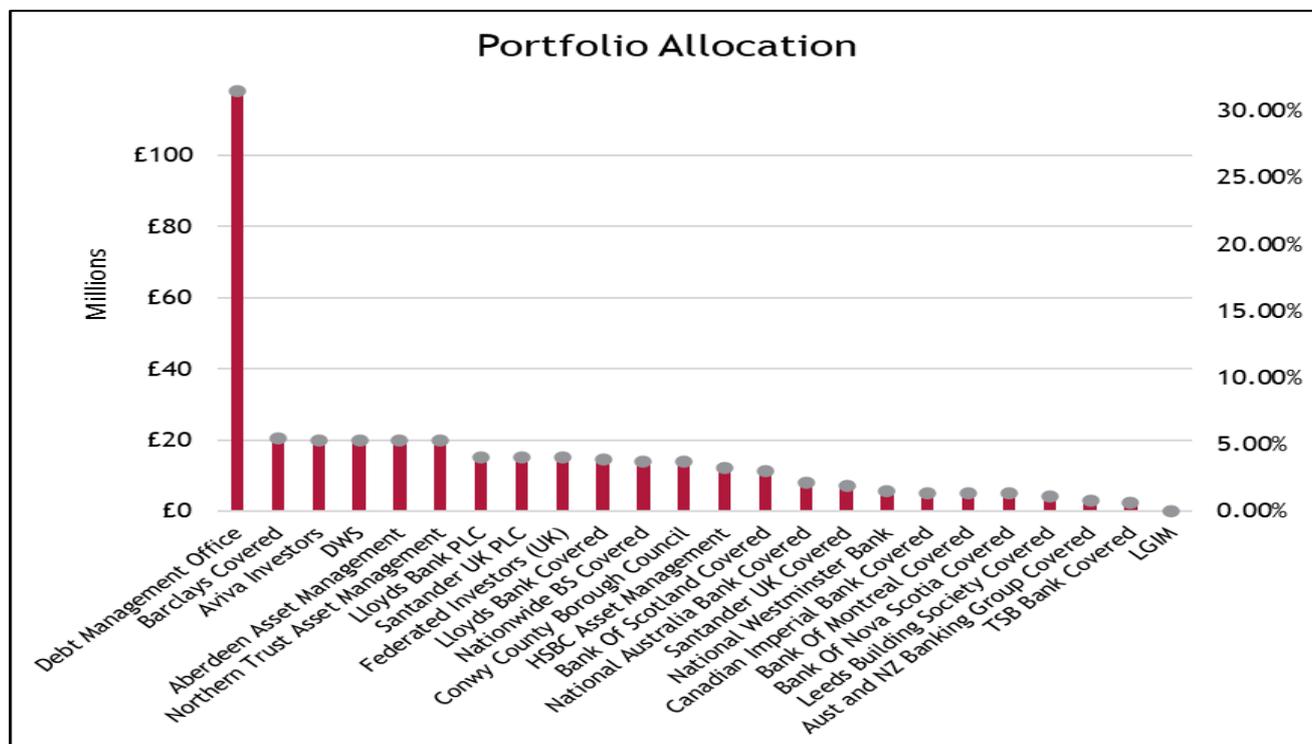
3.3.2 The rate of return on investments held at month end was 0.16% vs the target return 7-day LIBID of -0.082%. Interest rates on the cash investments are close to zero while higher rates continue to be paid on the covered bonds though these are falling.

3.3.3 The maturity profile of KCC's investments is shown in the following chart and table.



Duration	Bail-inable	Exempt
1 day	£ 142.7	£ -
2-7 days	£ -	£ 6.1
8-14 days	£ -	£ 12.0
15-35 days	£ -	£ 62.9
36-100 days	£ -	£ 12.0
101-182 days	£ -	£ 82.0
183-364 days	£ -	£ 3.0
1 - 2 years	£ -	£ 34.3
2 - 3 years	£ -	£ 8.5
3 - 5 years	£ -	£ 11.4
<b>Total Investments</b>	<b>£ 142.7</b>	<b>£ 232.2</b>

3.3.4 The Fund's exposure to its counterparties is as per the following graph and table. They show the amount invested in £m and the percentage each investment represents of the total portfolio.



Counterparty	Total Principal	
	£	
Debt Management Office	118,025,563	31.48%
Barclays Covered	20,530,604	5.48%
Aviva Investors	19,997,274	5.33%
DWS	19,996,022	5.33%
Aberdeen Asset Management	19,995,712	5.33%
Northern Trust Asset Management	19,929,271	5.32%
Lloyds Bank PLC	15,000,000	4.00%
Santander UK PLC	15,000,000	4.00%

Federated Investors (UK)	14,996,499	4.00%
Lloyds Bank Covered	14,505,997	3.87%
Nationwide Building Society Covered	14,080,469	3.76%
Conwy County Borough Council	14,000,000	3.73%
HSBC Asset Management	12,150,554	3.24%
Bank Of Scotland Covered	11,403,473	3.04%
National Australia Bank Covered	7,989,991	2.13%
Santander UK Covered	7,003,160	1.87%
National Westminster Bank	5,625,000	1.50%
Canadian Imperial Bank Covered	5,006,083	1.34%
Bank Of Montreal Covered	5,002,347	1.33%
Bank Of Nova Scotia Covered	4,996,900	1.33%
Leeds Building Society Covered	4,202,931	1.12%
Aust And NZ Banking Group Covered	3,000,000	0.80%
TSB Bank Covered	2,502,309	0.67%
Legal & General Investment Management	727	0.00%
	<b>374,940,884</b>	

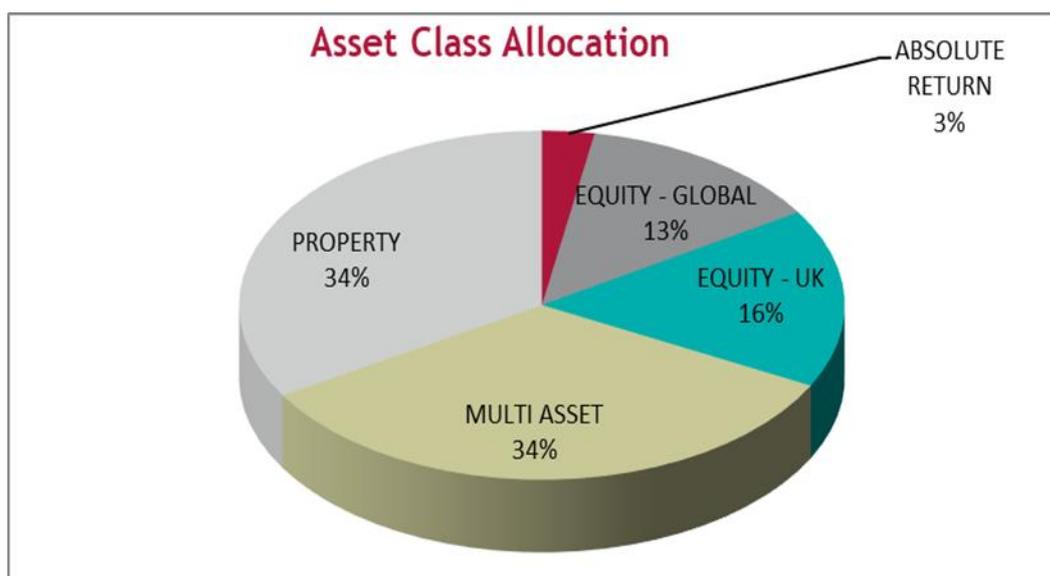
3.3.5 Credit Score matrix

The Council's overall credit scores for its internally managed cash are detailed in the following table.

	Credit Rating	Credit Risk Score
Value Weighted Average	AA	3.4
Time Weighted Average	AA+	1.6

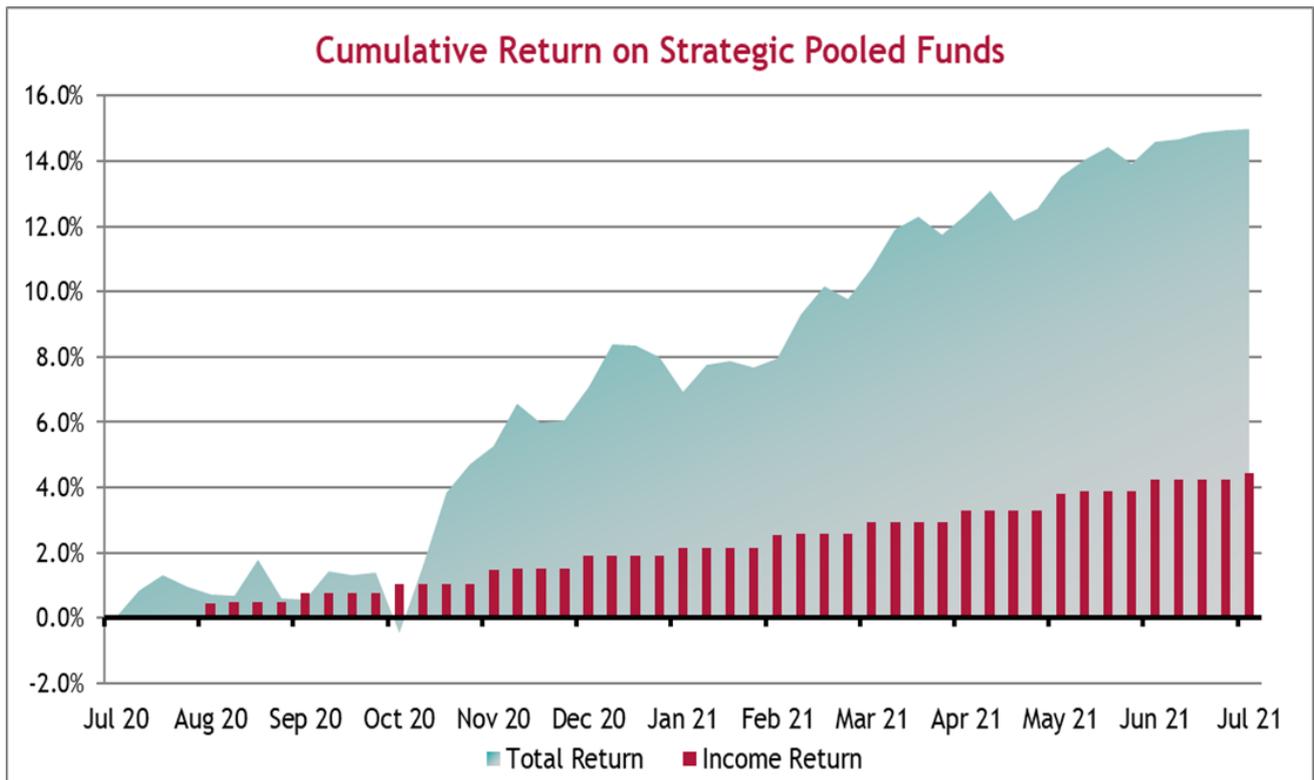
4. Strategic Pooled Funds

4.1 A breakdown of the strategic pooled funds by asset class is shown in the following chart.

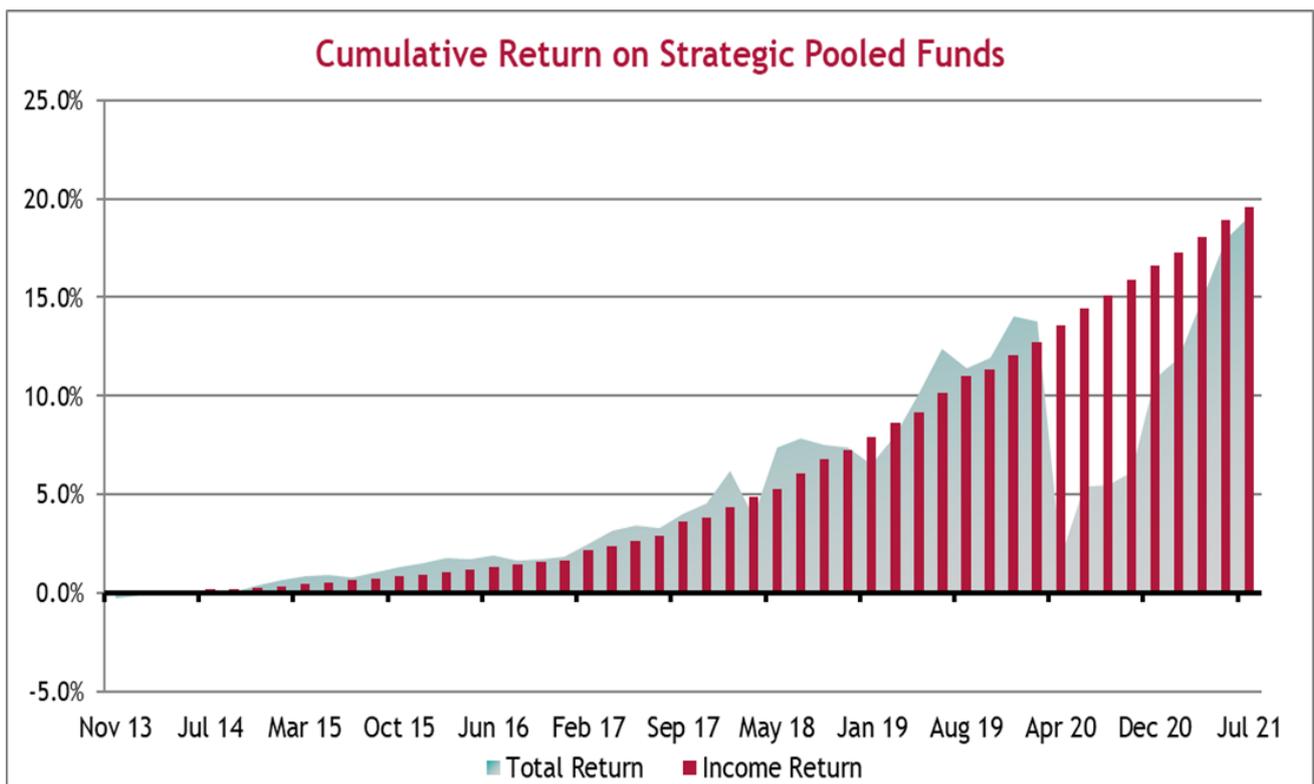


4.2 **Performance YTD:** During July financial markets continued to rise and the value of our holdings increased in value to £178.9m at the end of the month, a gain of £4.8m since the end

of March 2021. The following chart tracks the returns earned on the pooled funds over the 12 months to end July 2021.

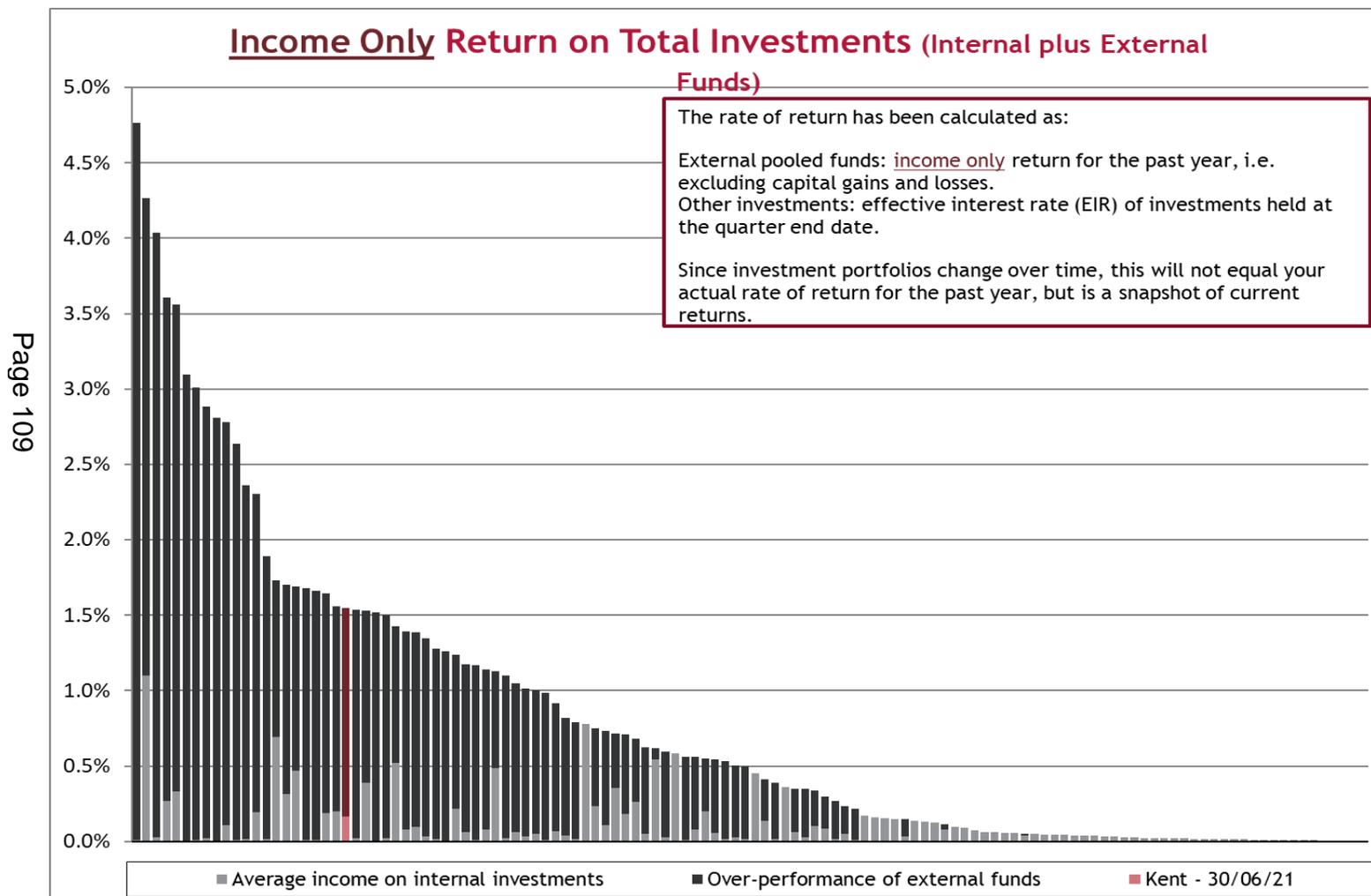


4.3 **Performance since inception:** KCC initially invested in pooled funds in 2013. By the end of July 2021 the pooled funds had achieved an income return of £31.6m, 15.43% (4.22% pa) while the fall in the capital value of the portfolio had reduced to 0.32%. We are long term investors and invested for income to support the Council’s services. The following chart tracks the returns earned on the pooled funds over the period from inception.



5. Arlingclose benchmarking – June quarter 2021

5.1 Arlingclose benchmark the performance of their clients each quarter and the following chart compares the income return achieved by all the Arlingclose clients.



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5.2 The following summarises the results of Arlingclose clients for June 2021



**Investment Benchmarking**  
**30 June 2021**

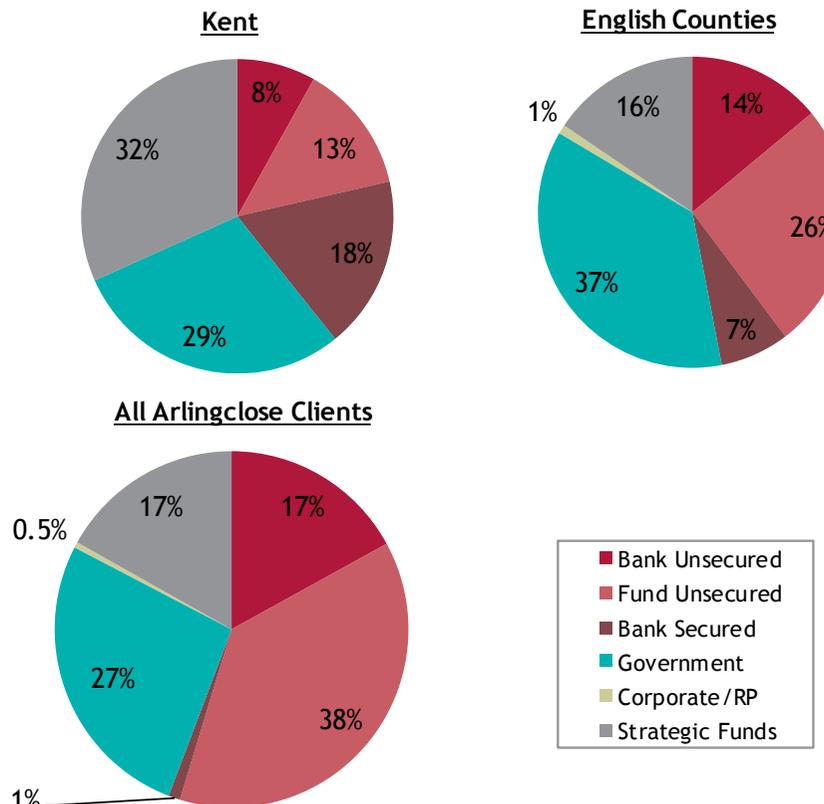
	Kent	9 English Counties Average	124 LAs Average
Internal Investments	£385.3m	£371.0m	£83.4m
Cash Plus & Short Bond Funds	£0.0m	£2.2m	£2.7m
Strategic Pooled Funds	£178.6m	£65.4m	£11.9m
<b>TOTAL INVESTMENTS</b>	<b>£563.9m</b>	<b>£438.6m</b>	<b>£98.0m</b>

<b>Security</b>			
Average Credit Score	3.39	4.23	4.64
Average Credit Rating	AA	AA-	A+
Average Credit Score (time-weighted)	1.59	4.07	4.51
Average Credit Rating (time-weighted)	AA+	AA-	A+
Number of Counterparties / Funds	36	29	13
Proportion Exposed to Bail-in	31%	45%	67%

<b>Liquidity</b>			
Proportion Available within 7 days	28%	41%	56%
Proportion Available within 100 days	43%	51%	71%
Average Days to Maturity	160	1,101	12

<b>Market Risks</b>			
Average Days to Next Rate Reset	98	1,071	50
Strategic Fund Volatility	5.4%	3.4%	3.8%

<b>Yield</b>			
Internal Investment Return	0.16%	0.30%	0.11%
Cash Plus Funds - Income Return	-	0.79%	0.37%
Strategic Funds - Income Return	4.52%	4.37%	4.28%
<b>Total Investments - Income Return</b>	<b>1.54%</b>	<b>0.94%</b>	<b>0.82%</b>
Cash Plus Funds - Capital Gain/Loss	-	0.41%	0.83%
Strategic Funds - Capital Gain/Loss	8.98%	7.55%	7.28%
<b>Total Investments - Total Return</b>	<b>4.39%</b>	<b>2.22%</b>	<b>2.13%</b>



**Notes**

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

**6. Revenue outturn**

- 6.1 Forecast net debt costs remain in line with budget with lower investment income offset by savings on borrowing costs.
- 6.2 While we are holding substantial investment balances the returns on our cash deposits are expected to remain close to zero for the foreseeable future. Income from the pooled funds is forecast to be close to budget reflecting improved levels of dividends paid by the underlying investments.

**Alison Mings**  
**Acting Business Partner – Kent Pension Fund**  
**23 August 2021**

## Investments as at 31 July 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
<b>Total</b>	<b>Local Authority Deposits</b>	<b>14,000,000</b>		
Tbill	DMO	6,999,302	0.020%	08/11/21
Tbill	DMO	19,997,507	0.025%	22/11/21
Tbill	DMO	9,998,754	0.025%	20/12/21
<b>Total</b>	<b>Tbills</b>	<b>36,995,563</b>		
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	9,900,000	0.010%	10/08/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	2,130,000	0.010%	10/08/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	43,000,000	0.010%	25/08/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	15,000,000	0.010%	27/08/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	6,150,000	0.010%	06/08/21
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	4,850,000	0.010%	18/08/21
<b>Total</b>	<b>DMADF</b>	<b>81,030,000</b>		
Call Account	National Westminster Bank plc	5,625,000	0.01%	
Call Account	Santander UK plc	15,000,000	0.12%	
Call Account	Lloyds Bank plc	15,000,000	0.01%	
<b>Total</b>	<b>Bank Call Accounts</b>	<b>35,625,000</b>		
<b>No Use Empty Loans</b>		<b>9,037,864</b>	1.50%	
<b>Registered Provider</b>	<b>£10m loan facility – non utilisation fee</b>		0.40%	31/03/23
<b>Registered Provider</b>	<b>£5m loan facility – non utilisation fee</b>		0.40%	16/06/23
Money Market Funds	Federated Short-term Sterling Prime Fund GBP KCC	14,996,499	0.01%	
Money Market Funds	HSBC Sterling Liquidity Fund	12,150,554	0.00%	
Money Market Funds	LGIM Sterling Liquidity Fund 4 KCC	727	0.00%	
Money Market Funds	Aberdeen Liquidity Fund (Lux) KCC	19,995,712	0.01%	
Money Market Funds	Northern Trust Sterling Cash Fund	19,929,271	0.00%	
Money Market Funds	Aviva Investors Sterling Liquidity Fund 3 GBP Inc	19,997,273	0.01%	
Money Market Funds	Deutsche Managed Sterling Platinum	19,995,022	0.01%	
<b>Total</b>	<b>Money Market Funds</b>	<b>107,066,058</b>		
<b>Equity and Loan Notes</b>	Kent PFI (Holdings) Ltd	<b>2,135,741</b>		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%	20/12/2024
Fixed Rate Covered Bond	National Australia Bank - Bonds	4,989,355	1.35%	10/11/2021
Fixed Rate Covered Bond	Leeds Building Society Bonds	4,202,931	1.29%	17/04/2023
Fixed Rate Covered Bond	Bank of Nova Scotia Bonds	4,996,900	0.88%	14/09/2021
Fixed Rate Covered Bond	National Australia Bank - Bonds	3,000,636	1.10%	10/11/2021
Fixed Rate Covered Bond	Barclays - Bonds	20,530,604	0.71%	12/01/2022
Fixed Rate Covered Bond	Bank of Scotland - Bonds	6,918,772	0.43%	20/12/2024
Floating Rate Covered Bond	TSB Bank - Bonds	2,502,309	0.88%	15/02/2024
Floating Rate Covered Bond	Lloyds - Bonds	2,501,278	0.31%	27/03/2023
Floating Rate Covered Bond	Lloyds - Bonds	2,501,706	0.30%	27/03/2023
Floating Rate Covered Bond	Nationwide Building Society - Bonds	3,996,140	0.76%	10/01/2024
Floating Rate Covered Bond	Lloyds - Bonds	4,500,000	0.65%	14/01/2022
Floating Rate Covered Bond	Australia and New Zealand Banking group - bonds	3,000,000	0.73%	24/01/2022
Floating Rate Covered Bond	Santander UK - Bonds	2,001,858	0.74%	12/02/2024
Floating Rate Covered Bond	Nationwide Building Society - Bonds	4,502,112	0.31%	12/04/2023
Floating Rate Covered Bond	Bank of Montreal - Bonds	5,002,347	0.33%	17/04/2023
Floating Rate Covered Bond	Lloyds - Bonds	5,003,013	0.30%	27/03/2023
Floating Rate Covered Bond	Canadian Imperial Bank of Commerce - Bonds	5,006,083	0.26%	10/01/2022
Floating Rate Covered Bond	Santander UK - Bonds	5,001,302	0.27%	16/11/2022
Floating Rate Covered Bond	Nationwide Building Society - Bonds	5,582,217	0.29%	12/04/2023
<b>Total</b>	<b>Bonds</b>	<b>100,224,264</b>		

Total Internally managed investments

386,214,489

## 2. Externally Managed Investments

Investment Fund	Book Cost	Market Value at	12 months return to	12 months return to
	£	30-July-21	31-July-21	31-July-21
		£	Income	Total
Aegon (Kames) Diversified Monthly Income Fund	20,000,000	20,208,689	4.70%	12.46%
CCLA - Diversified Income Fund	5,000,000	5,226,886	3.05%	9.69%
CCLA – LAMIT Property Fund	60,000,000	60,236,070	4.13%	12.89%
Fidelity Global Multi Asset Income Fund	25,038,637	24,755,462	4.30%	4.27%
Investec Diversified Income	10,000,000	12,713,323	3.65%	30.38%
M&G Global Dividend Fund	10,000,000	10,067,139	4.27%	6.36%
Pyrford Global Total Return Sterling Fund	5,000,000	4,991,412	1.94%	3.97%
Schroder Income Maximiser Fund	25,000,000	19,462,126	8.11%	30.53%
Threadneedle Global Equity Income Fund	10,000,000	11,047,271	3.28%	23.39%
Threadneedle UK Equity Income Fund	10,000,000	10,175,070	3.65%	29.20%
<b>Total External Investments</b>	<b>180,038,637</b>	<b>178,883,448</b>	<b>4.40%</b>	<b>14.99%</b>

**3. Total Investments**

<b>Total Investments</b>	<b>£565,097,937</b>
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## GLOSSARY

### Local Authority Treasury Management Terms

<b>Bond</b>	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
<b>CET 1</b>	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.
<b>CFR</b>	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.
<b>Covered bond</b>	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.
<b>CPI</b>	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee, measured on a harmonised basis across the European Union
<b>CPIH</b>	The Consumer Prices Index including owner occupiers' housing costs
<b>FTSE</b>	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
<b>GDP</b>	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
<b>IFRS</b>	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
<b>IMF</b>	International Monetary Fund
<b>LOBO</b>	Lender's Option Borrower's option
<b>MMF</b>	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
<b>Monetary Policy</b>	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.
<b>MPC</b>	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%.
<b>MRP</b>	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

<b>Municipal bond</b>	Bond issued or guaranteed by local authorities.
<b>Municipal bond Agency</b>	Company that issues bonds in the capital market and lends the proceeds back to local authorities. The bonds are guaranteed by the local authorities
<b>Pooled Fund</b>	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').
<b>Prudential Code</b>	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
<b>PWLB</b>	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.
<b>REIT</b>	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
<b>Share</b>	An equity investment, which usually also confers ownership and voting rights
<b>Short-term</b>	Usually means less than one year
<b>SONIA</b>	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
<b>Weighted average life (WAL)</b>	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,
<b>Weighted average maturity (WAM)</b>	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.

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

To: Governance and Audit Committee – 22 September 2021

Subject: **KCC INSURANCE OVERVIEW**

Classification: Unrestricted

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Summary: This paper provides a summary of insurance activity for the 2020/21 financial year and other points of interest.

**FOR ASSURANCE**

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## **INTRODUCTION**

1. The Council's insurance programme is extensive and designed to provide increased financial control of the risks arising from the diverse nature of its activities and support general business functions and income generating operations.
2. This report provides a review of activity for the 2020/21 financial year and other points of interest.

## **INSURANCE PROGRAMME**

3. The insurance programme covers all directorate operations and local authority (non-academy) schools and is made up of several separate policies. The main four policies purchased are Employers Liability, Public Liability, Property, and Motor.
4. Following a tender of the full insurance programme effective from 1 January 2016, Zurich Municipal was awarded the contract for the majority of covers on a 5-year Long Term Agreement – expiring 31<sup>st</sup> December 2020.

The programme was therefore due to be tendered during 2020 but due to the impact of Covid-19 and the volatility in the market, a decision was taken to agree one-year policy extensions.

The tender process re-commenced in 2021 and new arrangements are due to be in place for 1<sup>st</sup> January 2022.

## **INSURANCE BROKER**

5. A 12-month extension was agreed on existing rates with Arthur J Gallagher on 1<sup>st</sup> July 2021, in order to retain their services during the tender process as the council's broker. The broker contract is due to be tendered in 2022.

## **FUNDING OF INSURANCE PREMIUMS AND CLAIMS**

6. Premiums and excess payments are paid through the corporately managed Kent Insurance Fund (KIF). Directorates and LEA schools contribute to this in accordance with their risk profile and claims experience. As of 31 August 2021, the KIF had a fully funded committed balance of £12.7m to meet the total for outstanding liabilities.
7. The KIF is supported by the Insurance Reserve. As of 31 August 2021, this stood at £13.8m and is held to protect the Council against future unexpected insurance costs. This includes historic claims where insurance may not be available or those associated with the unexpected increase in the cost or volume of claims.

## **MUNICIPAL MUTUAL INSURANCE (MMI)**

8. Kent County Council has held insurance with MMI over two periods – the first between 1977-1984 and the second between 1990-1992.

In 1992 MMI experienced financial difficulties and stopped writing new business. They have been operating in run-off ever since. A solvent run-off has not been possible and as a result, a 'Scheme of Arrangement' was triggered in 2014 which involved the clawing back of monies from past members of the mutual to meet the outstanding future cost of claims.

In 2014 KCC was required to make a payment equalling 15% of the total sum paid by MMI in relation to its claims. A sum of £600k was paid. In addition, KCC was required to pay 15% of all future claim payments.

In 2016 KCC was required to make a further payment of 10%. A sum of £380k was paid. In addition, KCC now pays 25% of all future claims.

It is hoped that the levy collected from authorities to date will be sufficient to enable MMI to continue its run-off for several years and possibly even to close. Whilst the long tail nature of occupational disease and abuse claims makes them difficult to forecast, it is evident that these are starting to slow for the period of MMI's cover.

There is a current outstanding reserve against claims of £354k, which presents a potential further contribution of £88.5k under the current scheme if all these claims were to be settled (which is considered unlikely).

## INSURANCE CLAIMS

9. Below is a summary of activity relating to the four main insurance policies during 2020/21.

### 10. EMPLOYER'S LIABILITY (EL)

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The number of EL claims remains low	There are 6 new claims currently recorded for the 2020/21 financial year. This compares to 10 at the same time last year and 12 in 2018/19.
The majority of claims have occurred in schools.	5 out of the 6 claims have arisen due to incidents that have occurred in schools. All 6 claims are currently reserved at less than £25,000 (each).
A number of claims remain open across all years	There are 46 open claims that are currently being investigated and processed. These have an overall outstanding reserve of £1.85m. £680k is reserved against the KIF and £1.17m with the Council's insurers.

### 11. PUBLIC LIABILITY (PL)

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PL claims have significantly decreased from last year	A total of 932 claims have been recorded against the 2020/21 financial year to date. This compares to 1616 at the same time last year. This reduction is considered due to the Covid-19 pandemic and the fact that the county was in lockdown for long periods of the year.
Almost all claims are highway related	98% of these claims are highway related. Vehicle damage due to potholes account for 53% of the claims.
KCC's repudiation rate remains strong	Decisions have been provided on the vast majority of vehicle damage claims for this period. 97% of claims have been defended. £4,850 has been paid in settlements to date. This is a fall of £6,650 compared to the same time last year.
Personal injury claims have decreased	240 personal injury claims have been recorded against the 2020/21 financial year to date. This compares to 326 at this time last year. 97% of these claims are highway related. Liability has been denied for 93% of those that have been assessed. £37k has been paid to date in relation to claims that have been settled.

There are a number of claims categorised as 'large loss'

'Large loss' claims are those reserved at £100k or more. There are currently 23 open claims in this category – 5 of which have been received since 1<sup>st</sup> April 2020. The majority of these arise due to highway related incidents but there are a small number relating to Education and Social Care. To date £5.7m has been paid (£4.8m by insurers and £900k by KCC) and a further £17.3m is reserved (£15.4m by insurers and £1.9m by KCC).

A number of claims remain open across all years

880 claims remain open across all years. This is consistent with the number of claims that are generally open at any one time. These have a current total outstanding reserve of £23.6m (£15.5m by insurers and £8.1m by KCC).

## **12. PROPERTY**

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Property claims have fallen from last year

111 claims were made against the property policy for 2020/21. This compares to 165 in 2019/20. This reduction is to be expected given that buildings were closed for long periods of the year. £470k has been paid to date from the KIF (all claims have been below excess). £353k is reserved against claims that remain open.

The majority of claims have been received from schools

75% of the claims have been received from Kent schools. Others are from children's centres, Adult Education Centres and libraries.

## **13. MOTOR**

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Motor claims have significantly decreased from last year

82 claims were made against the motor policy for 2020/21. This compares to 175 claims in 2019/20. The reduction is again due to the impact of Covid-19 and the fact that many school vehicles were not being driven during lockdown. £77k has been paid to date from the KIF (all claims have been below excess).

£7.5k is reserved against claims that remain open.

The majority of claims have been received from Highways

Over 50% of the claims have been presented by Highways. The remainder were from schools and social care.

## **RECOMMENDATION**

14. Members are asked to note this report for assurance.

Lee Manser  
Insurance Manager

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By: Ben Watts, General Counsel (Monitoring Officer)  
To: Governance and Audit Committee – September 22nd 2021  
Subject: Code of Corporate Governance  
Classification: Unrestricted

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Summary: This report provides an update and overview of plans to amend the Code of Corporate Governance and seeks Member views before that work progresses.

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## 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 again practice varies. The current version of KCC's Code of Corporate Governance appears between pages 156 and 162 in our constitution and a copy of this section is appended to this report.
- 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 for the Council.
- c) The Governance and Audit Committee has a key role in considering any changes to the Code of Corporate Governance and the expertise and views of Members will significantly assist in the redesign of the code. This paper is therefore the start of a process to change the code which ultimately concludes with a paper, discussion and recommendations at the County Council.
- d) The two main issues when determining how to approach the Code in relation to the Constitution are:
  - i. The Code is not written as a constitution.
  - ii. The Code has a broader relationship to governance than finance alone.
- e) The challenge of (i) above has become more pronounced for KCC since the restructure of the Constitution. The code itself is a set of principles, normative statements, and references to relevant paperwork rather than the rules-based text that the bulk of the rest of the Constitution is. This is an issue that can be overcome where the introductory text is clear, but work does need to be done as part of this project to bring the code to life for Members and Officers alike. It is unwise to rewrite the Code as a set of rules, which would not capture the principles effectively.

- f) The origins of the Code are in financial governance, and the base document being from CIPFA reinforces the idea that it is of financial relevance. Yet in the local authority context, finance is the key enabler for the work of the council (rather than the business of the council as such). This means that there is nothing in the Code which should not be done, or principles adhered to, in any area of its activity. E.g., “Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.”
- g) Taking this as a preamble, the next two sections set out a couple of short-term actions that should be taken in relation to the Code of Corporate Governance regardless of what happens to the wider refresh – though they can be built into several of the options presented as longer-term options.

## 2. Short-Term Actions

- a) Ahead of the longer-term substantive work, there are some short-term actions that we would recommend taking. If Members agree these changes, officers will make the necessary amendments and bring the changes back to this Committee.
- b) Firstly, we would recommend updating the Code in line with the principles of the 2016 CIPFA version of “Delivering Good Governance”, which are appended to this report. On 12 July 2018<sup>1</sup>, County Council agreed the adoption of the 2016 Framework (which has seven principles). The Code needs to be restructured along the lines of the seven principles to bring it up to date and this acts as a gateway to the future discussions and work.
- c) Secondly, consideration should be given to the CIPFA Financial Management Code (FM Code). According to CIPFA, “The first full year of compliance will be 2021/22. This reflects the recognition that organisations will need time to reflect on the contents of the code and can use 2020/21 to demonstrate how they are working towards compliance.”<sup>2</sup> There may be a need to make reference to the FM code in the Code (of Corporate Governance) or draw some other connection.

## 3. Longer-Term Options

- a) Ahead of bringing a more detailed paper to this Committee, there are a range of options structurally as to how the future Code could look. Before that work is completed and brought before Members, it would be helpful to have any relevant thoughts as to how Members might like the Code to operate. The following are some options about how to approach refreshing the Code to assist discussion:
  - i. Minimal – The content of the Code could be updated to reflect the 2016 shift to 7 principles, and a reference to the FM Code made (as needed) as set out above in section 2. No further changes would be made.
  - ii. Separated from Constitution – The financial governance focus of the Code can be acknowledged, and the Code put under the authority of the

<sup>1</sup> <https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=113&MIId=7888&Ver=4>

<sup>2</sup> <https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code>

Governance and Audit Committee to approve/update. A section of the Constitution can explain the Code's status and empower Governance and Audit Committee.

- iii. Enhanced version – The Code could be placed in a separate document apart from the Constitution, with an executive summary/contextual introduction. (similarly the separate document is produced but the Code also remains in the Constitution).
- iv. Live document – The Code has an additional column added showing what is being developed to embed/support the principles. These could be reviewed periodically by Governance and Audit Committee and will feed into the AGS. The core version in the Constitution should not have this column as it would change too often.
- v. Inverted relationship – The origins of the Code are in financial governance, but the title and scope are broader. The principles are generic enough so that the whole of governance, including the Constitution, come under it. However, this is challenging legally given the status of the Constitution and would still miss aspects of governance and weaken areas of the Constitution where the fit was less clear.
- vi. Separate spheres – Governance could be recast as having distinct, though connected, spheres, each with a different document as its 'core' as follows:
  - b) From the perspective of the Monitoring Officer, a combination of iii and iv would seem to carry the biggest effect. The rewrite of the Code of Corporate Governance picks up on some of the issues identified within the Annual Governance Statement and could form part of the cultural shift away from an organisation that views governance as tick-box rule-following to get around and instead appreciates it is a broader field where law meets strategy that aims to realise the goals of KCC, not hinder them.

#### **5. Recommendation:**

The Committee is invited to discuss the paper and:

- i. DISCUSS and COMMENT on the proposed programme for changing the Code of Corporate Governance
- ii. AGREE to amending the principles in the Code of Corporate Governance to the latest version from CIPFA/SOLACE framework
- iii. AGREE to making necessary changes to reflect CIPFA Financial Management Code (FM Code)

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By: Ben Watts, General Counsel (Monitoring Officer)  
To: Governance and Audit Committee – September 22nd 2021  
Subject: Annual Governance Statement 2021/22  
Classification: Unrestricted

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Summary: This report provides a draft copy of the Annual Governance Statement and an update on governance generally within the Council

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1. In July 2018, as part of the activity ongoing to review the Council's constitution, Members agreed that Kent County Council should adopt the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework 2016 Edition" and make the necessary consequential changes to the Code of Corporate Governance and the Constitution.
2. During the previous administrative cycle, Members of this Committee discussed the workings of the Governance and Audit Committee, the Annual Governance Statement the CIPFA/SOLACE framework amongst other things with the Head of Internal Audit and the Monitoring Officer. As part of those discussions, it was recommended and subsequently agreed by Members that the Governance and Audit Committee should formally consider and approve the Annual Governance Statement.
3. Since 2018, we have been changing the way that we do the Annual Governance Statement. The statutory officers, with advice from the Head of Internal Audit have been improving the way in which we collect responses and build up the Annual Governance Statement. For 2021, we are introducing the opportunity for Members to see and discuss the statement whilst it is in draft format. Accordingly, appended to the paper, is the draft version of this year's Annual Governance Statement that was prepared earlier in the summer to go alongside the draft accounts. As with last year, there will be further changes to the final version to reflect the experience and activities of the last few months before a final draft is prepared. This is because it is important that the Annual Governance Statement reflects the position at the point of signature, not preparation.
4. The Committee has always had the opportunity to consider the AGS but this additional step provides an opportunity for Members to ask questions before the final commentaries of the statutory officers are added and the statement is presented in final draft for approval in the next meeting.
5. An Annual Governance Statement is required by law and reports publicly on the effectiveness of governance and control. Whilst the majority of the statement before Members relates to the financial year 2021/22, it is important that the document also represents the present governance challenges faced by the Council. Accordingly, the final draft statement includes reference to a range of issues that have arisen since 1

April 2021 and, in particular, the latest impact of the Coronavirus pandemic on the Council.

7. Members of the Governance and Audit Committee play a key and ongoing role in the governance of the County Council and this opportunity for annual reflection is reflected in the recommendations.

**Recommendation:**

The Committee is invited to discuss the paper and:

- i. DISCUSS and COMMENT on the draft Annual Governance Statement.

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**DRAFT**

## **Kent County Council**

### **Annual Governance Statement 2020/21**

#### **Purpose of Statement**

The Annual Governance Statement is a key document which provides Members and officers with the opportunity to reflect on the processes, activities and behaviours which deliver decision making and activity within the Council.

It is vital that the statement itself, the process to develop it, and the political review and discussion of the statement are taken within the operating context of the organisation and the emerging opportunities, risks, and threats that the Council faces. 2020/21 was an unprecedented year in the Council's history and this statement explains the steps taken in the year gone by to address governance and those steps that will be needed in the year ahead to ensure the Council remains appropriately governed.

Once again, this year, the experience of the three statutory officers during the year has been counterposed with the assessment and assurance of the accountable officers throughout the organisation and the audit activity undertaken.

Having made a number of changes to improve the process in recent years following best practice and recommendations from the Head of Internal Audit, it is intended that this coming year will see the process move effectively from a simple statement to an annual governance system that lives throughout the year, reporting at the mid-year point to the Governance and Audit Committee and Cabinet and regularly to the Corporate Management Team.

The statement and the actions proposed within and/or referred for further review in the Annual Audit plan for 2021/22 are material to the organisation's commitment and obligation to continuously improve. They are also determined to be the minimum necessary actions to avert some of the challenges faced by other authorities in recent times.

The purpose of this Annual Governance Statement (AGS) is to provide an overview of how the County Council's governance arrangements operated during the financial year 2020-21 and in the relevant period up to the signature of the statement. This statement forms part of Kent County Council's Statutory Accounts and it will be published in draft before its presentation to the authority's Governance & Audit

Committee for approval. The signatories of this statement on behalf of KCC are the Leader of the Council, the Head of Paid Service, the Monitoring Officer and the Section 151 Officer. The Head of Internal Audit is also required to provide an annual opinion to inform the AGS. All Corporate Management Team members input to and endorse the Annual Governance Statement before the draft is published.

The AGS provides an overview of the controls that are in place to manage key governance risks. In instances where key governance issues have been identified, the detail of actions taken to make improvements and work still to be undertaken are documented in action plans. Kent County Council is required to produce an Annual Governance Statement under the regulations issued by Government. These regulations also determine the timetable for approval and publication. The authority is required to publish a statement which is in accordance with proper practice in relation to internal control.

This year a governance-based online questionnaire was again created to secure responses from all directorates; this ensured a continued consistent approach to information gathering to aid analysis and a dynamic assurance model. To further enhance the Annual Governance Statement process, and to validate assurances provided, further targeted surveys will be issued in the coming months to a sample of representatives from relevant cohorts across the authority. This survey activity will seek clarification about the understanding of and compliance with, governance considerations at a service level. Where areas of learning or improvement are identified relevant governance training sessions will be put in place by the General Counsel and will be reported to the Governance and Audit Committee at their mid-year review of the AGS. It is hoped that this continuous improvement approach will further strengthen the AGS process and proactively address any knowledge gaps within the organisation.

To further validate assurances received the General Counsel has asked the Internal Audit Team to test several themes arising from the AGS survey. Additionally, as 2021/22 progresses a series of targeted internal audits will be requested to further explore some of the findings of the Annual Governance Statement process and outputs will be presented to the members of the Governance and Audit Committee.

As in the previous year it has been necessary to focus on the significant impact of Covid-19 on governance and how the organisation has continued to positively sustain a different way of working.

It is hoped that the reader will find this statement a thorough and honest account of the operation of Kent County Council's governance arrangements which highlights both strengths and the areas requiring further improvement. It is important to acknowledge that the authority's governance journey will never end, and this

statement recognises the Council's position at a point in time. The Governance and Audit Committee continue to play an important role in ensuring that the authority's corporate governance framework meets recommended practice, is embedded across the whole Council, and is operating throughout the year with no significant lapses.

### **Scope of responsibility**

Kent County Council is responsible for ensuring that our services and operations are conducted in accordance with the law and proper standards. The authority has a specific responsibility to ensure that public money is used carefully and effectively and is properly accounted for. There is also a duty to continuously review and improve the way we work whilst offering services that are efficient and provide value for money.

Kent County Council operates an executive scheme of governance with major decisions taken by Cabinet Members executing the policies and strategies of the majority political group. The County Council sets an annual budget which determines the resource available to deliver the strategies, policies and services as defined by decision or required by law.

### **What is governance?**

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises of systems and processes, cultures, and values by which the Council is directed and controlled. The Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes Kent County Council will strive to ensure that strategies, policies, and operational matters are understood by Kent residents.

### **The Code of Corporate Governance**

Kent County Council's Code of Corporate Governance describes the principles applied by Kent County Council as the framework for good corporate governance, how we are achieving these, and the key policies and plans in place to support this. A major new paper around governance was brought to the County Council at the meeting on 27 May 2021 which frames future expectations and will necessitate the rewrite of the existing code. However, the Code that applied to 2020/21 is set out in KCC's Constitution and the six core underpinning principles are as follows:

- Principle 1 - Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a Vision for the local area.
- Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions
- Principle 3 - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Principle 5 - Developing the capacity and capability of Members and Officers to be effective
- Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability

All Members have an important role to play acting on behalf of the Council and their residents. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member.

Kent County Council has a Code of Conduct that is adopted under Section 27 (12) of the Localism Act 2011. It is the responsibility of Members to comply with the provisions of this code and these provisions are set out in the authority's Constitution.

The Council's governance environment is consistent with the Code of Corporate Governance and the 2016 CIPFA guidance "Delivering Good Governance" framework. The Code of Corporate Governance is currently under review by the Head of Internal Audit, the Monitoring Officer and the independent Member of the Governance and Audit Committee and will be presented to Governance and Audit Committee in July 2021.

KCC's Officers are required to adhere to the authority's Operating Standards which set out arrangements for the effective operation of the Council. The Standards bring essential management information together in one place, so all staff can carry out core management tasks effectively and consistently. All of the accountable officers have confirmed that they have complied with the Standards for the relevant period.

All employees are required to abide by the Kent Code (code of conduct), declare personal interests which may conflict with KCC's own interests, and play their part in helping to eliminate discrimination by treating all colleagues and customers with dignity and respect.

Members and Officers are expected to work together on a basis of mutual respect and trust. Members set the County Council's policy direction and Officers are responsible for implementing decisions taken and providing professional advice. KCC's Scheme of Delegation sets out the specific delegations allocated to Officers.

Kent Council Council's Cabinet Committees are constituted of elected Members and are established to be advisory Committees of the Executive. Cabinet Committees consider the functions of the Council that are the responsibility of one or more Cabinet Members, together with related matters affecting Kent or its residents. The Council also has a number of other Committee's whose role is to scrutinise and oversee the actions and decisions of the Executive. The remit and membership of each Committee is set out on the County Council's website.

The County Council has appointed Statutory Officers namely the Head of Paid Service, the Monitoring Officer, the Section 151 Officer, Director of Adult Social Services, Director of Children's Services, and Director of Public Health and their functions are explained in KCC's Constitution.

## Statement

### How did we do?

2020/21 has been one of the most challenging years faced from a local, national, and global perspective because of Covid-19. In response to the significant challenges presented by the pandemic, Kent County Council quickly transformed the way in which governance was undertaken to ensure that the authority's statutory obligations and a transparent approach continued to be delivered.

In terms of decision making and democratic activity, the Council quickly utilised the virtual meeting legislation to arrange firstly a Cabinet Meeting and then in due course a full roster of meetings. For the first quarter of 2020/21, a "pre-prod" process was introduced on decision making to provide a non-executive voice in decision making during the first lockdown and at the height of the first phase of the pandemic. By June 2020, all of the Council's committees were fully operating online.

As a consequence of Covid-19, many new elements of legislation and associated regulations were issued by Government this year and the authority has had to rapidly

adapt to the additional responsibilities placed upon us. Local authorities have been granted numerous new powers by Government including, but not exclusive to, the enforcement obligations under the Health Protection (Coronavirus, Restrictions) (England) (No.3) Regulations 20 and KCC has therefore had to adopt a different way of working and new governance processes because of these. It is fair to say that these new obligations have placed pressure on our resources and whilst significant impacts have been experienced, we have continued to discharged responsibilities. It is important to acknowledge the adaptability and efforts of KCC's staff who have ensured that the new legislation is complied with, translated on a local level, and the required operational responses discharged.

The frequency of Corporate Management Team (CMT) meetings was revisited in 2020/21 to respond to the challenges faced with discussions being held daily on the onset of the pandemic. Moving away from the traditional fortnightly pattern, meetings are now held twice weekly and focus on operational matters, priorities, and the delivery of the strategic reset agenda. To support the CMT conversations Situation Reports based on content from services have been produced to highlight key issues so collective views and decisions can be taken on how these are addressed. Through a proactive communication approach staff have been kept apprised of important messaging from, and the decisions made by, the Corporate Management Team.

During the year, a Local Outbreak Control Plan was adopted for Kent and Medway and the associated governance structure was created. Under the Health and Social Care Act 2012 a specific duty is placed on Directors of Public Health to protect the population's health and as part of Government's Covid-19 recovery strategy it was mandated that local control plans should be developed. The Kent and Medway plan sets out the health protection arrangements and the specific actions that will be taken to address Covid-19 outbreaks. Any operational response will be co-ordinated by the Kent Resilience Forum and an ad-hoc Member Engagement Forum convened to ensure that clear communications and mitigating actions are put in place.

KCC led the Kent Resilience Forum's recovery planning activity, and a Recovery Co-ordinating Group was convened. Working in partnership with 55 organisations impact assessments, an overarching Recovery Strategy and associated action plans were developed and launched in September 2020. This is just one example of the excellent multi-agency partnership working that has taken place across Kent during the pandemic.

In recognition of the additional demands placed on local government because of the pandemic Government issued additional grant funding to authorities. Within Kent County Council processes have been put in place to ensure the proper management of these funds in line with the grant conditions received. The Finance team continues

to work closely with services to ensure that Covid related spend and pressures are captured, and monitoring information is regularly returned to the Ministry of Housing, Communities and Local Government. KCC has continued to work in partnership with district and borough authorities to ensure that the grants received are properly administered and distributed to respond to need and demand across the county.

Because of Kent's unique geography we have faced additional pressures this year including the challenges associated with the preparations for transition and an increase in Unaccompanied Asylum-Seeking Children (UASC) numbers. There has been a continued dialogue with Government to articulate the specific challenges experienced within Kent and notably in September 2020 a report was made to full Council under Section 5 of the Local Government and Housing Act 1989 highlighting the imminent breach of KCC's statutory duty under Section 20 of the Children Act to provide accommodation for children in need. This report was issued in response to the depleted capacity to accommodate UASC within the county because of the rising number of individuals received. A further report was presented to full Council in December 2020 advising that the authority was no longer in breach of its statutory duties given the easing of the position. It is important that this matter was transparently communicated, and it must be recognised that dependent on arrival numbers seen and any future directives from Government, UASC and the authority's ability to meet statutory obligations is likely to continue to be an area of concern.

During the pandemic, Government temporarily removed the legal requirement to hold public meetings in person meaning that Kent County Council was able to conduct meetings virtually. Full Council agreed the adoption of the Virtual Meeting Protocol in June 2020. Members and Officers have worked exceptionally hard and collaboratively to make this arrangement work, and the authority has continued to transmit Committee meetings via webcast so democratic and transparency obligations can be met. Other key and important meetings such as Child Protection Conferences and Fostering and Adoption Panels have also successfully been conducted virtually.

On the presumption that social distancing measures could be in place for a further period of time it will be important to determine how the County Council will run formal meetings moving forward given public health guidance and the restrictions of the premises available. It is hoped that technology can be best utilised to conduct meetings virtually where viable and permitted by the regulations. It is positive that KCC already has a solid foundation to build upon in this area.

During 2020/21 staff and Members who were able to work remotely continued to do so in line with Government guidance. Broadly this has been an effective arrangement and from a governance perspective, staff and Members have been able to remotely access the tools required to undertake their roles and Microsoft Teams

has been fully utilised to support the conducting of formal, partnership, and internal meetings.

Throughout the period of the pandemic there have been frequent requirements for key decisions to be taken under the urgency provisions because important issues such as the purchasing of PPE and supplier relief payments had to be handled at pace. In all instances due process was followed to ensure that the authority could address arising issues promptly. On an operational level many dynamic decisions were taken within teams to ensure that adequate service provision was sustained and that the changing demands of service users could be met in a Covid secure way. Lessons were frequently learnt along the way as the pandemic presented numerous challenges that had never been experienced before and the way in which the whole authority and partners so rapidly adapted and responded was admirable. The Corporate Management Team commissioned a specific internal review led by the Corporate Assurance Team to understand the lessons that needed to be taken.

Despite the new and significant challenges presented, Kent County Council has performed well from a governance perspective this year. The pandemic has enabled the authority to reflect on traditional practices and has presented an opportunity to view governance considerations through a different lens. A significant level of adaptability has been demonstrated across the organisation to respond to pressures, the new way of working, and the associated governance considerations.

In recognition of the challenges presented by Covid-19 and the associated resource requirement the development of divisional and service business plans was paused within 2020/21. The normal business planning process will recommence in 2021/22.

The organisation continues to take learning and the findings of internal audits and other assurance mechanisms are intrinsic ways of identifying where improvements are needed and where practice is strong. In terms of governance, it is acknowledged that the authority continues on a journey of continuous improvement and processes will continually be reviewed and positively challenged to ensure they are fit for purpose and responsive to the organisation's operating context and priorities.

KCC's **Internal Audit** team provide an independent assurance that an effective control, risk, and governance framework is in place. This year the team have supported the implementation of the urgent measures put in place because of Covid such as PPE supply and the management of Covid expenditure. It is intended that Internal Audit activity is focussed in the areas of the Council that are at most risk of impacting the authority's ability to achieve objectives. The Governance and Audit Committee are regularly appraised of the detail of audit findings and progress and an Annual Internal Audit Plan is in place setting out the key areas of focus. This year an External Quality Assessment (EQA) was initiated to ensure that the authority

continued to remain compliant with the Public Sector Internal Audit Standards (PSIAS). This assessment was undertaken by an independent party in line with the requirement of the standards to avoid any conflict of interest and impairment to objectivity. At the time of writing the draft Annual Governance Statement the findings of the assessment were being reviewed internally, but the initial draft concludes a positive outcome. The outputs of the EQA will be reported to the Governance and Audit Committee in July 2021 alongside the annual audit opinion.

The Internal Audit Team undertake significant grant certification work and in 2020-21 63 claims were audited and certified. Claims consisted of a mix of EU Interreg and central Government grants. Because of the circumstances experienced this year the level of certification activity was unprecedented and has impacted the capacity of the team to deliver against all elements of the 2020-21 Internal Audit Plan which has subsequently been extended up until June 2021. To respond to resource pressures the Head of Internal Audit has undertaken a resourcing needs assessment and a restructure proposal has been considered by the Corporate Management Team.

KCC's **Counter Fraud** team continues to undertake a vast range of proactive and reactive activity and throughout the year have delivered a significant amount of proactive activity including supporting the review of the Financial Regulations and the delivery of fraud awareness training. Several policies and strategies have also been reviewed and endorsed by the Governance and Audit Committee including the Anti-Money Laundering Policy, Anti-Bribery Policy and the Anti-Fraud and Corruption Strategy.

In addition to the work undertaken by Internal Audit, KCC's **Corporate Assurance** function provides an additional layer of assurance to services especially in respect of major change projects and programmes. Working closely with directorates the team provide an independent assurance highlighting risks, issues, and opportunities. As part of this year's AGS process Corporate Assurance have undertaken work to reconcile returns with risk registers.

Kent County Council holds a **Corporate Risk Register** which is a 'living document' detailing key organisational risks and mitigations. The register was subject to a significant refresh in the Summer of 2020 to ensure that it was reflective of the new pressures presented by the pandemic; the output of the refresh was reported to Cabinet and the Governance and Audit Committee. A further streamlined review was undertaken in Autumn 2020 and the register will continue to be regularly refreshed to ensure that it is fully reflective of the organisation's risk profile and risk levels. The Governance and Audit Committee receives the Corporate Risk Register every six months for assurance purposes. Risk registers are also held at directorate level and Directorate Management Teams are responsible for their review. The Risk

Management Team regularly engage with leadership teams to review risk profile and appetite.

In September 2020, Cabinet received a report relating to the possible cumulative impacts associated with the Public Health, EU/UK transition and Winter weather risks. This report sought to consider the possible collective and individual impacts of these risks to inform planning and preparedness and determine the required mitigations. Cabinet resolved that all Member briefings should be organised on these important topics; and that the corporate risk profile reviewed, and this report came forward in December 2020. From a governance perspective, Members have continued to be kept apprised of matters relating to transition and the pandemic on both a formal and informal briefing basis throughout the year. The Kent Leaders have also met regularly to consider topics such as the coordination of Covid-19 testing, enforcement, and the wider response to the pandemic.

The Governance and Audit Committee are responsible for the annual review of the **Risk Management Policy and Strategy** to ensure that it remains relevant. In January 2021, the committee received and approved the latest revision of the policy and strategy and several additions were highlighted including the incorporation of a more specific Statement of Commitment, further detail on monitoring and reporting arrangements, and the remodelling of the risk management principles and framework. This annual review process will continue to ensure currency.

**Quarterly Performance Reports (QPR)** are produced to update the Cabinet on performance progress against a series of key indicators. At the end of Quarter 3 2020/21 20 targets indicators achieved target, 11 achieved and exceeded the floor standard but did not meet target. 4 KPIs did not meet the floor standard which was an increase of 1 from the previous quarter. Given the challenges presented to services throughout the pandemic it is notable that overall a positive direction of travel has been sustained across the authority. Indicators have also been revisited to ensure that they are relevant given the current circumstances.

On 10<sup>th</sup> December 2020, the County Council agreed the creation of an **Interim Strategic Plan titled 'Setting the Course'** in response to the fundamental changes in KCC's operating environment and how this will evolve the Strategic Commissioning Authority operating model for the Council. This plan was created to reflect the immediate challenges faced by the authority because of the pandemic and the actions that will be prioritised. 'Setting the Course' replaced the previously drafted 5-Year Plan 'Kent's Future, Our Priority' in recognition of the significantly changed circumstances and a new plan for the next five years will be produced in 2021 which will be aligned with the budget and informed by engagement with Members, staff, residents, and partners.

Governance considerations for the **Strategic Reset Programme** which is addressing key operational transformation activity have been set out to full Council distinguishing the Member, Officer, and service leadership roles. The Strategic Reset activity continues to progress at pace and at a Senior Officer level an internal Programme Board has been established to oversee programme definition and delivery. Political leadership of the programme is provided by Cabinet, and Members will be engaged throughout the process with full Council being used as a mechanism for programme oversight and approval to secure a whole council approach.

Kent County Council's **Constitution** continues to be reviewed regularly by the Monitoring Officer to ensure that it is current and fit for purpose. In 2020/21 revisions included the amendment of the delegation table in response to a recommendation from the Selection and Member Services Committee and the formal recording of the position of the General Counsel as the Data Protection Officer for KCC. KCC's Financial Regulations also continue to be reviewed.

**Top Tier level realignments** in the Children, Young People & Education (CYPE) and Growth, Environment & Transport (GET) directorates were agreed this year. The review of the CYPE structure was initiated in response to changes in directorate responsibilities and the outcome of the Special Educational Needs and Disabilities Ofsted inspection to ensure sufficient management capacity to deliver statutory responsibilities, other obligations, and the improvements required. The GET structural realignment was progressed in recognition of the KCC's evolving priorities and the requirement to change divisional configuration to best meet these.

This year an **Independent Person** was appointed with whom the Monitoring Officer can engage on alleged breaches of the Kent Member Code of Code. This four-year appointment was made in accordance with the Localism Act 2011 and ensures that an independent perspective, from outside of KCC, can be applied to allegation investigations.

An **Independent Member Remuneration Panel** has been appointed for a four-year term in line with the legal requirement and as part of the usual course of business.

The **future role of the Governance and Audit Committee** was considered on 21<sup>st</sup> January 2021 by Members and views were sought on how current and future challenges could best be met. The item reflected on the observations made in the 2019/20 Annual Governance Statement about the significantly changed operating environment because of Covid-19 and also learning opportunities that can be taken from other local authorities such as Croydon Council. It was agreed that the Monitoring Officer would arrange a workshop to consider the learning from Croydon's external audit report and other relevant reports. It was also resolved that all members of the Committee would be surveyed by the Monitoring Officer and Head of Internal Audit to secure views on the future role of the Committee. The Governance and Audit Committee received a further report on 23 April 2021

highlighting the Best Value Report into Liverpool City Council for discussion. The paper also recommended that as a standing agenda item an annual report on the committee's effectiveness is received in July alongside the Annual Governance Statement.

From a financial governance perspective, **Financial Regulations** are in place which set out the control framework for the five following key areas of activity:

- Financial Planning
- Financial Management
- Risk Management and Control of Resources
- Systems and Procedures
- External Arrangements

A **Financial Delegation Matrix** explains the finance approval process and associated approval limits.

Following the initial assessment of the impact of Covid-19 pandemic Cabinet recommended that the 2020-21 budget should be amended to include the additional un-ringfenced grants from central government, anticipated additional spending as a result of the pandemic, and additional savings necessary to continue to plan a balanced budget. This required an unprecedented process to recast the entire budget mid-year. It also required a new process to identify the impact of the pandemic separately from other business as usual activity.

In March 2020, a new **Covid log** was established to record the impact, both actual and forecast on the budget, particularly in light of the extra funding received and the additional financial distress payments that were being made. The log identifies new areas of spending, income losses, delays to planned savings and spending on continuity payments to providers to sustain viability even where services are not provided. This log has been essential for the Council to complete regular monitoring returns to Ministry of Housing Communities and Local Government (MHCLG). The log feeds into the financial monitoring reports that are presented to Cabinet which include the business-as-usual position, the Covid position and a reconciliation to the MHCLG return. The information has also been provided to both the Policy and Resources and Scrutiny Committees.

A lot of effort has been put into providing more clarity about impacts in financial reports. This has included regular reports to the Policy and Resources Committee throughout the year providing a financial update and in particular identifying the increasingly complex funding streams in response to the pandemic. In all cases these have been well received and allow decision makers to have a clearer more transparent picture of the key strategic issues.

The Finance Team have already embarked on a review of the 2021-22 budget process to ensure lessons learned are embedded in future timetables and processes. This will include a scenario approach to future medium-term plans.

Finance have enhanced partnership working during the pandemic, particularly with other local authorities and health authorities. Chief Finance officers from KCC and Kent districts have had a regular series of catch ups throughout the year and have fully engaged in a network with other South East counties on strategic finance matters. Both of these have proved invaluable to improve collaboration.

CIPFA have been commissioned to undertake an assessment of the Council's financial management against the CIPFA FM Model which has highlighted areas for improvement. The implementation of the recommendations will be part of the Council's Strategic Reset Programme.

Work has been undertaken to review in more detail the financial management issues in both the Adult Social Care & Health and Children, Young People & Education directorates and similar reviews are planned for Growth, Environment & Transport and Strategic & Corporate Services during 2021-22. The findings of the reviews already undertaken have been agreed with the directorates and are being progressed and will form part of the work that is delivered through the Strategic Reset Programme.

Work to develop a 10-year capital programme has continued including the development of a comprehensive capital reporting solution that will combine financial and performance information at all levels using Power apps and Power BI. The reporting solution will be developed further to encompass revenue to automate and improve financial monitoring and reporting arrangements. This will also support outcomes-based budgeting and evidence-based decision making by combining both activity and finance information.

KCC's new reserves policy is designed to protect and improve the Council's financial resilience and to ensure that there is a rigorous process and assessment of the Council's reserves. The ICT and Strategic Reset Programme reserves are being established to ensure that the Council has sufficient resources to deliver its interim and longer-term strategic plans

The deliverability of the revenue budget, revenue savings, and the Capital Programme is monitored closely. The resistance of pressures, management action taken, and the identification of new efficiency options continue to progress and be monitored as the financial climate and demand for services is still increasingly challenging. Regular revenue and capital financial monitoring reports are provided to Cabinet Committees and Cabinet; the outturn position is also supplied. The annual budget for 2021/22 was presented to full County Council on 11 February 2021 for approval, this was supported by a Section 25 assurance statement opinion from the

statutory Section 151 Officer. Members were asked to give high regard to the Section 25 statement when making the budget decisions including the consideration that had been given to the highly uncertain operating environment, increased financial risks faced and the authority's overall financial resilience.

Kent County Council's **Scrutiny Committee** continues to investigate issues affecting the authority and Kent residents and makes recommendations to support the improvement of KCC services. Topics considered in 2020/21 included a short and focused inquiry on the visitor economy, the decision associated with the issuing of directions under the new Health Protection Regulations 2020, the response to the Affordable Housing Selection Committee implementation plan, Covid-19 policy decisions, a short and focused inquiry on the farming economy and the Kent Rail Strategy 2021. The committee have explored a wide breath of subjects evidencing the robust scrutiny mechanism in place and discussions held, notably in relation to Covid activity, have demonstrated the continued effort to make recommendations to support the improvement of KCC services, especially in this difficult period.

This year KCC consulted on an updated **Special Educational Needs and Disability Strategy** for 2021-24 to support the work being undertaken in response to the Kent Local Area SEND Written Statement of Action. The strategy was developed in conjunction with the NHS, parents, and families and the draft and outputs of the consultation exercise were received by the relevant Cabinet Committee in March 2021. The authority's response to the Written Statement of Action continues to be a priority and the strategy responds to this key area of focus.

In March 2021, Cabinet agreed to delegate authority to the Corporate Director for Children, Young People and Education, in consultation with the Leader and the Cabinet Members for Integrated Children's Services and Education and Skills, to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to establish the **Reconnect Programme** and undertake relevant preparatory work within normal delegated spend thresholds. Further decision-making on this important piece of work will be brought forward between the issue of the draft Annual Governance Statement and is reflected on the FED.

Alongside Kent County Council's formal governance arrangements, **informal governance arrangements** are also in place and established. The purpose of these is to bring Officers and elected Members together to consider the right activity at the right time, providing advice in advance of formal governance and decision making and assurance of delivery.

KCC continues to **engage and consult** with residents and stakeholders to inform the development of the authority's strategies, policies, and service provision. Throughout

the pandemic resident engagement has never been so important especially for those vulnerable individuals and communities within the county. Through the Kent Together Campaign we have worked with partners to ensure that the requirements of vulnerable individuals who needed urgent support were met. From a governance perspective a significant amount of work was undertaken rapidly to ensure that the right infrastructure was in place and resources were increased to manage the demand for the support provided through the campaign. The KCC website and social media channels have also been used to promote key messaging and to signpost individuals.

KCC has an established **Customer Feedback Policy** which helps to improve the services we provide to all customers. This year a temporary policy was enacted in recognition of the unprecedented challenges faced during the pandemic. Whilst the authority remained fully committed to delivering the best customer service we can, it was acknowledged that usual timescales were unlikely to be met as resources were prioritised and redirected to respond to operational pressures. The Governance and Audit Committee continue to review customer feedback performance annually and the 2019/20 report was received in October 2020. The report summarised the compliments, complaints, and comments received by the authority and highlighted a sample of complaints referred to the Local Government and Social Care Ombudsman and examples of lessons learned.

On the 3<sup>rd</sup> March 2021 the Policy and Resources Cabinet Committee received the **Cyber Security Annual Report**. This restricted paper reflected on the change in working practice and set out the actions being taken to develop the authority's technical operating model. It is unfortunate that cyberattack activity has accelerated during the pandemic and there have been several high-profile reports of attacks nationally; to mitigate the impact of any future attack on Kent County Council we will build upon the Zero Trust and defence in-depth approaches to securing ICT infrastructure. The Strategic Technology Board will also continue to manage the activities to address the recommendations from the National Computing Centre Group's review of KCC's cyber security and resilience. Wider work is currently also underway to further strengthen ICT resilience.

The Governance and Audit Committee and Policy and Resources Cabinet Committee continue to receive updates on KCC's **company ownership** and in March 2021 it was proposed that a formal, but simple delineation, should be put in place to clarify responsibilities. The Policy and Resources Cabinet Committee will now only deal with the commissioning implications of the companies or to comply with the constitutional requirement for pre-consideration ahead of any key decision. The Governance & Audit Committee will have a collective oversight of financial performance and receive ongoing assurance and information to enable the effective scrutiny of the executive decision-making around the shareholder strategy. The

authority requires the Holding Company to ensure that Annual Governance Statement returns are made and the KCC Shareholder Board continues to meet quarterly to consider the performance of the companies and determine decisions required under reserved matters.

### **Audit Review of AGS Process**

*Opinion from Head of Internal Audit will be inserted here in the final version of the Annual Governance Statement.*

### **Review of effectiveness**

Kent County Council has a responsibility to review the effectiveness of its governance. This review has been co-ordinated by the General Counsel and the Governance, Democracy and Law division and has involved Directors reviewing and evidencing compliance. There has also been a requirement for directorates to identify any new governance improvements required within their services and to provide updates on matters highlighted in 2019/20. Issues identified by Internal Audit were also considered for inclusion in this statement.

Set out below are a range of key findings and identified actions to manage the issues identified. Signature of the final statement is predicated on the basis that the identified actions are discharged within the coming year.

As mentioned earlier in this statement, targeted surveying and internal audits will commence to test and further validate the returns received for assurance purposes.

### **Key Findings from the Accountable Officer Survey**

#### **Section 1: Compliance with KCC's Operating Standards and the Strategy and Policy Register**

- All 8 respondents confirmed that their service is compliant with KCC's Operating Standards, however, 4 services stated that their policies on the Strategy and Policy Register were not up to date.
- All responses confirmed that they have consulted on changes to policies and services where there has been a legal duty to do so.

## **Section 2: Improving awareness and application of governance and delegations**

### Governance

- Each respondent confirmed that all Officers within their service are aware of the appropriate governance related to their role. Respondents were also asked what steps had been taken to improve awareness and application of the Council's governance and Operating Standards and what they had done to improve governance in their service.
- In general, the responses to both questions lacked detail in terms of what practical steps had been taken and how they had successfully addressed governance issues, and this will be a specific area of follow up.

### Delegations

- 7 of the 9 respondents stated they were "extremely confident" that staff understand the obligations which are delegated to them; while 1 stated they were "somewhat confident".
- 8 of the 9 responses stated that all Officers who utilise delegations within their directorate had had the relevant training and had received guidance/training before they were used.
- Respondents were asked to explain how they ensure all appropriate Officers are aware of, and comply with, the governance and delegations affecting them. Responses varied and included discussions at Divisional Management Team level, regular reviews of delegations and the undertaking of governance training.

## **Section 3: Decision making, reports, and the impact of covid-19 and emergency issues on governance**

### Decision Making

- Responses confirmed that all key and significant decisions had been taken, recorded, and published in accordance with the Council's constitution and/or Scheme of Delegation.
- Respondents were asked to provide details of their assurance. Overall, the answers focused more on a generic description of processes as opposed to outlining in detail what measures have been taken to ensure the processes are being followed.

- Overall, the responses did not adequately reference the identifiable actions from 2019/20 such as increased controls at the FED and decision stages as well as training for Officers. This is a specific area of follow up.
- One incidence of non-compliance with the Council's constitution was highlighted by the Children, Young People and Education directorate relating to the breach in the statutory obligation to accommodate UASC. The answer detailed how this was escalated to the Head of Paid Service, Monitoring Officer and Leader of the Council.

### Impact of Covid

- 4 respondents indicated that Covid-19 and emergency issues had no impact on their service's capacity to comply with the Council's governance.
- 2 responses acknowledged that while Covid has led to an increase in urgent decisions, due process has been followed and all decisions have remained compliant.
- CYPE focused on the positive effect of Covid including greater use of technology and less reliance on email as well as a 'swifter' authorisation process for decisions.
- Finance highlighted an impact in productivity due to a lack of robust ICT infrastructure which has affected timeframes and subsequently placed significant strain on staff

### Reports

- 7 of the 8 respondents confirmed that all formal and informal reports written in their name set out the impact of proposed decisions and included advice on all options as well as fully covering equality, data protection, financial, legal and risk considerations.

## **Section 4: Partnerships/commissioned services, contracts and procurement, data mapping and regulators**

### Partnerships and commissioned services

- Respondents were asked to provide assurance that the delivery of services through partnerships/commissioned services is consistent with the Council's governance.
- Assurance was confirmed by all 8 responses however the majority of responses did not provide sufficient details as to how this conclusion had been reached.

- No issues and/or reference to the impact of Covid-19 on this assurance was highlighted.

### Contracts and Procurement

- All 8 respondents stated that all procurement and contracts are compliant with the constitution and legislation; and where contracts and procurement have been put in place in response to emergency issues, they were able to adequately assess risks and governance controls of the third party.

### Data Mapping and Regulators

- Of the 7 returns completed by Information Asset Owners, 3 returns confirmed that full data mapping had been completed for their service.
- 7 of the 8 returns confirmed their service continues to comply with assurances previously provided to regulators in response to complaints. The return from the Strategy, Policy, Relationships and Corporate Assurance division indicated that the division had not dealt with relevant complaints.

### **Section 5: Fraud and Irregularity**

- Only two returns outlined specific details of fraud/irregularity risks being communicated to Internal Audit/Counter Fraud.
- The remaining returns indicated that no high fraud/irregularity risks had been identified which needed to be referred to audit. One respondent commented that this was not applicable, but it is unclear from the information provided how this conclusion was drawn.

### **Section 6: Final Assurance statement**

#### 2019/20 issues

- 3 services noted that they did not submit issues as part of the 2019/20 Annual Governance Statement process. Information from the divisions who did report issues has been collated.

## **New issues/challenges/governance implications**

Whilst some respondents have not raised any new issues the below specific matters have been highlighted.

- It has been highlighted by the Infrastructure division that Covid-19 has placed additional pressures on the service meaning that service priorities have been adjusted.
- Finance raised issues concerning capacity and resources which have impacted on the resilience and well-being of staff
- Adult Social Care & Health have highlighted a number of issues including potential scrutiny of spend, senior management changes, statutory responsibilities in relation to Domestic Abuse Bill and Care Act, as well as developing issues around Napier Barracks.
- The “Integration and innovation: working together to improve health and social care for all” White Paper sets out the legislative proposals for a Health and Care Bill. It will primarily lead to structural changes in the NHS at the national and local level including the creation of an NHS Integrated Care System. The changes come with a refreshed NHS oversight arrangement which may strengthen the control by the centre and as result may impact on the partnership working arrangements between the NHS and the local authority. These changes will be subject of a paper which will also include the evolving arrangements with health, the governance challenges and opportunities and will be presented to the County Council during 2021.
- Other proposals which have a direct impact on local authorities include the establishment of the NHS ICS and the Health and Care Partnership ICS. The Director of Public Health will have an official role in both the Health and Care Partnership and the ICS NHS Body. Also, the creation of the Integrated Care Partnerships may require aspects of the County Council’s Scheme of Delegation to be revisited.
- A new duty for the Care Quality Commission to assess Local Authorities’ delivery of their adult social care duties is planned and will be introduced under the Bill. This will be based on a new assurance framework which will be developed and published by the Government. The implementation of the new assurance framework will have implications for the Adult Social Care and some corporate functions such as Finance, Strategic Commissioning and Corporate Assurance. The Bill will contain a power for the Secretary of State for Health and Social Care to make payments directly to providers.
- The planned measures to update approaches to hospital discharge to help facilitate smooth discharge, by putting in place a legal framework for a ‘Discharge to Assess’ model will also affect some operational arrangements of adult social care.

- In recent years, the County Council has undertaken a review of the structural governance of the Council with advice from the statutory officers. Governance is an active system. It provides a structure around all activity undertaken by and on behalf of Kent County Council. With good governance comes clarity as to roles and responsibilities as well as a system of checks and balances to ensure people are held accountable and power is not applied arbitrarily or in a manner inconsistent with the public good. The last four years have seen public reports into failings in Northamptonshire, Croydon, Notts City, Liverpool and elsewhere. The odds of an irrecoverable governance and financial collapse are still low but adopting an 'It can't happen here' attitude is not an option. Nothing in this should be taken to imply that KCC is currently a failing authority or that good decisions are not made and put into effect. However, a strategic reset of our governance is necessary to ensure that remains the case and a paper for the County Council in July 2021 is planned to begin that process.
- The Making A Difference everyday programme approach is about putting the person we support at the centre and devolving responsibility and accountability within the organisation to the place that gives the person using the service the most control over their lives and their decisions – this could have some implications for governance which will be explored over the coming year in the following ways:
  - The developing practice model is intended to give frontline social workers the ability to shape support, in partnership with the people they are supporting, and to deliver innovative solutions. This will include placing more trust control responsibility and accountability within teams and team processes. This will need to be explored in line with the scheme of delegations.
  - Empowering the community is a key element in achieving the Making A Difference Every Day approach, and this will again need a different approach to delegation of authority and power to the community for them to make decisions about how resources are allocated and how communities are involved in those key decisions about how services are planned, and resources deployed.
  - Putting the person in control and transferring power will require the authority to look at how this may impact on decision making around spend, but also its risk appetite towards areas of spend that people might choose for themselves, and to examine the level of trust given to people, community and staff around deciding overspend.

- Digital and how we perceive digital solutions regarding governance will be key. Digital approaches have the potential to be far more inclusive than normal/ tried and tested routes and how governance through digital solutions are enabled needs to be carefully thought through. This would need to be a component of any future Kent County Council Digital Strategy
- Three years on from the implementation of the Data Protection Act and GDPR, the Data Protection Officer will be carrying out a strategic review of the Council's operational data protection and records management arrangement as required by the legislation. This will result in updates to operational practices, accountabilities and responsibilities, policies, behaviours and training to reflect changes.
- The Government has laid the Data Sharing Code of Practice before parliament and the Data Protection Officer and Senior Information Risk Owner will review arrangements within the Council to ensure compliance and maximise opportunity.
- As the Government relaxes the legislation put in place during the pandemic, the statutory officers will review and respond to the implications for Kent County Council's governance as powers and duties are either permanently retained or diminished.
- The regulations that permitted virtual meetings lapsed in May 2021 and will have an impact on the deliverability of the democratic agenda in the event of a third wave. This will be included

### **Summary of the review of the Annual Governance Statement returns**

- The returns from the Annual Governance Statement indicate that services assert that they have improved awareness and application of the Council's governance and operating standards.
- The returns also confirm that officers understand their obligations relating to delegations and comply with the governance and delegations affecting their role.
- All responses confirmed that key and significant decisions were compliant with the Council's constitution and scheme of delegation; with details provided in terms of assurance through process.
- Many of the issues raised in inspection reports into other authorities had already been proactively addressed by Members at KCC with advice from the Head of Paid Service and Monitoring Officer.
- Given the additional pressures on services, aside from an increase in urgent decisions, overall, the returns did not highlight a particular negative and/or challenging impact of Covid-19 on governance procedures.

- The responses which confirmed data mapping had been fully completed will be followed up to ensure they are consistent with the findings of the Information Governance Cross-Directorate Working Group.
- The current system around Data Protection Impact Assessments needs review and replacement in the view of the Data Protection Officer.
- Further work needs to be undertaken to ensure the returns fully address the status of previous issues raised and further follow up on assurance will be undertaken.
- The Council has been through an unprecedented year and post Covid, there is a need to ensure clear focus on the governance principles which underpin the purpose, strategy and behaviours of Members and Officers to avoid any lack of accountability.
- A number of operational and strategic policies have been identified as needing updating by Cabinet Members and Senior Officers.
- The Financial Regulations require overhaul and review to provide simpler, clear expectations around the budget setting process with revised accountabilities fully expressed.
- The past year has highlighted the real terms impacts and increased pressures on key areas of previous reductions to budgets in the corporate centre and organisation generally.
- The new municipal year must see a return to business-as-usual practices around key decisions. The reasons for urgency should not be required or tolerated in normal business. There were more urgent decisions in the past year than the previous decade combined and whilst that was fully understandable during key lockdowns, and because of frequent changes to government guidance, it must not become the norm.
- The Council has sufficient resources to meet statutory duties, but in many areas no more. This ability to meet these duties is contingent on processes being followed and complied with and professional advice being resourced.
- The new municipal year must also see a return to fully developed political decision making. There needs to be more focus and specificity in key decision and delegation formulation so that Members have clearer accountability and sight of key milestones, factors, and proposed outcomes as these are developed as a project moves forward. This is better addressed through strategic policy decisions followed by implementation decisions with appropriate advice clearly set out.
- In terms of governance, it is key that there is clear separation between political decision making and the advice that may inform it, the delivery that will follow, and the political scrutiny of both decision and delivery.
- Change is the new constant for the Council, and this will necessitate a continuing evolution in behaviours to respond to the new 'normal'.

- The Council has also received within year the Model Code of Conduct for Members from the LGA, and work is required to modernise our code of conduct and complaint process regarding Members.
- Clear commitments have been made in relation to equality, diversity and inclusion as well as environmental targets. These commitments must be built into processes as promised.

### **Examples of learning taken from internal audits**

- **Care Leavers Audit** – a comprehensive action plan has been developed to combine the actions from the 2019 Care Leaver Survey and the Internal Audit Review.
- **Schools Themed Review – Business Continuity Planning:** A new version of the Schools Emergency Planning Guide is being produced in light of the learning from the Audit and from the pandemic. There will be wholly new section on the issue of a pandemic and epidemic illness, based on the experiences of the local authority and our schools.
- **ICT Asset Control and Remote Working COVID19 Audits:** Learning has been taken from these audits which reflected on practice during the height of the early stages of the pandemic. Importantly, the recommendations are proving a useful framework for reviews of working practices and policies as virtual working is embedded into regular patterns of work. The audits have helped maximise the benefits of the experience over the past 15 months through focusing on areas for improvement.
- **Costing of the Care Offer** – a completely reviewed and updated Local Offer was produced in December 2020. Processes have been streamlined as well mandatory staff training on the payment process for a young person.
- **DSP Toolkit** – Whilst very few issues were raised in this substantial audit finding, the annual review and support from audit helps in assuring the Council's process in an area vital to data sharing with the NHS.
- **Educational Psychology** – learning from this audit has resulted in positive developments and improvement in the service and this has also provided the improvements required from the Written Statement of Action. Strategically the service was refocussed to ensure the deployment of the available resource in the most effective way. The learning continues and will be tested at our reinspection, due in 2021.
- **Adult Social Health & Health Response to Covid-19** – Due to the corporate nature of some of the matters raised, a report was delivered to the Cross-Directorate Resilience Group and following horizon scanning an item has been added to the agenda for every Directorate Resilience Group.
- **Fraud considerations** – It has been agreed by the Cross-Directorate Resilience Group that KCC Emergency Response plans and the Business

Continuity Plan template will be reviewed to incorporate considerations relating to fraud during emergencies.

- **Information Governance** – Throughout the year, actions on individual audits have included reference to matters of information governance. These have influenced the identified action (8) and have been helpful at collating a whole organisation view for the benefit of the Data Protection Officer.
- **Mandatory Member Training** – Whilst the original action was not discharged by Members, findings within the audit prompted a useful conversation which was ultimately included as part of a broader set of proposals where Members of Governance and Audit ultimately agreed to their own mandatory training moving forwards.

### **Identified Actions**

1. **A review of delegations will be undertaken by the Monitoring Officer and reported to the Governance and Audit Committee at the mid-year review (Monitoring Officer Q3 2021/22)**
2. **Proposals for the phased review of the Council's governance (Monitoring Officer Q3 2021/22) to be agreed by the Council and the Corporate Management Team, including a timetable for delivery and provisions on:**
  - a. **Agreed Governance Priorities and Principles**
  - b. **Refresh of defined accountabilities and responsibilities for Members and Officers**
  - c. **Expectations of officers in terms of advice and delivery**
  - d. **Refreshed processes for the setting of agendas and conduct of meetings**
  - e. **Refresh of Spending the Council's Money and Financial Regulations.**
  - f. **The role and chairmanship of Scrutiny Committee**
  - g. **Consequences for non-compliance**
3. **Amendments to the constitution to ensure that accountabilities and behaviours agreed as part of governance reset are enshrined (Monitoring Officer Q2 2021/22)**
4. **A review of decision-making processes to ensure that:**
  - a. **appropriate professional advice is provided before the FED stage**
  - b. **meaningful assessment of equality, diversity and inclusion impacts before FED publication**
  - c. **environmental impacts of decisions are captured**
  - d. **reduced use of delegations for undefined purposes**
5. **Further audit activity into Governance issues to report back at the mid-year review by Governance and Audit Committee (Head of Paid Service, Monitoring Officer, Head of Internal Audit Q3 2021/22)**

6. Review of governance training to incorporate the impact of the Annual Governance Statement, Governance review, the Strategic Reset Programme and responses from officers to further survey activity (Monitoring Officer Q3 2021/22)
7. Report by DPO and SIRO to address review of data mapping across the Council and review the role of current Information Asset Owners
8. Review by the Monitoring Officer and proposals for changes to Information Governance operational practices and procedures.
9. Review the process for ensuring contracts and procurement undertaken in response to emergency issues are consistent with the Council's governance.
10. Creation of a governance issues register which is updated by Directors throughout the year and discussed quarterly at CMT and reported as appropriate.
11. Liaise with Internal Audit to assess the following:
  - a. The impact of additional governance and process within individual directorates on statutory and constitutional controls
  - b. Recording of officer decisions taken under delegation
  - c. General review of governance steps undertaken by services

### Governance improvements we have made and headlines

The table below provides examples of some of the improvements achieved in and headlines from 2020/21 in line with the seven core CIPFA/SoLACE key principles.

CIPFA/SoLACE Principle	Improvements made/Headlines
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>• A new set of KCC values was introduced in 2020 and these were based on feedback received during the Covid-19 emergency and adopted to support recovery and reconnection. The values promote bravery, curiosity, compassion, knowledge sharing, and responsibility and a series of associated cultural attributes have been developed to support these.</li> <li>• In February 2021, the Standards Committee received an update on the LGA Model Code of Councillor Conduct 2020. Building on this discussion, work is progressing to consider what changes may be needed to the Kent Code of Member Conduct. If changes are necessary, the Kent Secretaries will be approached to assist the</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>engagement process with other authorities. Further discussions took place with the Standards Committee before the election and work is continuing with the Kent Secretaries group.</p> <ul style="list-style-type: none"> <li>• As part of the Standards Committee Annual Review all Members were asked to remind themselves of the requirements of the Kent Code of Conduct in response to the volume and nature of complaints highlighted over the period of the report. An Independent Person has been appointed with whom the Monitoring Officer can engage on alleged breaches of the Kent Member Code of Conduct.</li> <li>• The key decision process throughout 2020/21 has reflected the organisation's intent to do the right things for Kent residents, staff, and businesses during the Covid-19 pandemic. Urgent decisions have been taken on matters such as the emergency bulk purchase of Personal Protective Equipment, the agreement of contractor relief claims to support the Capital Construction Programme, the issuing of direction under the Health Protection Regulations 2020 and the agreement of a Covid-19 Rent Management Policy. The urgency procedures have been used to best effect to ensure a proactive response to challenges presented.</li> <li>• The urgent decision process as applied to some COVID related decisions has resulted in a number of items being discussed after the decision by the Scrutiny Committee. This resulted in useful changes to forms, processes and the information provided to Members and an open and transparent debate about opportunities for improvements without blame which was particularly healthy.</li> </ul>
<p><b>B. Ensuring openness and comprehensive</b></p>	<ul style="list-style-type: none"> <li>• KCC has continued to secure resident, user, and stakeholder feedback to inform strategies, proposed activities, and the budget planning</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
<p><b>stakeholder engagement</b></p>	<p>process. As part of the development of the 2021/22 budget a consultation exercise was launched seeking views on the future of services and how comfortable people would feel about spending reductions on a range of services. Opinions were also sought on Council Tax and whether a rise was acceptable if this helped sustain the services that are valued the most. The feedback received was also used to shaped KCC's Interim Strategic Plan and the associated priorities.</p> <ul style="list-style-type: none"> <li>• Numerous channels have been utilised to engage with and to respond to the legitimate concerns and varying needs of Kent's residents. As an example, working with Medway Council a Protect Kent and Medway Toolkit has been developed to help organisations, community groups and key leaders reach our most vulnerable groups including Black, Asian and minority ethnic communities. This material promotes the latest Covid-19 guidelines and simple effective advice to help people protect themselves, and their communities.</li> <li>• Partnership working has been an essential part of the Covid-19 response and engagement has taken place with numerous parties including other Councils, Government departments, blue light services, the voluntary and community sector, and the Health system. The report received by full Council on 11 March 2021 emphasised the strength of partnership working that has, and continues, to take place with multi-agency partners. This has been a specific strength and the partnership approach has resulted in improvements to systems, communications, trust, and the speed of decision making.</li> <li>• KCC led the Kent Resilience Forum's recovery planning and approximately 150 individuals across 55 worked together through seven supporting cells to develop the Recovery</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>Strategy and the associated action plans. This work has been steered by Kent’s Council Leaders and KCC’s Cabinet.</p> <ul style="list-style-type: none"> <li>All KCC staff have been surveyed periodically throughout the year to understand views on the new and different way of working and how people are feeling. This insight has enabled the Corporate Management Team to understand how viewpoints may have changed over the course of the year and also how staff engagement and wider planning can best be undertaken to respond to staff requirements.</li> </ul>
<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>	<ul style="list-style-type: none"> <li>KCC’s Interim Strategic Plan ‘Setting the Course’ was approved by full Council in December 2020, this proactively responded to the change in the operating context and the impacts of the pandemic. The plan is structured around five key immediate challenges – financial, economic, demand, partnership and environmental and sets out the actions that KCC will undertake to help deliver these.</li> <li>The Kent and Medway Economic Renewal and Resilience Plan was published in August 2020 and explains the priority to support the economic renewal and development to secure resilience in the long run. This plan seeks to deliver against the three key principles, focused on Greener Futures; Open and Productive; and Better Opportunities, Fairer Chances; through five ‘channels’ of activity.</li> <li>A Kent and Medway Employment Task Force has been established to focus on the central challenge of rising unemployment and the actions that can be taken to limit or reverse this. Terms of reference are in place for the Task Force who will exist in the context of Government’s proposed interventions and how these can best be supported, and where they can be supplemented by additional local action.</li> <li>The delivery of the Making a Difference Every</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>Day Programme continues to progress to transform service delivery quality within Adult Social Care, better address the needs of service users, drive innovation, and ensure that meaningful measures of success are in place.</p> <ul style="list-style-type: none"> <li>• The Change for Kent Children programme has been developed to manage overall demand and deliver better outcomes for children, young people, and their families. The programme seeks to support more children remaining with their families if it is safe to do so and ensure that children in care remain in family-based homes.</li> <li>• Cabinet have agreed the creation of the new 'Reconnect Programme' to respond to the impact of Covid-19 on all children and young people within the county. The programme will be shaped with children and young people and will seek to reconnect them with health and happiness, learning missed, friends, family and community, sport activities and the outdoors, economic wellbeing.</li> <li>• The Kent Rail Strategy 2021 was approved by Cabinet with the purpose of influencing the new South Eastern rail concession/contract so the county's transport and environmental requirements can be met. This matter was also considered by the Scrutiny Committee.</li> <li>• A refresh of the Kent Environment Strategy is being undertaken to ensure that implementation plans, and projects can be delivered to improve environmental standards, support growth within the green economy and tackle climate change.</li> <li>• On 16 July 2020 County Council received an update on the approach for achieving Net Zero by 2030. This work is being progressed under the framework of the Kent Environment Strategy and the Energy and Low Emissions Strategy and responds to a County Council approved motion.</li> </ul>
<p><b>D. Determining the interventions necessary to</b></p>	<ul style="list-style-type: none"> <li>• The Kent Together campaign and 24-hour helpline was launched as an intervention to link vulnerable individuals to community hubs within</li> </ul>

<b>CIPFA/SoLACE Principle</b>	<b>Improvements made/Headlines</b>
<p><b>optimise the achievement of the intended outcomes</b></p>	<p>the districts as a source of support throughout the pandemic. The partnership approach taken was extremely effective and ensured that people got the right support when it was needed. Information sharing and data confidentiality were significant considerations as part of this activity as Government shielding lists alongside collective client data were drawn upon to ensure that vulnerable individuals were proactively contacted.</p> <ul style="list-style-type: none"> <li>• KCC implemented measures to support the social care provider market and the capital construction programme through temporary contracts, advanced payment and additional funding and associated key decisions were taken. Internal Audit reviewed this area, and the initial findings were reported in a management letter that highlighted the importance of continued due diligence given the significant risks associated with the uncertainty of Government funding moving forward and the increased risk of fraud.</li> <li>• The Corporate Management Team received and agreed the proposal to establish a new Domestic Abuse Partnership Board for Kent. This arrangement responds to the Domestic Abuse Bill's requirement that upper tier local authorities provide support to the victims of domestic abuse and their children in safe accommodation. The first substantive meeting of the Local Partnership Board is planned for May 2021 and the terms of reference will be agreed. A Senior Officer chairperson from the Adult Social Care and Health directorate has been appointed.</li> </ul>
<p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p>	<ul style="list-style-type: none"> <li>• KCC's People Strategy explains how the organisation will make the most of staff and their talents and is built on six key principles. In recognition of the new way of working because of the pandemic and to further drive the direction of travel and momentum positively forward, an employer reset is being progressed to define the</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>type of organisation we want to be, to build on positive experiences, to develop resilience, strengthen engagement, and move away from old thinking attitudes and processes. This activity will complement and be fundamental to the success of the Strategic Reset Programme and will be delivered in a realistic but ambitious way. In March 2021, KCC's Challenger group consisting of the authority's senior management cohort discussed the People Strategy and the associated cultural, design principle, values, and leadership considerations.</p> <ul style="list-style-type: none"> <li>• The role of the Selection and Member Services Committee has been reviewed as it was felt that this forum was underutilised, due to its limited role. The General Counsel presented several recommendations to the Committee for consideration and updated terms of reference was subsequently supported and agreed by full Council.</li> <li>• County Council have formally agreed the establishment of a Member Development Sub Committee under the Selection and Member Services Committee. The subgroup will ensure that Member training matters, including those around standards, have a high profile and that appropriate training is put in place for all Members elected in May 2021.</li> <li>• Throughout the year development and training opportunities have continued to be offered. In the absence of the ability to hold physical sessions the online training offer has been bolstered to reflect the requirements of staff during the pandemic. This offer has not exclusively focussed on the traditional types of learning and has instead also incorporated tools to support wellbeing, resilience, and management practice during this difficult period.</li> <li>• KCC's senior management and management cohorts have continued to meet as the Challenger and T200 groups. Sessions have</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>been held on an interactive basis and focussed on topics such as the People Strategy and the future of flexible working. These discussions have proved invaluable in terms of taking a collective temperature check across the organisation and shaping next steps and actions.</p>
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p>	<ul style="list-style-type: none"> <li>• The main refresh of the Corporate Risk Register was undertaken in Summer 2020 and the subsequent revisions were reported to Cabinet in June as part of the risk section of the Quarterly Performance Report. In recognition of the continuously evolving risk environment a more streamline approach was adopted involving discussions with risk and action owners across the organisation and Cabinet received a further update on 14 December 2020. Whilst no new risks were added to the register in the latest refresh process, several risk levels and risk contexts were updated, and this detail was provided to Cabinet. Cabinet Committees continue to receive an update on relevant corporate risks annually and the Governance and Audit Committee receive the complete Corporate Risk Register every six months for assurance purposes.</li> <li>• The risk rating attributed to the ‘future financial and operating environment for local government’ risk was raised to the maximum level this year in recognition of the continued uncertainty associated with local government funding and other national policy agendas. Other risks carrying high or raised risk ratings have been highlighted in the Corporate Risk Register and the associated reporting process including simultaneous emergency response and resilience; managing and working with the social care market; safeguarding – protecting vulnerable children; and cyber-attack threats and their implications. This year for the first time the Governance and Audit Committee received a</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>headline summary of directorate risks to give oversight of the risks that are regularly being monitored and reviewed by Directorate Management Teams. It is acknowledged that the Corporate Risk Register will continue to require regular review as further events relating to the implications of the pandemic and recovery evolve.</p> <ul style="list-style-type: none"> <li>• Members of the Governance and Audit Committee have participated in a risk management workshop. The feedback and input received fed into the annual review of the Risk Management Strategy, Policy and Programme which was approved by the Committee in January 2021.</li> <li>• KCC’s Risk Management Policy and Strategy has been reviewed to respond to the evolving risk environment and to ensure that it remains fit for purpose. The document draws on best practice from several sources and feedback received from members of the Governance and Audit Committee. The Risk Management Policy and Strategy is supported by a toolkit containing detailed guidance and advice for managers.</li> <li>• Robust systems have been introduced this year to manage and monitor the new Covid support funding streams issued by Government. The Covid financial log has been an important tool to inform returns to Government and the financial monitoring reports to Cabinet.</li> <li>• Key performance indicators were revised this year and the indicators added and removed were reported to Cabinet with the associated reasoning. Cabinet and Cabinet Committees continue to be appraised of progress through the Quarterly Performance and the directorate specific Performance Dashboard reports.</li> </ul>
<p><b>G. Implementing good practices in transparency reporting, and</b></p>	<ul style="list-style-type: none"> <li>• Despite the challenges presented by the pandemic, and in line with Government regulations, committee meetings have continued to be webcast using the Microsoft Teams</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
<p><b>audit to deliver effective accountability</b></p>	<p>technology ensuring that transparency obligations are met. Statutory report publication dates have also continued to be satisfied.</p> <ul style="list-style-type: none"> <li>• The Governance and Audit Committee continue to receive the summaries of audits undertaken throughout the authority and the associated progress status. Alongside internal reports, the Annual Progress Report and Sector Update for the period ending 31 March 2020 was received from KCC’s external auditors Grant Thornton and considered by the Governance and Audit Committee in July 2020. This report provided a summary of relevant emerging national issues and developments and posed several related questions. The external audit report for 2020/21 will be considered by the Governance and Audit Committee.</li> <li>• KCC has an established Internal Audit Plan that is periodically reported on in compliance with the Public Sector Internal Audit Standards. The results of the whole programme inform the opinion about the effectiveness of internal control within the organisation which is included in the Annual Internal Audit Report. The Audit Plan for 2020/21 has been extended as delivery is significantly below target because of resourcing and client responsiveness and requests. All audits removed from the 2020/21 plan will be risk assessed as part of the 2021/22 process. This approach demonstrates the flexibility of the plan required to reflect changing risk circumstances and requests from senior management.</li> <li>• KCC’s response to the pandemic, preparations for transition and the associated risk considerations have continually been communicated through committees and external communications. Members have also received internal briefings on matters relating to Covid-19 and other key subjects during this period to ensure a collective awareness of challenges and how these will be responded to.</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines

**Annual Governance Statement 2020/21 Conclusion**

In conclusion, this year has been like none before it and Kent County Council has been required to adapt governance to respond to a new way of working, urgent pressures, rapidly issued directives from Government and evolving legislation. As the pandemic situation further eases thought will now turn further to recovery and it will be necessary to ensure that the authority’s new Strategic Plan and other key strategies and policies are reflective of this. Given the unprecedented nature of 2020/21 and the prolonged period of the pandemic it will be essential that the authority continues to take learning and is prepared to respond to a situation of this magnitude again if required. Through the regular review of KCC’s business continuity arrangements we will ensure that services remain prepared and responsive.

As lockdown eases, KCC is likely to retain the new statutory duties in respect of public protection and it will be important to ensure that governance arrangements can quickly continue to respond to urgent actions and decisions required especially in respect of enforcement obligations.

It is important to acknowledge as part of this year’s statement the adaptability, teamwork, and resilience that has been demonstrated by Officers, Members, and partner organisations. As a collective we have tackled new and significant challenges and adopted a different way of working which radically moves away from the traditional way of doing things. Whilst there will always be lessons to learn the authority has continued to deliver its statutory obligations and services in a period of significant difficulty. Good governance has been an integral part of KCC’s response to Covid-19 to ensure that the right decisions are taken at the right time and in the right way to respond to the needs of Kent’s residents, communities, and businesses.

This Annual Governance Statement is issued in draft alongside the draft accounts. However, the statement needs to be accurate and current as at the date of signature which will follow discussion at and approval by the Governance and Audit Committee which is currently diarised for July 22<sup>nd</sup> 2021. Given the remarkable events of the past year and the current timetable regarding the next phase of the pandemic, it is particularly important that the Annual Governance Statement tracks any further changes in the current dynamic operating environment. Accordingly, in addition to the content of this draft statement, the final version of the Annual Governance Statement in July 2021 will include:

1. A schedule including any further findings and actions between the publication of the draft accounts and signing of the statement.
2. Details of any material issues occurring or arising between the publication of the draft accounts and signing of the statement.
3. A statement on the sufficiency of resources applicable at the date of signature
4. A statement of assurance from the Monitoring Officer applicable at the date of signature
5. A statement of assurance from the Corporate Director of Finance applicable at the date of signature
6. A statement of assurance from the Head of Paid Service applicable at the date of signature
7. A signatory section will be added (and subsequently) signed on behalf of the Council by the Leader of the Council, the Head of Paid Service, the Corporate Director of Finance and the Monitoring Officer.

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