

# **GOVERNANCE AND AUDIT COMMITTEE**

**Thursday, 21st July, 2022**

**2.00 pm**







## AGENDA

### GOVERNANCE AND AUDIT COMMITTEE

Thursday, 21st July, 2022, at 2.00 pm

Ask for: **Katy Reynolds**  
Telephone: **03000 422252**

#### Membership (12)

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

#### **UNRESTRICTED ITEMS**

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

1. Introduction/Webcasting
2. Substitutes
3. Declarations of Interest in items on the agenda for this meeting
4. Minutes - 27 April 2022 (Pages 1 - 6)
5. Corporate Risk Register (Pages 7 - 90)
6. Update on the National Framework for External Audit (Public Sector Audit Appointments) (Pages 91 - 92)
7. 2021/22 External Audit Plan (Pages 93 - 124)
8. External Audit Progress Report and Sector Update (Pages 125 - 132)

9. Internal Audit Progress Report (Pages 133 - 174)
10. Counter Fraud Update (Pages 175 - 184)
11. Treasury Management Annual Review (Pages 185 - 210)
12. CIPFA Review of the Governance & Audit Committee (Pages 211 - 224)
13. Annual Governance Statement (Pages 225 - 228)
14. Committee Work and Member Development Programme
15. 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

**Wednesday, 13 July 2022**

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

## 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 Wednesday, 27 April 2022.

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

IN ATTENDANCE: Mr B Watts (General Counsel), Mr D Shipton (Head of Finance Policy, Planning and Strategy), Mr N Buckland (Head of Pensions and Treasury), Miss E Feakins (Chief Accountant), Ms S Surana (Investments, Accounting and Pooling Manager), Mr J Idle (Head of Internal Audit), Ms F Smith (Audit Manager), Mr R Smith (Principal Auditor), Mr J Flannery (Principal Auditor), Mr M Dunkley CBE (Corporate Director of Children Young People and Education), Mr D Adams (Reconnect Programme Director), Mr S Jones (Corporate Director for Growth, Environment and Transport), Mrs S Holt-Castle (Director of Growth and Communities), Mr T Marchant (Head of Strategic Planning), Mr D Smith (Director of Economic Development), Mr M Riley (Economic Development Officer (Expansion East Kent Programme)), Mrs R Spore (Director of Infrastructure), Mr J Sanderson (Head of Property Operations), Mr K Bullied (Policy and Business Planning Manager) and Mr A Tait (Democratic Services Officer)

ALSO IN ATTENDANCE: Mr Paul Dossett from Grant Thornton UK LLP.

### UNRESTRICTED ITEMS

#### **19. Membership**

*(Item 1)*

The Democratic Services Officer informed the Committee that Mr A Hook was attending the meeting virtually. Dr L Sullivan was also present virtually.

#### **20. Declarations of Interest**

*(Item )*

(1) Mr S Webb informed the Committee that he was in receipt of a KCC Pension and would therefore not participate in any discussion for items 11 and 13 of the agenda.

((2) Mr D Jeffrey informed the Committee in respect of items 6 and 17 that he was a supply teacher for a non-maintained school. He was also a deferred member of the Kent Pension Fund in respect of item 13.

#### **21. Minutes - 25 January 2022**

*(Item 4)*

RESOLVED that the Minutes of the meeting held on 25 January 2022 are correctly recorded and that they be signed by the Chairman.

## **22. Annual Governance Statement**

*(Item 5)*

(1) The General Counsel's introduction was accompanied by a presentation. The presentation slides can be found on the meeting page on the KCC website.

(2) The General Counsel set out the identified actions which would be assessed in the Annual Governance Statement. These were: Delegations; Governance Review; Review of Decision Making; Audit Activity on Governance; Survey Activity; Information Governance; KCC Values; Tracking Governance Activity; and Decision-Making Deep Dive.

(3) RESOLVED that approval be given to the timetable for the Annual Governance Statement 2021/22 and that the update on governance be noted.

## **23. Schools Audit Annual Report**

*(Item 6)*

(1) The Reconnect Programme Director introduced the report which summarised the Schools Financial Services programme and other activities undertaken during 2020/21 which enabled the Chief Financial Officer to certify that there was a system of audit for schools which gave adequate assurance over financial management standards in Local Authority maintained schools.

(2) During discussion of this item, Members of the Committee suggested that a summary of the School Reserves for maintained schools should be included in future reports.

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

## **24. Treasury Management Quarterly Update 2021-22**

*(Item 7)*

(1) The Head of Pensions and Treasury provided a review of Treasury Management activity in 2021/22 to the end of February 2022.

(2) The Head of Pensions and Treasury agreed to the amendment of the Total Investments figure for 28 Feb in paragraph 16 of the report and of the Internally Managed cash total movement figure in paragraph 38.

(3) During discussion of this item, it was agreed that it was agreed that a response should be given to all Members of the Committee on how the Treasury Management Advisory Group worked, including how decisions on borrowing had been taken, and who had ultimate responsibility for them.

(4) RESOLVED that subject to (2) above, the report be endorsed for submission to the County Council.

## **25. Revised Accounting Policies and audit timetable**

*(Item 8)*

- (1) The Chief Accountant set out the provisional external audit timetable for the Draft Statement of Accounts and reported that there were no recommended changes to accounting policies.
- (2) The Committee asked for a briefing session on accounting policies to be arranged for training purposes.
- (2) RESOLVED that the report be noted.

## **26. External Audit Annual Report on KCC**

*(Item 9)*

- (1) Mr Paul Dossett from Grant Thornton UK LLP introduced the External Auditor's Annual Report on Kent County Council. He outlined the changes to the National Audit Office's Code of Audit Practice and referred to the Report's Key Recommendation on the 2022 draft High Needs financial recovery plan.
- (2) During discussion of this item, it was agreed that the outcome of pending discussions between the Corporate Director CYPE and Grant Thornton on responsibility for setting the eligibility criteria for EHCPs would be circulated to all Members of the Committee within 28 days of the meeting.
- (3) Members of the Committee asked for clarification of the commissioning arrangements for SEND Transport to be sent to all Members of the Committee within 28 days.
- (4) RESOLVED that subject to (2) and (3) above, the report be noted for assurance.

## **27. External Audit Progress Report and Sector Update**

*(Item 10)*

- (1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report which gave a summary of emerging national issues and developments that the Committee might consider to be relevant.
- (2) RESOLVED that the report be noted for assurance.

## **28. External Audit Plan for Kent Pension Fund**

*(Item 11)*

- (1) Mr Paul Dossett from Grant Thornton UK LLP introduced the External Audit Plan for the Kent Pension Fund. He advised that the updates on estimates and processes would be provided when the accounts were being prepared.

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

### **29. Audit Risk Assessment**

*(Item 12)*

(1) The Chief Accountant summarised management's responses to the questionnaire from Grant Thornton on the County Council's processes in relation to general enquiries of management, fraud, law and regulations, going concerns, related parties and accounting estimates.

- (2) RESOLVED that the management responses provided to Grant Thornton be agreed.

### **30. Kent Pension Fund Audit Risk Assessment**

*(Item 13)*

(1) The Investments, Accounting and Pooling Manager summarised management's responses to the questionnaire from Grant Thornton on the Kent Pension Fund's processes in relation to general enquiries of management, fraud, law and regulations, going concerns, related parties and accounting estimates.

- (2) RESOLVED that management's responses provided to Grant Thornton be agreed.

### **31. Internal Audit Progress Report**

*(Item 14)*

(1) The Head of Internal Audit introduced the report which gave detailed summaries of completed Audit reports for the period January to March 2022.

(2) In respect of Audit RB27 – 2022 (Traveller Service – Site Allocation and Pitch Fee Collections), the Committee expressed the wish to conduct a deeper dive into the causes of the Audit Opinion and Uncertain Prospects for Improvement. It was agreed that the Chairman and Officers serving the Committee would consider how the Committee could best consider the issues in greater detail. This could include a special meeting of the Committee.

- (3) RESOLVED that subject to (2) above, the report be noted for assurance.

### **32. Internal Audit Plan 2022/23**

*(Item 15)*

(1) The Head of Internal Audit and the Audit Manager introduced the report which detailed the proposed Internal Audit Plan for 2022/23; the Internal Audit Charter, which underpinned the plans and practice of the Internal Audit Team; and the key performance indicators to be tracked and monitored during 2022/23.

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

### **33. Counter Fraud Update**

*(Item 16)*

- (1) The Counter Fraud Manager introduced the report which detailed Counter Fraud activity undertaken during the period April 2021 to March 2022, including reported fraud and irregularities. The report also gave an update on the Counter Fraud Action Plan 2021/22 and the proposed Counter Fraud Action Plan for 2022/23.
- (2) RESOLVED that the report be noted for assurance.

### **34. SEND Transport Review Terms of Reference- Oral Update**

*(Item 17)*

- (1) The Head of Internal Audit explained the scope of the SEND Transport Review, He outlined that it covered 35 specific areas under the following 11 headings: Impact on families and children; the consultation process with parents, carers and Kent PACT; Decision Making; Re-tendering and contract award processes; Project planning and change management arrangements; Review of risk management and assurances prior to implementation; the communication process with parents, carers and Kent PACT between December 2021 and March 2022; the GET Directorate governance arrangements; the CYPE Directorate governance arrangements; the cross-Directorate governance and communication between the GET and CYPE Directorates; and a review of the effectiveness of the short-term remedial actions from February 2022.
  - (2) The Head of Internal Audit emphasised that the Review would incorporate the attaining of significant levels of documentation and the interviewing of relevant officers and politicians. There is a commitment to undertake this review as promptly as possible.
  - (3) It was also emphasised by the Head of Internal Audit that management within KCC should not be waiting until the review is finalised in addressing the related matters.
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- (2) The General Counsel agreed to send the website link for the Terms of Reference to Members of the Committee and to also provide a briefing note setting out the respective roles and boundaries of responsibility for each of the Governance and Audit, Scrutiny and Cabinet Committees.
  - (3) RESOLVED that the report be noted for assurance.

**EXEMPT ITEMS**  
**(Open access to Minutes)**

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

**35. Equity Schemes funded by the Regional Growth Fund - KCC RGF Bespoke Equity Fund (KRBEF), Discovery Park Technology Investment Fund (DPTI) and the Kent Life Science Fund (KLS)**  
*(Item 20)*

(1) The Programme Manager, Economic Development introduced the report which contained commercially sensitive information on the status and valuations of the Regional Growth Fund equity investments as of 31 March 2022. These schemes were managed by KCC and provided loans, equity investments or grants to support businesses.

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

**36. Internal Audit Update on ICT01-2022 - Cyber Security Assurance Map**  
*(Item 21)*

(1) The Head of Internal Audit reported on the assurance mapping exercise against KCC's significant risks, focussing on Cyber Security. The report highlighted areas where assurance gaps existed and where future work should be directed.

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

From: Roger Gough, Leader of the Council  
David Cockburn, Chief Executive Officer

To: Governance and Audit Committee – 21<sup>st</sup> July 2022

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 regularly reviewed and updated to reflect any significant new risks or changes in risk exposure that arise due to internal or external events; and to track progress against mitigating actions.
- 1.2 A combination of the cost-of-living crisis, rising energy bills and inflation pressures, all exacerbated by the war in Ukraine and global supply chain issues, mean that the council, its residents, service users and staff are facing significant challenges.
- 1.3 The Corporate Risk Team will be discussing the alignment of risks to priorities set out in the Council's new Strategic Statement with Cabinet Members and the Corporate Management Team during the autumn, as well as ensuring regular liaison with the Strategic Reset Programme Board regarding delivery risks associated with major change activity.

### **2. Corporate Risk Register summary**

- 2.1 Given the background context above, there have been several changes to the Corporate Risk Register during the past few months, summarised below:
- 2.2 NEW Risk: CRR0055 - Adult Social Care Reform. Elements of this risk have been featured as part of the medium term financial and operating environment risk (CRR0009) but the publication of the Adult Social Care White Paper has raised the prospect of a number of risk implications for councils. For instance, concerns have been raised that the Government's Social Care Reform impact assessment had not adequately factored in the cost and impact on KCC and providers. In addition, there have been extremely tight timescales in which to

conduct a “Fair Cost of Care” exercise that informs the Market Sustainability Plan, although the Government has recently stated that the major policy shift to implementation of Section 18(3) of the Care Act will be phased in. Available evidence indicates that the implications flowing from the implementation of the twin policy proposals of the ‘Fair Cost of Care’ and Section 18(3) of the Care Act 2014 necessitate further consideration of the funding commitment; otherwise, there is the potential for the council to be subject to unacceptable financial risk.

- 2.3 In addition to the new risk above, the details of several risks previously presented to this Committee in headline form have been added to the register:
- CRR0052: Impacts of Climate Change on KCC services. This has been drafted in consultation with the Risk and Control Owners, with an initial risk rating of “High”.
  - CRR0053: Capital Programme Affordability (Impacts on performance and statutory duties). This risk has been discussed with the Capital Officer Group to appropriately articulate the risk and the various controls, and a current rating of “High” has been assigned.
  - CRR0054: Supply Chain and Market Factors. Details have been discussed with KCC’s Interim Strategic Commissioner and there has been a focus on the corporate controls relating to Commissioning Standards, which have recently been refreshed. However, there are service areas across the council with specific challenges and any additional intelligence available will be factored into this corporate risk, also rated High.
- 2.4 CRR0001: Safeguarding Vulnerable Children. The risk level has been reduced to reflect the findings from the recent Ofsted inspection of children’s services, which deemed services for the protection of vulnerable children as good, with an overall effectiveness of outstanding.
- 2.5 The recent Revenue and Capital Outturn report to Cabinet highlighted again the pressures relating to higher demand and cost for **high needs placements**, with the net deficit on the high needs block increasing from £62m in March 2021 to £104m in March 2022. The Department for Education has recently invited the Council to take part in the second round of the Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery. This may include further funding from the DfE to pay off historic deficits but only if the Council can demonstrate a credible plan, which requires agreement by September 2022.
- 2.5.1 In light of the latest developments in this area, and the intrinsic link between funding and delivery of changes in practice, it is proposed that the two corporate risks relating to the High Needs funding shortfall (CRR0044) and the more practice-based risk (CRR0047) concerning the implementation of the Council’s response with partners to the Written Statement of Action are merged and updated to frame the latest position.

- 2.6 Recent issues arising from the retendering of **SEND Transport** services have led to a lessons-learned review being commissioned, led by the Head of Internal Audit. While this relates to matters in the past, there is a risk that should be considered relating to whether similar issues could arise again in September for the start of the new academic year, particularly with the economic position continuing to worsen, a shortage of drivers and increasing demand for SEND transport. Timely and effective mitigations are required and are being discussed by CYPE and GET Directorate Management Teams, as well as the Corporate Management Team, with outputs to be fed into the KCC risk profile.
- 2.7 KCC is working with partners to implement the **Ukraine resettlement schemes**. The main risks and issues have initially related to some gaps or ambiguity in guidance from central Government, more recently in relation to the expansion of the scheme to cover unaccompanied children; welfare concerns and safeguarding risks; and questions relating to ongoing support arrangements once placements end. This is all in the context of additional arrivals of refugees from other countries also requiring support. While from a KCC perspective several risks exacerbate existing corporate risks, it has been proposed that this will be added to the Corporate Risk Register as a standalone risk in the short term, until many of the risks associated with establishing the schemes have been mitigated. This involves continual liaison with our local partners as well as central government. The details of the risk and associated controls are being discussed with the relevant accountable officers.
- 2.8 The Corporate Risk Register is attached in appendix 1.
- 2.9 The Council's Risk Management Policy & Strategy states, "*Corporate Risks are subject to "deep dive" reviews by Corporate Board and the Governance & Audit Committee, with those responsible for the management of risks present, at an appropriate frequency, depending on the nature of the risk.*" Therefore, the Committee may wish to consider whether any corporate risks require more in-depth review for assurance purposes.

### **3. Directorate Risks**

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

### **4. Timescales to Target Residual levels of risk**

- 4.1 This Committee has previously discussed the direction of travel in relation to current risk ratings and their progress towards realistic and deliverable "target" residual ratings. This question has been put to Risk Owners, and while there

are external factors that can influence achievement of these target ratings, they have been proposing estimated time bands for them (namely within 1 year; 1-2 years; or 3 plus years) according to the nature of the risks, with some accompanying commentary. These timescales are a work-in-progress subject to further collective discussion with the Corporate Management Team as well as the relevant Cabinet Portfolio Holders. They are attached at appendix 3.

## **5. Monitoring and Review**

5.1 There is a focus on ensuring that key mitigating actions are identified, and progress monitored. The risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported to Cabinet quarterly via the KCC Quarterly Performance Report.

## **6. Recommendation**

6.1 The Governance and Audit Committee is asked to:

a) NOTE the report for assurance.

Report Author:

*Mark Scrivener, Corporate Risk Manager*  
Email: [mark.scrivener@kent.gov.uk](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**

**21/07/2022**

## Corporate Risk Register - Summary Risk Profile

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

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since January 2022
CRR0001	Safeguarding – protecting vulnerable children	Medium (15)	Medium (15)	↓
CRR0002	Safeguarding – protecting adults at risk	High (20)	Medium (15)	↔
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (25)	High (16)	↑
CRR0004	Simultaneous Emergency Response and Resilience	High (20)	Medium (15)	↔
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	↔
CRR0010	Provision for Unaccompanied Asylum-Seeking Children (UASC)	Medium (9)	Low (6)	↓
CRR0014	Technological resilience and information security threats	High (20)	High (16)	↔
CRR0015	Managing and working with the social care market	High (25)	Medium (15)	↔
CRR0039	Information Governance	High (20)	Medium (12)	↔
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (25)	High (16)	↑
CRR0044	High Needs Funding shortfall	High (20)	High (16)	↔
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment for local government	Medium (10)	Low (5)	↔
CRR0047	Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – response to Written Statement of Action	High (20)	Medium (10)	↔

CRR0049	Fraud and Error	High (10)	Low (5)	↓
CRR0050	CBRNE incidents, communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Covid-19 public health emergency	High (20)	Medium (15)	↓
CRR0051	Supporting the workforce transition to hybrid working	High (16)	Medium (12)	↔
CRR0052	Impacts of Climate Change on KCC Services	High (25)	High (16)	First Time Rating
CRR0053	Capital Programme affordability (impacts on performance and statutory duties)	High (25)	High (16)	First Time Rating
CRR0054	Supply Chain and market factors	High (20)	TBC	First Time Rating
CRR0055	Impacts of the 'People at the Heart of Care' Social Care Reform White Paper	TBC	TBC	NEW RISK

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

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

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

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

Risk ID	CRR0001	Risk Title	Safeguarding – protecting vulnerable children			
<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.	Failure to fulfil statutory safeguarding obligations.	Incident of serious harm or death of a vulnerable child.	Sarah Hammond, Interim Corporate Director Children, Young People and Education (CYPE)	Possible (3)	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.	Failure to meet the requirements of the "Prevent Duty" placed on Local Authorities.	Serious impact on vulnerable people.		<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
	Safeguarding risks are not identified to / by KCC in a timely fashion.	Impact on ability to recruit the quality of staff critical to service delivery.		Possible (3)	Major (5)	
	Spike(s) in demand impact on robustness of controls	Serious operational and financial consequences.	<b>Responsible Cabinet Member(s):</b>			
During Lockdown some children were absent from school and some partners were less visible, undertaking fewer home visits to vulnerable children, increasing demand on statutory children's services. As a result, there has been an increase in the risk to children under 5. This has introduced uncertain impacts for children's mental health and resilience and the potential for latent demand to build. We are starting to see more complex demand within the system as a result of a more complex working environment. There is also an impact on absentee and non-attendance levels within schools.		Attract possible intervention from a national regulator for failure to discharge corporate and executive responsibilities.	Sue Chandler, Integrated Children's Services  Shellina Prendergast Education and Skills  Mike Hill (Lead Member for PREVENT)			

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, Interim Corporate Director Children, Young People and Education (CYPE) / Amanda Beer, Deputy Chief Executive
Kent Safeguarding Children Multi Agency Partnership (KSCMP) arrangements in place, replacing the previous Kent Safeguarding Children Board. Includes, a Scrutiny and Assurance Framework, which is working with partners to address service visibility and demand issues.	Sarah Hammond, Interim 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	Sarah Hammond, Interim Corporate Director (CYPE)
Consistent scrutiny and performance monitoring through Divisional Management Team, "Performance, Challenge and support" meetings and audit activity.	Sarah Hammond, Interim Corporate Director (CYPE)
Multi agency Crime and Sexual Exploitation Panel (MACSE) provides a strategic, county wide, cross agency response to CSE	Sarah Hammond, Interim Corporate Director (CYPE)
A revised Elective Home Education policy approved that includes interaction with children where there are welfare concerns and where other agencies have been involved with the family. Awareness raising taking place with other practitioners.	Craig Chapman, Head of Fair Access / Christine McInnes, Director of Education
Introduction and appointment of independent scrutineer as part of multi-agency safeguarding children arrangements	David Whittle, Director SPRCA
Communities of Practice introduced during the Covid-19 pandemic, offering support for practitioners, with over 100 practitioners attending weekly	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
Multi-function officer group helping to define key steps and approach to aid any future inquiries or investigations that may arise relating to alleged historical abuse	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
Safeguarding and Quality Assurance Unit conducts audits, reviews of practice, identifies themes and patterns for accountable managers to respond and provides challenge.	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance

Multi Agency Public Protection arrangements (MAPPA) in place	Kevin Kasaven, Assistant Director Safeguarding and Quality Assurance
Kent & Medway Prevent Duty Delivery Board (chaired by KCC) oversees the activity of the Kent and Medway 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). Currently chaired by Medway's Director of People until end of 2022.	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, Interim Corporate Director Children, Young People and Education (CYPE)
'Deep Dive' activity undertaken to investigate vacancy rates for staff that reflects factors such as maternity leave	Sarah Hammond, Interim Corporate Director Children, Young People and Education (CYPE)
Integrated practice model	Sarah Hammond, Interim Corporate Director Children, Young People and Education (CYPE) / 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, Interim Corporate Director Children, Young People and Education (CYPE) / Stuart Collins, Director Integrated Services (Early Help and Preventative Services lead)

Kent and Medway Channel Panel (early intervention mechanism providing tailored support to people who have been identified as at risk of being radicalised) in place.	Nick Wilkinson, Prevent and Channel Strategic Manager
Joint Exploitation Group (Kent & Medway) children and adults focuses on PREVENT, gangs, Modern Slavery, human trafficking and online safeguarding matters. Reports to Kent and Medway Adults Safeguarding Board and KSCMP.	Nick Wilkinson, Prevent and Channel Strategic Manager
KCC cross directorate PREVENT group meets regularly and ensures the PREVENT duty is embedded across the organisation. Regular updates are provided to the Corporate Management Team. PREVENT training strategy in place and regularly reviewed.	Nick Wilkinson, Prevent and Channel Strategic Manager
The annual assurance statement is a self-declaration approved by the Head of Paid Service which captures the Authority's compliance with the requirements of the Counter Terrorism Act. Actions identified within the annual assurance statement are transferred to the Kent and Medway Action Plan. Kent and Medway Board for PREVENT have oversight of action progress.	Nick Wilkinson, Prevent and Channel Strategic Manager
Semi-regional PREVENT model of delivery across Kent & Medway developed	Nick Wilkinson, Prevent and Channel Strategic Manager
New adolescent risk management process agreed, and approach signed off.	Stuart Collins, Director Integrated Services (Early Help and Preventative Services lead)
Kent and Medway Gangs Strategy 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
Children's Services have been externally verified and rated as 'outstanding' by Ofsted in May 2022.	Sarah Hammond, Interim Corporate Director Children, Young People and Education (CYPE)

Action Title	Action Owner	Planned Completion Date
Recommendations from the recent Kent and Medway PREVENT Peer review to improve and promote best practice are being implemented. This reported to Kent and Medway Prevent Duty Delivery Board and to KCC CMT. All relevant remaining actions will be incorporated within the 2022/23 PREVENT Partners action plan	Nick Wilkinson, Prevent and Channel Strategic Manager	April 2023

**Examples of Committee reports of relevance to this risk since January 2022:**

Health Overview & Scrutiny Committee 11 May 2022	Item 7 - Children & Young Peoples Mental Health Service Update  <a href="https://democracy.kent.gov.uk/documents/g8763/Public%20reports%20pack%2011th-May-2022%2010.00%20Health%20Overview%20and%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8763/Public%20reports%20pack%2011th-May-2022%2010.00%20Health%20Overview%20and%20Scrutiny%20Committee.pdf?T=10</a>
Kent Community Safety Partnership 24 March 2022	Item D2 – Kent and Medway PREVENT Duty Delivery Update  <a href="https://democracy.kent.gov.uk/documents/g8913/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10">https://democracy.kent.gov.uk/documents/g8913/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10</a>
Kent Community Safety Partnership 24 March 2022	Item D3 – Kent and Medway Joint Exploitation Group Update  <a href="https://democracy.kent.gov.uk/documents/g8913/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10">https://democracy.kent.gov.uk/documents/g8913/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Kent%20Community%20Safety%20Partnership.pdf?T=10</a>
CYPE Cabinet Committee 11 January 2022	Item 8 -Kent Safeguarding Children Multi-Agency Partnership  <a href="https://democracy.kent.gov.uk/documents/g8873/Public%20reports%20pack%2011th-Jan-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8873/Public%20reports%20pack%2011th-Jan-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10</a>

<b>Risk ID</b>	<b>CRR0002</b>	<b>Risk Title</b>	<b>Safeguarding – protecting adults at risk</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 must fulfil its statutory obligations to effectively safeguard vulnerable adults, in a complex and challenging environment e.g., challenges relating to demand for services and consistent quality of care in the provider market.	Failure to fulfil statutory obligations. Failure to meet the requirements of the “Prevent Duty” placed on Local Authorities.	Incident of serious harm or death of a vulnerable adult. Serious impact on vulnerable people. Serious impact on ability to recruit the quality of staff critical to service delivery.	Richard Smith Corporate Director Adult Social Care and Health (ASCH)	Likely (4)	Major (5)	
The change from ‘safeguarding alerts’ to ‘safeguarding enquiries’ has led to a significant increase in the number of safeguarding concerns received. There has also been an increase in domestic abuse referrals.	Safeguarding risks are not identified to / by KCC in a timely fashion during the Covid-19 pandemic. Spike(s) in demand impact on quality 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>  Clair Bell, Adult Social Care and Public Health  Mike Hill (Lead Member for PREVENT)	<b>Target Residual Likelihood</b> Possible (3)	<b>Target Residual Impact</b> Major (5)	
The Covid-19 pandemic and the associated ‘lockdown’ measures raised concerns of increases in hidden harm, self-harm and neglect resulting in impacted demand profiles.						
Social care services have made substantial adaptations to service delivery across the system.						
In addition, the Government’s “Prevent Duty” requires the Local Authority to act to prevent vulnerable people from being						

drawn into terrorism.	
<b>Control Title</b>	<b>Control Owner</b>
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	Jenny Anderton Director of Adult Social Care for East Kent
Locality Commissioners and operations teams regularly meet with Care Quality Commission to share intelligence	Sharon Dene, Strategic Commissioning
Regular catch ups between Director Adult Social Care and the Director of Care Quality Commission	Richard Smith, Corporate Director ASCH
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, Strategic Safeguarding and Quality Assurance Manage
Kent and Medway Prevent Duty Delivery Board (chaired by KCC) oversees the activity of the Kent and Medway Channel Panel, co-ordinating Prevent activity across the County and reporting to other relevant strategic bodies in the county. Currently chaired by Medway's Director of People until end of 2022.	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, Senior Accountable Officer – MADE Programme
KCC Safeguarding Competency Framework in place, including Mental Capacity Act requirements.	Sarah Denson, Strategic Safeguarding and Quality Assurance Manage

Quarterly safeguarding report brings together key information to enable scrutiny and performance monitoring for management teams and the Cabinet Member.	Sarah Denson, Strategic Safeguarding and Quality Assurance Manage
KCC Safeguarding Competency Framework reviewed to ensure currency and look for areas for improvement.	Sarah Denson, Strategic Safeguarding and Quality Assurance Manage
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.	Sarah Denson, Strategic Safeguarding and Quality Assurance Manage/David Whittle Director SPRCA
Kent and Medway 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
Safeguarding operating model aligns multidisciplinary safeguarding teams to the locality model	Sarah Denson, Principle Social Worker ASCH

Action Title	Action Owner	Planned Completion Date
Quality Assurance Framework launch	Sarah Denson, Strategic Safeguarding and Quality Assurance Manager	September 2022
Practice Framework launch	Sarah Denson, Strategic Safeguarding and Quality Assurance Manage	September 2022
Practice learning plan being co-developed with Learning and Development. Programme of training events to support practitioners to develop knowledge and skills as part of continuing professional development. Manager training commences July 2022. Training plan starts September 2022.	Sarah Denson, Strategic Safeguarding and Quality Assurance Manage	July 2022
Preparation for introduction of new Liberty Protection Safeguards system under the Mental Capacity (Amendment) Act 2019.	Maureen Stirrup, Head of Deprivation of Liberty Safeguards	October 2022
Recommendations from the recent Kent and Medway PREVENT Peer review to improve and promote best practice are being implemented. This reported to Kent and Medway Prevent Duty Delivery Board and to KCC CMT. All relevant remaining actions will be incorporated within the 2022/23 PREVENT Partners action plan	Nick Wilkinson, Prevent and Channel Strategic Manager	April 2023

### Examples of Committee reports of relevance to this risk since January 2022:

Scrutiny Committee 17 May 2022	Item B1 - 21/0091 Making a Difference Every Day - Our Strategy for Adult Social Care in Kent  <a href="https://democracy.kent.gov.uk/documents/g9096/Public%20reports%20pack%2017th-May-2022%2014.00%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g9096/Public%20reports%20pack%2017th-May-2022%2014.00%20Scrutiny%20Committee.pdf?T=10</a>
Policy & Resources Cabinet Committee 4 May 2022	Item 9 – Domestic Abuse Duty 2022/23  <a href="https://democracy.kent.gov.uk/documents/g8962/Public%20reports%20pack%2004th-May-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8962/Public%20reports%20pack%2004th-May-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10</a>

<p>Cabinet 21 April 2022</p>	<p>Item 6 - People at the Heart of Care - Adult Social Care White Paper</p> <p><a href="https://democracy.kent.gov.uk/documents/b22848/Supplementary%20Agenda%201%2021st-Apr-2022%2010.00%20Cabinet.pdf?T=9">https://democracy.kent.gov.uk/documents/b22848/Supplementary%20Agenda%201%2021st-Apr-2022%2010.00%20Cabinet.pdf?T=9</a></p>
<p>Adult Social Care Cabinet Committee 18 January 2022</p>	<p>Item 7 - Deprivation of Liberty Safeguards Mental Health Assessments Contract Extension and Transition to Liberty Protection Safeguards</p> <p>Item 13 – Kent and Medway Safeguarding Adults – Annual Report</p> <p><a href="https://democracy.kent.gov.uk/documents/g8817/Public%20reports%20pack%2018th-Jan-2022%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8817/Public%20reports%20pack%2018th-Jan-2022%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10</a></p>

<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>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>
<p>The economy in Kent &amp; Medway has been impacted by the Covid pandemic, inflation and other world events, and the impacts could be disproportionate across the county (e.g., in coastal areas). To gain an understanding of the implications, an impact assessment has been conducted, which has led to the preparation of an Economic Strategy, 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>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 the current funding systems, including Section106 contributions, Community</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>Whilst future details and guidance are awaited regarding the new Levelling Up and Regeneration Bill from Central Government, this presents significant financial risk dependent upon emerging policy.</p>	<p>Key opportunities for growth missed.</p> <p>The Council finds it increasingly difficult to fund services and match-fund infrastructure 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 and operational costs increasing.</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>Likely (4)</p>	<p>Major (5)</p> <p>Serious (4)</p>		

<p>Infrastructure Levy and other growth levers.</p> <p>The recent Levelling Up and Regeneration Bill introduces proposals to totally replace the existing 106 / CIL system with a new Infrastructure Levy. This may result in Local Planning Authorities as the Charging Authorities.</p>	
<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.	Nigel Smith, Head of Development / 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)
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	Lee Burchill, Local Growth Fund Programme Manager
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 Strategy, 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>	Stephanie Holt-Castle, Director of Growth and Communities	December 2022
The Kent & Medway Business Fund remains open to applications offering funding of £100k-£500k, with the KMBF Small Business Boost launching on 29 July 2022 offering £26k-99k. The next phase of the Innovation Loan is being reviewed in partnership with Innovate Edge.	David Smith, Head of Business and Enterprise (KCC lead)	September 2022
Growth and Infrastructure Framework, Developer Contributions Guide update, Kent Design Guide to be published – will influence and provide people with expectations and standards that we expect.	Simon Jones, Corporate Director GET	November 2022
Producing Local Transport Plan 5 and approval by County Council	Lee Burchill, Local Growth	September 2022 (review)

	Fund Programme Manager	
Response to emerging Government strategies	Stephanie Holt-Castle, Director of Growth and Communities	December 2022 (review - as and when plans emerge)

**Examples of Committee reports of relevance to this risk since January 2022:**

Cabinet 23 June 2022	Item 7 - Economic Strategy  <a href="https://democracy.kent.gov.uk/documents/g8902/Public%20reports%20pack%2023rd-Jun-2022%2010.00%20Cabinet.pdf?T=1">https://democracy.kent.gov.uk/documents/g8902/Public%20reports%20pack%2023rd-Jun-2022%2010.00%20Cabinet.pdf?T=1</a>
Growth, Economic Development and Communities Cabinet Committee 10 May 2022	Item 9 – Kent and Medway Economic Strategy Item 10 – Infrastructure Funding – All Member Briefing Scoping Paper Item 11 – Kent and Medway Business Fund – Biannual Monitoring Q3  <a href="https://democracy.kent.gov.uk/documents/g8974/Public%20reports%20pack%2010th-May-2022%2014.15%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10">https://democracy.kent.gov.uk/documents/g8974/Public%20reports%20pack%2010th-May-2022%2014.15%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10</a>
Growth, Economic Development and Communities Cabinet Committee 13 January 2022	Item 8 – Growth, Infrastructure and Planning Reform Item 9 – Further Investment of Getting Building Funding in third party projects  <a href="https://democracy.kent.gov.uk/documents/g8883/Public%20reports%20pack%2013th-Jan-2022%2010.00%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10">https://democracy.kent.gov.uk/documents/g8883/Public%20reports%20pack%2013th-Jan-2022%2010.00%20Growth%20Economic%20Development%20and%20Communities%20Cabinet%20Commi.pdf?T=10</a>

<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 County Council, along with other Category 1 Responders in the Kent, has a legal duty to undertake risk assessment and planning to reduce the likelihood and impact of major incidents and emergencies.</p> <p>This includes responses associated with the Government's Counter-terrorism Strategy (CONTEST).</p> <p>Ensuring that the Council works effectively with partners to plan for, respond to, and recover from, emergencies and service disruptions is becoming increasingly important in light of climate change impacts, national and international security threats, severe weather incidents, threats of 'cyber attacks' and uncertainties around implications of the future UK/EU relationship. Also possible power outage across County.</p> <p>The recovery from the Covid-19 pandemic is putting significant strain on organisational capacity and resources.</p>	<p>Failure to deliver suitable planning measures, respond to and manage these events when they occur.</p> <p>Critical services are unprepared or have ineffective emergency and business continuity plans and associated activities.</p> <p>Lack of resilience in the supply chain hampers effective response to incidents.</p> <p>Focus on Covid-19 response and recovery and post UK/EU transition contingency planning means less opportunity to progress other aspects of emergencies and resilience agenda.</p> <p>Future wave(s) of pandemic / winter pressures put further strain on capacity and resource.</p>	<p>Potential increased harm or loss of life if response is not effective.</p> <p>Serious threat to delivery of critical services.</p> <p>Significant harm to the natural and build environment of Kent.</p> <p>Increased financial cost in terms of recovery and insurance costs.</p> <p>Damage and disruption to local businesses and the Kent economy.</p> <p>Potential for public unrest and reputational damage.</p> <p>Legal actions and intervention for failure to fulfill KCC's obligations under the Civil Contingencies Act or other associated legislation.</p>	<p>On behalf of CMT: Rebecca Spore, Director of Infrastructure</p> <p><b>Responsible Cabinet Member(s):</b> On behalf of Cabinet:  Mike Hill, Community &amp; Regulatory Services</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
Management of financial impact to include Bellwin scheme	Cath Head, Head of Finance (Operations)
Kent Resilience Team in place bringing together personnel from KCC, Kent Police and Kent Fire and Rescue Service in an integrated and co-located team to deliver enhanced emergency planning and business continuity in Kent	Lisa Guthrie, Head of Kent Resilience Team / Andy Jeffery, KCC Manager, Kent Resilience Team
On-going programme of review relating to ICT Disaster Recovery and Business Continuity arrangements. ICT resilience improvements are embedded as part of the ICT Transformation Programme.	Dave Lindsay, Interim Head of ICT Strategy and Commissioning
Local multi-agency flood response plans in place for each district/borough in Kent, in addition to overarching flood response plan for Kent.	Andy Jeffery, KCC Manager, Kent Resilience Team
Review of Kent Resilience Forum Local Authorities Emergency Planning group's mutual aid arrangements with District Councils and other councils across the region undertaken.	Andy Jeffery, 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 for KCC.	Tony Harwood, Resilience and Emergencies Manager / Andy Jeffery, KCC Manager, Kent Resilience Team
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 / Andy Jeffery
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 / Anjan Ghosh, Director of Public

	Health / Andy Jeffery KCC Manager, Kent Resilience Team
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. KCC Strategic Prevent Lead is now chair of Kent Resilience Forum Delivery Board which reports into Kent Resilience Forum Executive Board.	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.	Anjan Ghosh, Director of Public Health / Andy Jeffery, KCC Manager, Kent Resilience Team
Kent and Medway 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
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.	Nick Wilkinson, Prevent and Channel Strategic Manager

Kent and Medway Board for PREVENT have oversight of action progress.		
Implementation of Kent's Climate Adaption Action Plan	Stephanie Holt-Castle, Director of Growth and Communities	
Ensure all 13 key Emergency Plans are regularly updated and validated with exercises. Giving consideration to risks on the KRF Community Risk Register.	Tony Harwood, Resilience and Emergencies Manager / Andy Jeffery	
Ensure 24/7 Emergency Planning cover and response, including a 24/7 Duty Emergency Planning Officer (DEPO), Duty Director, and Recovery Director function, and fully equipped County emergency Centre (CEC)	Tony Harwood, Resilience and Emergencies Manager / Andy Jeffery	
Maintain and support relevant KRF and KCC groups, including KCC Horizon Scanning Group, Cross Directorate Resilience Forum, and Directorate Resilience Groups	Tony Harwood, Resilience and Emergencies Manager / Andy Jeffery	
<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 July 2022

### Examples of Committee reports of relevance to this risk since January 2022:

Cabinet 21 April 2022	Item 5 - Operation Brock and Traffic Disruption  <a href="https://democracy.kent.gov.uk/documents/g8900/Public%20reports%20pack%2021st-Apr-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8900/Public%20reports%20pack%2021st-Apr-2022%2010.00%20Cabinet.pdf?T=10</a>
Kent Flood Risk Management Committee 9 March 2022	Item 6 – Storms Eunice and Franklin 18 <sup>th</sup> -21 <sup>st</sup> Feb 2022 Item 7 – Environment Agency and Met Office Alerts and Warnings and KCC Severe Weather Response Activity Item 8 – Update on Little Venice Country Park and Marina  <a href="https://democracy.kent.gov.uk/documents/g8788/Public%20reports%20pack%2009th-Mar-2022%2014.00%20Kent%20Flood%20Risk%20Management%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8788/Public%20reports%20pack%2009th-Mar-2022%2014.00%20Kent%20Flood%20Risk%20Management%20Committee.pdf?T=10</a>

Risk ID	CRR0009	Risk Title	Future financial and operating environment for Local Government			
<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>	
The Government Spending Review in October 2021 set out the 3-year picture for local government. However, the local government finance settlement announced in December 2021 only provided detailed allocations for 2022-23 to allow scope to update the data and methodology for allocations in later years, which presents a risk (or possible opportunity) for the Council, depending on the nature of the changes.	Levels of spending and growth pressures across services outstrip the Council's core spending power. threatening the financial sustainability of KCC, its partners and service providers.	Unsustainable financial situation, ultimately resulting in s114 notice.	On behalf of CMT:  John Betts, Interim Corporate Director Finance (Section 151 Officer)	Likely (4)	Major (5)	
Over the medium term the only additional funding for future spending growth within the settlement comes from council tax, other than for reforms to social care charging, where a separate grant was made available in the settlement for the reforms to social care charging (with further amounts outlined for 2023-24 and 2024-25), with uncertainty as to its sufficiency.	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.	Failure to delivery statutory obligations and duties or achieve social value.	<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
The overall settlement for 2022-23 was insufficient to fully fund forecast demand and cost growth	Continued delays and uncertainty surrounding review of local government funding impacts on KCC's medium term financial planning.	Potential for partner or provider failure – including sufficiency gaps in provision.	All Cabinet Members	Likely (4)	Serious (4)	
		Reduction in resident satisfaction and reputational damage.				
		Increased and unplanned pressure on resources.				
		Decline in performance.				
		Legal challenge resulting in reputational damage to the Council.				
		Impact on Council Tax.				

pressures facing services across the council (even after setting challenging targets to bear down on future cost growth).

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.

There are a number of geopolitical uncertainties in the current environment which additionally impact on the financial and operating environment. As a result of economic uncertainty, there are inflation and cost pressures that we need to manage, alongside decreased purchasing power.

<b>Control Title</b>	<b>Control Owner</b>
Processes in place for monitoring delivery of savings and challenging targets to bear down on future cost growth, as well as the budget as a whole.	John Betts, Interim Corporate Director Finance (Section 151 Officer)

Regular analysis and refreshing of forecasts to maintain a level of understanding of volatility of demand and cost pressures, which feeds into the relevant areas of the MTFP and business planning process.	Richard Smith, Corporate Director ASCH / Sarah Hammond, Interim Corporate Director CYPE / Simon Jones, Corporate Director GET
Robust budgeting and financial planning in place via Medium Term Financial Planning (MTFP) process, including stakeholder consultation.	John Betts, Interim Corporate Director Finance (Section 151 Officer)
Financial analysis conducted after each budget statement	Dave Shipton, Head of Finance (Policy, Strategy and Planning)
Ensure evidence of any additional KCC spend required to cover impacts relating to new burdens imposed, e.g. EU exit, Supporting Families grant.	Dave Shipton, Head of Finance (Policy, Strategy and Planning)
Continued engagement with Government regarding High Needs funding concerns	Sarah Hammond, Interim 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 service reform	David Whittle, Director SPRCA
KCC Strategic Statement and Strategic Reset Framework developed, outlining how the Council will operate in future, taking into account medium term implications of the Covid-19 pandemic and the challenging operating environment more broadly.	David Whittle, Director SPRCA / Amanda Beer, Deputy Chief Executive
KCC Quarterly Performance Report monitors key performance and activity information for KCC commissioned or delivered services. Regularly reported to Cabinet.	Rachel Kennard, Chief Analyst, KCC
Ongoing monitoring and modelling of changes in supply and demand in order to inform strategies and service planning going forward.	Rachel Kennard, Chief Analyst, KCC
Assessing impact and responding to Government plans for the future of social care, including Health and	Richard Smith, Corporate

Social Care Integration White Paper, including assessing and quantifying the costs of social care reforms to analyse sufficiency of additional funding over the medium term to cover the cost of the reforms.	Director ASCH / John Betts, Interim Corporate Director Finance	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Assessing impact of Government 'Levelling Up' White Paper agenda.	David Whittle, Director SPRCA	July 2022 (review)
Ensuring the achievement of challenging targets in 2022-23 to bear down on future cost growth, particularly in areas of complex / volatile demand, identifying management action where necessary.	Richard Smith, Corporate Director ASCH / Sarah Hammond, Interim Corporate Director CYPE / Simon Jones, Corporate Director GET	March 2023
Outcomes Based Budgeting approach being developed to strengthen links between outcomes and funding, using robust analysis and evidence.	John Betts, Interim Corporate Director Finance	September 2022 (review)
Review HM Treasury forecasts and Government planned spending levels for Local Government.	John Betts, Corporate Director Finance	November 2022

### Examples of Committee reports of relevance to this risk since January 2022:

Cabinet 23 June 2022	Item 5 – Provisional Revenue and Capital Budget Outturn Report Item 6 – Quarterly Performance Report  <a href="https://democracy.kent.gov.uk/documents/g8902/Public%20reports%20pack%2023rd-Jun-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8902/Public%20reports%20pack%2023rd-Jun-2022%2010.00%20Cabinet.pdf?T=10</a>
County Council 26 May 2022	Item 9 – Strategic Statement Item 13 – Treasury Management  <a href="https://democracy.kent.gov.uk/documents/g8757/Public%20reports%20pack%2026th-May-2022%2010.00%20County%20Council.pdf?T=10">https://democracy.kent.gov.uk/documents/g8757/Public%20reports%20pack%2026th-May-2022%2010.00%20County%20Council.pdf?T=10</a>

<p>Cabinet 31 March 2022</p>	<p>Item 5 - Quarterly Performance Report 21/22 Q3  Item 6 – KCC Budget – Updated Financial Risks  Item 7 – KCC Share of Retained Business Rates and Final LG Finance Settlement 2022-23</p> <p><a href="https://democracy.kent.gov.uk/documents/g8899/Public%20reports%20pack%2031st-Mar-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8899/Public%20reports%20pack%2031st-Mar-2022%2010.00%20Cabinet.pdf?T=10</a></p>
<p>Cabinet 3 March 2022</p>	<p>Item 5 – Revenue and Capital Budget Monitoring Report Dec 21-22  Item 7 - Levelling Up - The UK White Paper</p> <p><a href="https://democracy.kent.gov.uk/documents/g8897/Public%20reports%20pack%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8897/Public%20reports%20pack%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=10</a></p>
<p>County Council 10 February 2022</p>	<p>Item 8 – Capital Programme 2022-32 and Revenue Budget 2022-23 (including Council Tax Setting 2022/23</p> <p><a href="https://democracy.kent.gov.uk/documents/g8754/Public%20reports%20pack%2010th-Feb-2022%2009.30%20County%20Council.pdf?T=10">https://democracy.kent.gov.uk/documents/g8754/Public%20reports%20pack%2010th-Feb-2022%2009.30%20County%20Council.pdf?T=10</a></p>

Risk ID	CRR0010	Risk Title	Suitable provision for Unaccompanied Asylum-Seeking Children (UASC)			
<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>	
Historically the numbers of UASC arrivals have placed additional pressure on children's services, along with significant numbers of age-disputed new arrivals.	Risk of judicial review against KCC, along with associated time and cost implications.	KCC in breach of its statutory duty.  Judicial review.	Sarah Hammond, Interim Corporate Director, CYPE	Possible (3)	Significant (3)	
KCC now have a quota of intakes agreed with the Home Office, and the National Transfer Scheme has now been fully mandated. Other LAs are being required to take new arrivals directly from Kent and from the Port of arrival, although the process is currently taking longer than expected.			<b>Responsible Cabinet Member</b>  Sue Chandler, Integrated Children's Services	<b>Target Residual Likelihood</b>  Unlikely (2)	<b>Target Residual Impact</b>  Significant (3)	
<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 has now been mandated, meaning more children have been transferred to other local authorities.				Sarah Hammond, Interim Corporate Director Children, Young People and Education (CYPE)		

UASC analytical modelling complete and monitored to assess capacity and continually review KCC position	Sarah Hammond, Interim Corporate Director CYPE / Rachel Kennard, Chief Analyst
Letter Before Claim laid before the Home Secretary – formal reply awaited. This is currently in abeyance.	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. This has been achieved.	Roger Gough, Leader of the Council / Sue Chandler, Cabinet Member Integrated Children's Services

**Examples of Committee reports of relevance to this risk since January 2022:**

Cabinet 23 June 2022	Item 9 – South East Migration  <a href="https://democracy.kent.gov.uk/documents/b23217/Presentations%20to%20Cabinet%2023%20June%202022%2023rd-Jun-2022%2010.00%20Cabinet.pdf?T=9">https://democracy.kent.gov.uk/documents/b23217/Presentations%20to%20Cabinet%2023%20June%202022%2023rd-Jun-2022%2010.00%20Cabinet.pdf?T=9</a>
Cabinet 31 March 2022	Item 8 Ukraine Refugee Resettlement Scheme Update  <a href="https://democracy.kent.gov.uk/documents/g8899/Public%20reports%20pack%2031st-Mar-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8899/Public%20reports%20pack%2031st-Mar-2022%2010.00%20Cabinet.pdf?T=10</a>
Scrutiny Committee 23 March 2022	Item C1 - Unaccompanied Asylum-Seeking Children and Asylum Update  <a href="https://democracy.kent.gov.uk/documents/g8742/Public%20reports%20pack%2023rd-Mar-2022%2014.00%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8742/Public%20reports%20pack%2023rd-Mar-2022%2014.00%20Scrutiny%20Committee.pdf?T=10</a>

Risk ID	CRR0014	Risk Title	Technological Resilience and Information Security			
<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>It should also ensure confidentiality, integrity, availability of its information assets</p> <p>The shift to remote/flexible working, and changes in how services are offered increases need for, and dependency on, resilient IT systems.</p> <p>KCC's ICT Strategy is moving the Authority's technology to cloud based services. It is important to harness these new capabilities in terms of both IT security and resilience, whilst emerging threats are understood and managed.</p> <p>Attempts to gain access to secure networks and servers are increasing nationally and becoming more sophisticated and damaging when they succeed.</p> <p>In information terms the other factor is human. Technology can only provide a level of protection. Our staff must have a strong</p>	<p>Information security incidents (caused by both human error and / or system compromise) resulting in loss of data or breach of privacy / confidentiality.</p> <p>Business information is lost, stolen, copied, or otherwise compromised (a breach)</p> <p>Significant business interruption caused by a successful cyber security attack.</p> <p>Successful cyber-attack (e.g., 'phishing' scam or ransomware attack) leading to loss or unauthorised access to sensitive business data.</p>	<p>Data Protection breach and consequent Information Commissioner's Office (ICO) sanction.</p> <p>Damages claims.</p> <p>Reputational Damage.</p> <p>Potential significant impact on business interruption if systems require shutdown until magnitude of issue is investigated.</p> <p>Loss or corruption of data.</p> <p>Loss of key systems potentially impacting ability to deliver statutory services.</p> <p>Partners unable to discharge their duties</p> <p>Complaints</p>	<p>Lisa Gannon, Director of Technology</p> <p>Ben Watts, General Counsel and KCC Data Protection Officer</p> <p>Amanda Beer, Deputy Chief Executive</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Peter Oakford, Finance, Corporate and Traded Services</p> <p>Bryan Sweetland, Communications, Engagement, People and partnerships</p>	<p>Likely (4)</p> <p><b>Target Residual Likelihood</b></p> <p>Likely (4)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b></p> <p>Serious (4)</p>	

awareness of their responsibilities in terms of IT and information security.	
<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 consolidated action plan.	James Church, Interim Head of ICT Compliance and Risk and Digital Accessibility Compliance Officer
Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly.	Ben Watts, General Counsel and KCC Data Protection Officer / Amanda Beer, Deputy Chief Executive
Additional messages warning staff of cyber threats are being sent out regularly.	Diane Trollope, Head of Engagement and Consultation
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, Head of Engagement and Consultation

Action Title	Action Owner	Planned Completion Date
Implementation of actions within the Consolidated Security Action Plan	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	July 2022 (review)
Continuation of roll out of Microsoft Security and Compliance Package	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	September 2022
Business case for a cloud-native security information and event manager for approval by March 2022. Planned implementation date of end of 2022.	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	December 2022

**Examples of Committee reports of relevance to this risk since January 2022:**

Policy & Resources Cabinet Committee 24 March 2022	Item 10 – Annual Cyber Security Update  <a href="https://democracy.kent.gov.uk/documents/g8823/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8823/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10</a>
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<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>	
<p>The current social care system is under significant strain as a result of the increasing cost and complexity of demand for services and constrained local authority budgets.</p> <p>A significant proportion of adult social care is commissioned out to the private and voluntary sectors. This offers value for money but also means that KCC is dependent on a buoyant market to achieve best value and give service users optimal choice and control.</p> <p>The market has high vacancy levels, and high staff turnover rates. Factors such as the increase to the National Living Wage, inflationary pressures, mandated vaccinations, and a buoyant job market mean that the care market is under pressure to recruit and retain adequate numbers of staff.</p> <p>Recovery from the Covid-19 pandemic has added additional pressures, further threatening sustainability of the market.</p>	<p>Social Care market particularly domiciliary care is not sustainable.</p> <p>Inability to obtain the right kind of provider supply at affordable prices.</p> <p>Significant numbers of care home closures or service failures.</p> <p>Increases in hand backs of care</p> <p>Providers choose not to tender for services at Local Authority funding levels or accept service users with complex needs.</p>	<p>Gaps in the care market for certain types of care or in geographical areas meaning difficulty in placing some service users.</p> <p>Unable to offer care packages immediately leading to delays with discharging from Health Services</p> <p>Reduction in quality of care provided due to workforce pressures</p>	<p>Richard Smith, Corporate Director ASCH, in collaboration with Clare Maynard, Interim Strategic Commissioner</p> <p><b>Responsible Cabinet Member(s):</b> Clair Bell, Adult Social Care and Public Health</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>	

Latent demand and a reduction in access to health care has led to an increase in clients presenting with more complex needs. There is increased demand for care and support, and pressures arising from hospital discharges.

Increase in use of individual contracts for care and support in the home. Using more independent providers than framework providers. Over reliance on independent providers with significant increase in spend.

<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.	Sharon Dene, Strategic Commissioning
New contracts commenced relating to Disability and Mental Health Residential Care services.	Simon Mitchell, Strategic Commissioning
Ongoing work to improve maturity of the market	Clare Maynard, Interim Strategic Commissioner
Ongoing monitoring of Home Care market and market coverage. Commissioners and operational managers review the capacity of the Home Care market with a view to developing a strategy to ensure market coverage.	Paul Stephen, Senior Commissioning Manager
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	Michael Bridger, Commissioning Standards Manager	
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	
Care in the Home Services refresh completed bringing Supported Living Services under the Care in the Home Umbrella.	Paul Stephen, Senior Commissioning Manager	
Care and Support in the Home Services contract combines homecare and community based supporting independence services	Paul Stephen, Senior Commissioning Manager	
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	
Weekly review of market pressures at SMT to support mitigation discussions	ASCH Divisional Directors	
Adult Social Care Pressures Plan 2021/22 - outlining the strategic and operational response to a range of factors including COVID-19, vacancies in the health and social care workforce, waiting lists for care and support, winter pressures and budgetary pressures.	Richard Smith, Corporate Director for Adult Social Care and Health	
Community Support Market Position Statements to inform market shaping, oversight and sustainability are in place and regularly refreshed.	Clare Maynard, Interim Strategic Commissioner	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Task and finish group established to work with independent providers and framework providers to minimise spend on individual contracts and incentivise framework providers	Sharon Dene, Strategic Commissioning	October 2022

Work underway to help increase the number of smaller provider organisations to help address some of the workforce challenges. Community catalysts in place to start the developing of the micro provider market (discovery stage).	Sharon Dene - Strategic Commissioning	September 2022 (review)
Conversations around recommissioning of care and support in the home framework and home care framework have commenced – options paper being drafted, including lessons learned.	Paul Stephen, Senior Commissioning Manager	Sept 2022 (Review)
Proposal to extend contract for discharge services. Recommendation paper due to be presented to Cabinet Committee	Paul Stephen, Senior Commissioning Manager	July 2022
Development of prioritisation tool for Strategic Commissioning projects for oversight and resource purposes	Michael Bridger, Commissioning Standards Manager	July 2022

**Examples of Committee reports of relevance to this risk since January 2022:**

Adult Social Care Cabinet Committee 31 March 2022	<p>Item 6 - 22/00033 Community Mental Health Wellbeing Service Commissioning</p> <p>Item 7 - 22/00034 External Community Opportunities for People with Learning and Physical Disabilities</p> <p>Item 8 - 22/00015 Kent Adult Carer's Strategy 2022-27</p> <p>Item 9 - Adult Social Care Reform White Paper Presentation</p> <p><a href="https://democracy.kent.gov.uk/documents/g8818/Public%20reports%20pack%2031st-Mar-2022%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8818/Public%20reports%20pack%2031st-Mar-2022%2014.00%20Adult%20Social%20Care%20Cabinet%20Committee.pdf?T=10</a></p>
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<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, procedures and behaviours to meet regulations.	Information Commissioner's Office sanction (e.g., undertaking, assessment, improvement, enforcement or monetary penalty notice issued against the Authority).	Ben Watts, General Counsel and Data Protection Officer in collaboration with David Whittle, Senior Information Risk Owner	V. Likely (5)	Serious (4)	
The Council has regulatory obligations into the management of SAR/FOI/EIR requests	Failure to meet regulatory reporting deadlines	Serious breaches under UK GDPR could attract a fine of c£17m.	<b>Responsible Cabinet Member(s):</b>  Roger Gough, Leader	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
United Kingdom General Data Protection Regulations (UK GDPR) came into effect that have introduced significantly increased obligations on all data controllers, including the Council.	Information security incidents (caused by both human error and / or system compromise) resulting in loss of personal data or breach of privacy / confidentiality.	Increased risk of litigation.		Possible (3)	Serious (4)	
The Covid-19 pandemic has introduced new risks e.g. staff adapting to new ways of working and increasing information security threats.	Council accreditation for access to government and partner ICT data, systems and network is withdrawn.	Reputational damage.				
There is insufficient resource available to undertake comprehensive oversight / assurance activity that provides assurance on compliance with existing information governance standards.	Cantium Business Solutions prioritises commercial work or does not undertake information governance compliance work in an appropriate and timely fashion.		Bryan Sweetland Communications, Engagement, People and Partnerships			
	Providers processing KCC data fail to embed the appropriate processes and behaviours.		Peter Oakford, Deputy Leader and Cabinet			

<p>There is a critical dependency on the Council's Local Authority Trading Companies (CBS) and other material third parties to support Information Governance compliance for the KCC systems and network.</p> <p>KCC services' requirement for non-standard systems creates vulnerabilities.</p> <p>There are a number of geo-political uncertainties in the current environment which additionally impact on the financial and operating environment.</p>	<p>Member for Corporate and Traded Services</p>
<p><b>Control Title</b></p>	<p><b>Control Owner</b></p>
<p>Staff are required to complete mandatory training on Information Governance and Data Protection and refresh their knowledge every two years as a minimum.</p>	<p>Ben Watts, General Counsel and KCC Data Protection Officer / Amanda Beer, Deputy Chief Executive.</p>
<p>Senior Information Risk Owner for the Council appointed with training and support to undertake the role.</p>	<p>David Whittle, Director SPRCA</p>
<p>ICT Commissioning function has necessary working/contractual relationship with the Cantium Business Solutions to require support on KCC ICT compliance and audit.</p>	<p>Dave Lindsay, Interim Head of ICT Commissioning and Strategy</p>
<p>Caldicott Guardian appointed with training and support to undertake the role</p>	<p>Richard Smith, Corporate Director ASCH</p>
<p>Corporate Information Governance group to allow for effective management of information governance risks and issues between the DPO, SIRO and Caldicott Guardian.</p>	<p>Ben Watts, General Counsel and KCC Data Protection Officer</p>

A number of policies and procedures are in place including KCC Information Governance Policy; Information Governance Management Framework; Information Security Policy; Data Protection Policy; Freedom of Information Policy; and Environmental Information Regulations Policy all in place and reviewed regularly. Data Protection Officer in place to act as a designated contact with the ICO.	Ben Watts, General Counsel and KCC Data Protection Officer	
Management Guide/operating modules on Information Governance in place, highlighting key policies and procedures.	Ben Watts, General Counsel and KCC Data Protection Officer	
Privacy notices as well as procedures/protocols for investigating and reporting data breaches reviewed and updated	Caroline Dodge, Team Leader Information Resilience & Transparency	
Information Resilience and Transparency team in place, providing business information governance support.	Caroline Dodge, Team Leader Information Resilience & Transparency	
Cross Directorate Information Governance Working Group in place.	Michael Thomas-Sam, Strategic Business Adviser Social Care	
Corporate Information Governance Group established, chaired by the DPO and including the SIRO and Caldecott Guardian acting as a point of escalation for information governance issues and further escalation to the Corporate Management Team if required	Ben Watts, General Counsel and KCC Data Protection Officer	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Continuation of roll out of Microsoft Security and Compliance Package	Dave Lindsay, Interim Head of ICT Strategy and Commissioning	September 2022
Detailed action plan is being prepared for changes to the recording of data breaches and identification.	Ben Watts, General Counsel and KCC Data Protection Officer	September 2022
Working from Home Information Governance and Records Management audit implementation of recommendations	Ben Watts, General Counsel / David Whittle, Director SPRCA	July 2022 (review)
Each directorate is responsible for carrying out data mapping exercises to find out what personal data is held and to understand how the information	Michael Thomas-Sam, Chair of Cross-Directorate Information	September 2022

flows through the organisation

Governance Working Group

**Examples of Committee reports of relevance to this risk since January 2022:**

Policy & Resources Cabinet Committee  
19 January 2022

Item 9 – Information Governance Update

<https://democracy.kent.gov.uk/documents/g8822/Public%20reports%20pack%2019th-Jan-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10>

<b>Risk ID</b>	<b>CRR0042</b>	<b>Risk Title</b>	<b>Border fluidity, 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>	
Changes at the UK border with Europe means additional controls now exist on the movement of goods and people between the UK and the EU.	That changes in border customs, checking and processing routinely disrupt local communities and both the strategic and local road networks.	Significant slowdown in the existing flow of goods and people through the Kent Ports leads to long delays in accessing Dover Ports and Eurotunnel.	Simon Jones, Corporate Director GET	Very Likely (5)	Major (5)	
The UK Government and the EU have introduced new border controls and further changes are expected.	That the Government does not provide sufficient capital and revenue financial support to departments, agencies, local authorities and other infrastructure stakeholders necessary to address the necessary infrastructure, legislation and controls to ensure long term plan for frictionless border movements.	Impacts on major traffic routes as a result of 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.	<b>Responsible Cabinet Member(s):</b>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
KCC has been working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios.		Significant detrimental impact on county's economic competitiveness, attractiveness for inward investment and quality of life for Kent residents.	David Brazier, Highways & Transport	Possible (4)	Serious (4)	
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.		Significant increase in imported goods subject to statutory checks by Trading Standards including consumer	Mike Hill, Community & Regulatory Services			

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

**Control Title**

**Control Owner**

KCC engagement with and support for the Kent Resilience Forum

Lisa Guthrie, Head of Kent Resilience Team

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

Simon Jones, Corporate Director GET

Several training exercises have taken place to prepare for various scenarios

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

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

Simon Jones, Corporate Director GET

Operation Fennel strategic plan in place

Simon Jones, Corporate Director GET

KCC Cross Directorate Resilience Forum reviews latest situation regarding transition impacts

Tony Harwood, Resilience and Emergencies Manager

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

Christina Starte, Head of Communications

KCC services are continually reviewing business continuity arrangements, taking potential scenarios into consideration (cross-reference to CRR0004), with co-ordination via Directorate Resilience Groups	Service Managers	
KCC membership of the Delivery Models Operational Group and associated working groups such as Emergency Planning, Infrastructure etc.	Steve Rock, Head of Trading Standards	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
KCC continues to make a case for further funding from the Department of Levelling Up, Housing and Communities and Department for Transport (DfT) for direct impact costs	Simon Jones, Corporate Director GET	December 2022
Applying for Government funding to support improving access to the Borders.	Simon Jones, Corporate Director GET	September 2022 (ongoing as opportunities arise)
Working with Government to develop short-, medium- and long-term plans for border resilience looking at infrastructure and technological solutions.	Simon Jones, Corporate Director GET	December 2022
Recruitment of additional staff for Ports Team to provide capacity and deal specifically with imported goods through the 7-8 Ports and Inland border facilities in Kent.	Steve Rock, Head of Trading Standards	December 2022
Recruitment of additional animal health officers to provide capacity to deal with increased pressures on animal health and welfare in Kent.	Steve Rock, Head of Trading Standards	December 2022

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

Cabinet 21 April 2022	Item 5 – Operation Brock and Traffic Disruption  <a href="https://democracy.kent.gov.uk/documents/g8900/Public%20reports%20pack%2021st-Apr-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8900/Public%20reports%20pack%2021st-Apr-2022%2010.00%20Cabinet.pdf?T=10</a>
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<b>Risk ID</b>	<b>CRR0044</b>	<b>Risk Title</b>	<b>High Needs Funding shortfall (to be combined with risk CRR0047 and updated)</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 demand for Special Educational Needs and Disability (SEND) support is rising and at a much faster rate than the school age population, and the Council's Dedicated Schools Grant (DSG) budget is overspending on the High Needs Block and has already accrued a deficit of £62m on the DSG reserve.	Inability to manage within budget going forward.	Continued funding of deficit on the DSG reserve by net surplus balances in other reserves becomes unsustainable, impacting on the financial resilience of the Council.	Sarah Hammond, Interim Corporate Director CYPE	Likely (4)	Major (5)	
Corresponding pressure on some of KCC's non-DSG SEND related budgets e.g. SEN Home to School Transport, is also being experienced.	Inability to reduce accumulated deficit on Dedicated Schools Grant reserve.	Impact on support for children with SEND (cross reference to CRR0047)	<b>Responsible Cabinet Member(s):</b> Shellina Prendergast, Education & Skills	<b>Target Residual Likelihood</b> Likely (4)	<b>Target Residual Impact</b> Serious (4)	
Consequently, meeting the needs of children and young people with SEND within available resources is becoming ever more challenging.						
The ability to forecast costs in future years is difficult.						
The Department for Education (DfE) is introducing tighter reporting requirements on local authorities who have a deficit in their DSG account.						

Control Title	Control Owner	
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 / Sarah Hammond, Interim Corporate Director (CYPE)	
KCC conducted a review of provision of pupils in mainstream schools with High Needs, introducing changes aiming to ensure the number of High Needs pupils in mainstream schools does not contribute to the current budget pressures.	Christine McInnes, Director of Education / Karen Stone, Revenue Finance Manager (0 - 25 services)	
As required by the DfE, a recovery plan is produced (if the LA is either in deficit or if there is a significant reduction in their surplus) outlining how KCC can bring in-year spending in line with in-year funding, and options for how the accumulated deficit could be repaid. To be presented to the Schools' Funding Forum and approved by the Council's Section 151 Officer	John Betts, Interim Corporate Director Finance (Section 151 Officer) / Christine McInnes, Director of Education	
Block payment arrangement negotiated with Further Education colleges. For this early confirmation and certainty in funding colleges are expected to absorb inflationary pressures and provide support to any growth in the number of post 16 young people with High Needs.	Karen Stone, Revenue Finance Manager (0 - 25 services) / Christine McInnes, Director of Education	
Action Title	Action Owner	Planned Completion Date
High Needs Funding review to be undertaken and recommendations to be agreed with the School's Funding Forum. This links to Workstream B of the Written Statement of Action in supporting Inclusive Practices in schools.	Karen Stone, Revenue Finance Business Partner / Christine McInnes, Director of Education	November 2022
Implementation of SEND Written Statement of Action Inclusion workstream to better address the relationship between learner need, outcomes, provision and cost (linked across to CRR0047 actions), in addition to reviewing externally commissioned arrangements including independent providers, home tuition and therapy service, to ensure Value for Money.	Sarah Hammond, Interim Corporate Director CYPE	September 2022 (review)

Building capacity and an inclusive ethos in mainstream schools to improve teaching and confidence in supporting more children with higher levels of need.	Sarah Hammond, Interim Corporate Director CYPE	September 2022 (review)
Work to be undertaken to ensure sufficient capacity in special schools - sufficiency plan to be developed and agreed.	Christine McInnes, Director of Education	January 2023
To agree a recovery plan with the DfE.	John Betts, Interim Corporate Director Finance	November 2022

**Examples of Committee reports of relevance to this risk since January 2022:**

Scrutiny Committee 23 March 2022	Item A5 - SEND Transport Update  <a href="https://democracy.kent.gov.uk/documents/g8742/Public%20reports%20pack%2023rd-Mar-2022%2014.00%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8742/Public%20reports%20pack%2023rd-Mar-2022%2014.00%20Scrutiny%20Committee.pdf?T=10</a>
Cabinet 3 March 2022	Item 6 – SEND Transport  <a href="https://democracy.kent.gov.uk/documents/b22683/SEND%20Transport%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=9">https://democracy.kent.gov.uk/documents/b22683/SEND%20Transport%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=9</a>
CYPE Cabinet Committee March 2022	Item 8 - Specialist Teaching & Learning Service Item 11 – SEND Update  <a href="https://democracy.kent.gov.uk/documents/g8875/Public%20reports%20pack%2001st-Mar-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8875/Public%20reports%20pack%2001st-Mar-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10</a>

<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. Elected Members may require additional training and expertise to enable capability of effective challenge.	Members are unwilling or unable to agree necessary policy (service) decisions to deliver a legally balanced budget and sustainable medium-term financial plan (MFTP). 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, Chief Executive Officer  John Betts, Interim 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 Member for Corporate and	Unlikely (2)  <b>Target Residual Likelihood</b> V. Unlikely (1)	Major (5)  <b>Target Residual Impact</b> Major (5)

Traded  
Services

Control Title	Control Owner
Framing Kent's Future, KCC's Strategic Statement covering a four-year period agreed by County Council and published setting out objectives and priorities for the Council.	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	John Betts, Interim 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	John Betts, Interim Corporate Director Finance (Section 151 Officer)
Appropriately detailed and timely financial monitoring reports considered by Cabinet and Cabinet Committees	John Betts, Interim 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.	John Betts, Interim Corporate Director Finance (Section 151 Officer)
Appropriate officer development and training programme in place and overseen by CMT	Amanda Beer, Deputy Chief Executive
Appropriate and effective corporate risk management procedures in place for the Council	David Whittle, Director SPRCA
Informal governance arrangements authorised by the KCC Constitution have been published on KNet as a practical guide for how officers work with elected Members to help them support effective decision making for our service users, residents and communities.	David Whittle, Director SPRCA
Operating standards for KCC officers that support KCC's constitution published on KNet, signposting officers to essential policy information and additional guidance on specific topics, to help officers discharge their responsibilities effectively.	David Whittle, Director SPRCA

Key and significant decision-making process in place for Executive decisions and appropriately published Forward Plan of Executive Decisions	Ben Watts, General Counsel and KCC Data Protection Officer	
Annual Governance Statement (AGS) arrangements in place with returns made across both senior and statutory officers	Ben Watts, General Counsel and KCC Data Protection Officer	
Democratic Services support effective Committee governance and scrutiny arrangements	Ben Watts, General Counsel and KCC Data Protection Officer	
Member and Officer codes of conduct in place and robustly monitored and enforced	Ben Watts, General Counsel and KCC Data Protection Officer	
Member development and training programme in place and overseen by Selection and Member Services Committee	Ben Watts, General Counsel and KCC Data Protection Officer	
Provision for Chief Officers to seek written direction from Executive Members within the KCC Constitution	Ben Watts, General Counsel and KCC Data Protection Officer	
Appropriate performance reporting of service and corporate performance to Cabinet, Cabinet Committee and Full Council	David Cockburn, CEO	
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, CEO	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Review of KCC Operating Standards	David Whittle, Director SPRCA	March 2023
Further amendments to KCC's governance will be set out in a 5-year plan to be presented to County Council.	Ben Watts, General Counsel and KCC Data Protection Officer (DPO)	Phase 1 by August 2022
Implementation of activities to support move to Chief Executive Officer (CEO) Operating Model approved by County Council.	David Cockburn, CEO	April 2023

**Examples of Committee reports of relevance to this risk since January 2022:**

County Council 26 May 2022	Item 9 – Strategic Statement Item 10 – Chief Executive Operating Model  <a href="https://democracy.kent.gov.uk/documents/g8757/Public%20reports%20pack%2026th-May-2022%2010.00%20County%20Council.pdf?T=10">https://democracy.kent.gov.uk/documents/g8757/Public%20reports%20pack%2026th-May-2022%2010.00%20County%20Council.pdf?T=10</a>
County Council 10 March 2022	Item 12 – Code of Corporate Governance  <a href="https://democracy.kent.gov.uk/documents/g8756/Public%20reports%20pack%2010th-Mar-2022%2010.15%20County%20Council.pdf?T=10">https://democracy.kent.gov.uk/documents/g8756/Public%20reports%20pack%2010th-Mar-2022%2010.15%20County%20Council.pdf?T=10</a>

<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 (to be merged with CRR0044 and updated)</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>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.</p> <p>While a number of strengths were identified, a number of weaknesses and areas of concern were raised.</p> <p>In response to these concerns a programme has been identified across both KCC and Clinical Commissioning Groups to implement the changes and improvements required.</p> <p>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</p>	<p>Insufficient improvement in areas identified within timescales.</p>	<p>Adverse impact on outcomes for vulnerable young people</p> <p>Dissatisfaction from families</p> <p>Potential for legal action if statutory time limits or processes are not met.</p>	<p>Sarah Hammond, Interim Corporate Director CYPE</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Sue Chandler, Integrated Children's Services</p>	<p>Likely (4)</p> <p><b>Target Residual Likelihood</b></p> <p>Unlikely (2)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b></p> <p>Major (5)</p>	

the Covid-19 pandemic.		
<b>Control Title</b>	<b>Control Owner</b>	
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	
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.	Sarah Hammond, Interim Corporate Director CYPE (KCC lead)	
Kent Joint SEND vision established	Sarah Hammond, Interim 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.	Sarah Hammond, Interim Corporate Director CYPE (KCC lead)	
Robust programme management in place, ensuring appropriate integration between workstreams and delivery plan.	Sarah Hammond, Interim 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.	Sarah Hammond, Interim Corporate Director CYPE (KCC lead)	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
SEND Improvement Programme, which includes delivery of requirements detailed in the Kent Written Statement of Action, covering five key workstreams relating to: -Parental engagement and co-production -Inclusive practice and the outcomes, progress and attainment of children and young people. - Quality of Education, Health and Care Plans - Joint commissioning and governance - Service provision - Preparation of adulthood.	Mark Walker, Director for SEND	September 2022 (review)

**Examples of Committee reports of relevance to this risk since January 2022:**

<p>Cabinet 16 May 2022</p>	<p>Item 7 - SEND Green Paper</p> <p><a href="https://democracy.kent.gov.uk/documents/g8901/Public%20reports%20pack%2016th-May-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8901/Public%20reports%20pack%2016th-May-2022%2010.00%20Cabinet.pdf?T=10</a></p>
<p>CYPE Cabinet Committee 10 May 2022</p>	<p>Item 6 – OFSTED Update Item 7 – SEND Update</p> <p><a href="https://democracy.kent.gov.uk/documents/g8874/Public%20reports%20pack%2010th-May-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8874/Public%20reports%20pack%2010th-May-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10</a></p>
<p>Scrutiny Committee 23 March 2022</p>	<p>Item A5 - SEND Transport Update</p> <p><a href="https://democracy.kent.gov.uk/documents/g8742/Public%20reports%20pack%2023rd-Mar-2022%2014.00%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8742/Public%20reports%20pack%2023rd-Mar-2022%2014.00%20Scrutiny%20Committee.pdf?T=10</a></p>
<p>Cabinet 3 March 2022</p>	<p>Item 6 – SEND Transport</p> <p><a href="https://democracy.kent.gov.uk/documents/b22683/SEND%20Transport%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=9">https://democracy.kent.gov.uk/documents/b22683/SEND%20Transport%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=9</a></p>
<p>CYPE Cabinet Committee 1 March 2022</p>	<p>Item 11 – SEND Update</p> <p><a href="https://democracy.kent.gov.uk/documents/g8875/Public%20reports%20pack%2001st-Mar-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8875/Public%20reports%20pack%2001st-Mar-2022%2010.00%20Childrens%20Young%20People%20and%20Education%20Cabinet%20Committee.pdf?T=10</a></p>
<p>Cabinet 27 January 2022</p>	<p>Item 6 – Special Educational Needs Strategy 2021-24 Update</p> <p><a href="https://democracy.kent.gov.uk/documents/g8896/Public%20reports%20pack%2027th-Jan-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8896/Public%20reports%20pack%2027th-Jan-2022%2010.00%20Cabinet.pdf?T=10</a></p>

<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>	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>
<p>As with any organisation, there is an inherent risk of fraud and/or error that must be acknowledged and proactively managed.</p> <p>The fraud threat posed during emergency situations is higher than at other times, and all public bodies should be attuned to the risks facing their organisations and the public sector. This is further impacted by inflation and the cost-of-living crisis.</p> <p>It is critical that management implements a sound system of internal control and demonstrates commitment to it at all times, and that investment in fraud prevention and detection technology and resource is sufficient.</p> <p>This includes ensuring that new emerging fraud/error issues are sufficiently risk assessed.</p>	<p>Failure to prevent or detect significant acts of fraud or error from internal or external sources, in that within any process or activity there are:</p> <ul style="list-style-type: none"> <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>	<p>Financial loss leading to pressures on budgets that may impact the provision of services to service users and residents</p> <p>Reputational damage, particularly if the public see others gaining services or money that are not entitled to, leading to resentment by the public against others.</p>	<p>On behalf of CMT:</p> <p>John Betts, Interim Corporate Director Finance (Section 151 Officer)</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Peter Oakford, Finance, Corporate and Traded Services</p>	<p>Very likely (5)</p> <p>Very likely (5)</p>	<p>Moderate (2)</p> <p>Minor (1)</p>		
<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			Nick Scott, Operations Manager, Kent Intelligence Network / James Flannery,				

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

**Examples of Committee reports of relevance to this risk since January 2022:**

Governance & Audit Committee 27 April 2022	Item 16 - Counter Fraud Update  <a href="https://democracy.kent.gov.uk/documents/g8723/Public%20reports%20pack%2027th-Apr-2022%2010.00%20Governance%20and%20Audit%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8723/Public%20reports%20pack%2027th-Apr-2022%2010.00%20Governance%20and%20Audit%20Committee.pdf?T=10</a>
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<b>Risk ID</b>	<b>CRR0050</b>	<b>Risk Title</b>	<b>CBRNE incidents, communicable diseases and incidents with a public health implication - KCC response to and recovery from the impacts of the Covid-19 public health emergency</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 high impact incidents and emergencies.</p> <p>The Director of Public Health has a legal duty to gain assurance from the National Health Service and UK Health Security Agency that plans are in place to mitigate risks to the health of the public including outbreaks of communicable diseases e.g., Pandemic Influenza.</p>	<p>Insufficient capacity / resource to deliver response and recovery concurrently for a prolonged period, including potential future wave(s) of Covid-19.</p>	<p>Potential increased harm or loss of life if response is not effective.</p> <p>Increased financial cost in terms of damage control and insurance costs.</p> <p>Adverse effect on local businesses and the Kent economy.</p> <p>Possible public unrest and significant reputational damage.</p> <p>Legal actions and intervention for failure to fulfil KCC's obligations under the Civil Contingencies Act or other associated legislation.</p>	<p>On behalf of CMT:</p> <p>Anjan Ghosh Director of Public Health</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>	
<b>Control Title</b>			<b>Control Owner</b>			
There is coverage across Kent for Covid-19 testing, with regional and / or mobile testing sites.			Anjan Ghosh, Director of Public Health			
"Protect Kent and Medway, Play your part" media campaign			Anjan Ghosh, Director of Public Health			
Utilising data sets from Public Health England and local health partner to give a picture of Covid-19 across Kent.			Anjan Ghosh, Director of Public Health			

DPH now has oversight of the delivery of immunisation and vaccination programmes in Kent through the Health Protection Committee DPH has regular teleconferences with the UK Health Security Agency UK Health Security Agency office on the communication of infection control issues DPH or consultant attends newly formed Kent and Medway infection control committee	Anjan Ghosh, Director of Public Health
Kent Resilience Forum has a Health sub-group to ensure co-ordinated health services and UK Health Security Agency planning and response is in place	Anjan Ghosh, Director of Public Health
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 UK Health Security Agency office and the NHS on preparedness and maintaining business continuity	Anjan Ghosh, Director of Public Health
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.	Anjan Ghosh, Director of Public Health
Multiple governance – e.g. Health Protection Board, Kent Pandemic Response Cell	Anjan Ghosh, Director of Public Health
Kent Resilience Forum Outbreak Control Plan published, building on existing health protection plans already in place between Kent County Council, Medway Council, UK Health Security Agency -, 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	Anjan Ghosh, Director of Public Health
Mass testing and vaccination rollout supported, including Spring booster and aged 5-12 cohort	Anjan Ghosh, Director of Public Health

### Examples of Committee reports of relevance to this risk since January 2022:

Kent and Medway Joint Health & Wellbeing Board 15 March 2022	Item 5 - Covid 19 Local Outbreak Control Plan  <a href="https://democracy.kent.gov.uk/documents/g8748/Public%20reports%20pack%2015th-Mar-2022%2014.00%20Kent%20and%20Medway%20Joint%20Health%20and%20Wellbeing%20Board.pdf?T=10">https://democracy.kent.gov.uk/documents/g8748/Public%20reports%20pack%2015th-Mar-2022%2014.00%20Kent%20and%20Medway%20Joint%20Health%20and%20Wellbeing%20Board.pdf?T=10</a>
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<p>County Council 10 March 2022</p>	<p>Item 8 – Public Health in Kent after Covid – early thoughts</p> <p><a href="https://democracy.kent.gov.uk/documents/g8756/Public%20reports%20pack%2010th-Mar-2022%2010.15%20County%20Council.pdf?T=10">https://democracy.kent.gov.uk/documents/g8756/Public%20reports%20pack%2010th-Mar-2022%2010.15%20County%20Council.pdf?T=10</a></p>
<p>Health Overview and Scrutiny Committee 2 March 2022</p>	<p>Item 6 – Covid 19 response &amp; Vaccination update</p> <p><a href="https://democracy.kent.gov.uk/documents/g8762/Public%20reports%20pack%2002nd-Mar-2022%2010.00%20Health%20Overview%20and%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8762/Public%20reports%20pack%2002nd-Mar-2022%2010.00%20Health%20Overview%20and%20Scrutiny%20Committee.pdf?T=10</a></p>
<p>Health Reform and Public Health Cabinet Committee 20 January 2022</p>	<p>Item 7 – Public Health Covid 19 Grants Update</p> <p><a href="https://democracy.kent.gov.uk/documents/g8878/Public%20reports%20pack%2020th-Jan-2022%2010.00%20Health%20Reform%20and%20Public%20Health%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8878/Public%20reports%20pack%2020th-Jan-2022%2010.00%20Health%20Reform%20and%20Public%20Health%20Cabinet%20Committee.pdf?T=10</a></p>
<p>Policy &amp; Resources Cabinet Committee 19 January 2022</p>	<p>Item 6 - Covid 19 Financial Monitoring</p> <p><a href="https://democracy.kent.gov.uk/documents/g8822/Public%20reports%20pack%2019th-Jan-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8822/Public%20reports%20pack%2019th-Jan-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10</a></p>

Risk ID	CRR0051	Risk Title	Supporting the workforce transition to hybrid working			
<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's workforce is substantially adapting the way it operates and delivers services.	Lack of managerial capacity and / or capability to deliver in new environment	Increased absence levels	On behalf of CMT:	Likely (4)	Serious (4)	
Hybrid/flexible working in the delivery of services brings with it opportunities to accelerate programmes of change, improve productivity, wellbeing and promote our employer brand, but also, in the short term at least, risks that require close monitoring and management.	Staff mental and physical fatigue due to prolonged period of response and recovery, while adapting to a new working environment.	Impact on productivity (could be positive or negative)	Amanda Beer, Deputy Chief Executive	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
	Lack of depth / resilience of key personnel or teams.	Recruitment and retention challenges.	<b>Responsible Cabinet Member(s):</b>	Possible (3)	Serious (4)	
Staff across the organisation continue to work under significant operational pressures and capacity constraints.	Insufficient capacity should future wave of winter pressures materialise.		Bryan Sweetland Communications, Engagement, People and Partnerships			
<b>Control Title</b>				<b>Control Owner</b>		
Regular engagement with recognised trades unions.				Paul Royel, Director of HR and OD		
KCC's Organisation Design principles have been refreshed to ensure they remain fit for purpose.				Paul Royel, Director 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, Deputy Chief Executive		
Additional guidance for staff on Display Screen Equipment self-assessments when working from home on a semi-permanent basis.				Amanda Beer Deputy Chief Executive,		

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.	Amanda Beer, Deputy Chief Executive	
Working and Wellbeing Surveys conducted, to build understanding of current picture and inform future planning and action with managers, alongside regular reviews of a suite of management information.	Diane Trollope, Head of Engagement and Consultation	
Dedicated Wellbeing spaces and core management information alongside hybrid and flexible working materials to support staff and managers. COVID FAQ's updated regularly/as new info becomes available	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	
People Strategy for 2022-2027 approved by Personnel Committee	Paul Royel, Director of HR and OD	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Communication, implementation and measurement of the impact of the People Strategy	Paul Royel, Director of HR and OD	November 2022 (Review)
As result of the staff survey undertake a quarterly check in with directorates for progress updates on action plans.	Diane Trollope, Head of Engagement and Consultation	June 2022

#### Examples of Committee reports of relevance to this risk since January 2022:

Personnel Committee 30 March 2022	Item 5 - Staff Survey <a href="https://democracy.kent.gov.uk/documents/g8966/Public%20reports%20pack%2030th-Mar-2022%2014.00%20Personnel%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8966/Public%20reports%20pack%2030th-Mar-2022%2014.00%20Personnel%20Committee.pdf?T=10</a>
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Risk ID	CRR0052	Risk Title	Impacts of Climate Change on KCC services			
<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>	
Impacts of Climate Change, particularly in relation to extreme weather events on KCC and the services KCC provides or commissions.	Risk of increasing duration, frequency and effects of various climate change related extreme weather events (such as heat, flooding and drought) leading to substantial loss of service or network, asset deterioration or failure.	Loss of life, sustained deterioration of public health and increasing health inequalities across the county.	On behalf of CMT:	Very Likely (5)	Major (5)	
	Continually increasing costs of dealing with the impacts of climate change on assets and services.	Economic impacts from asset destruction/deterioration, service disruption and recovery costs of extreme weather events.	Simon Jones Corporate Director, Growth Environment and Transport	<b>Target Residual Likelihood</b> Likely (4)	<b>Target Residual Impact</b> Serious (4)	
	Reputational damage due to customer dissatisfaction.	Degradation and loss of Kent's key ecosystems, impacting the health and viability of our natural environment/protected areas and Kent's ability to effectively mitigate and adapt to climate change.	<b>Responsible Cabinet Member</b>			
	Adverse impacts on KCC services – buildings (lost of stranded assets), staff (sickness and lower productivity), service users, and the public.	Negative impact on Kent economy and wellbeing of Kent residents. Inability to keep public safe and moving around the network.	Susan Carey Cabinet Member for Environment			

Control Title	Control Owner	
Environmental risk to be built into project work.	Tom Marchant, Head of Strategic Planning and Policy	
Kent Environment Strategy – actions re emissions reduction, travel, air quality – outputs – link to Net Zero 2050	Helen Shulver, Interim Head of Sustainable Business and Communities	
Strategic Statement – Priority 3 re: Environment	Matt Smyth, Director of Environment and Waste	
Highways flooding and drain response: <ul style="list-style-type: none"> <li>• Plotted every drain in Kent to enhance asset inventory and improve customer service</li> <li>• Business as Usual responding to emergencies, carrying out CCTV surveys and maintaining other vital assets such as soakaways.</li> </ul>	Earl Bourner, Drainage Asset Manager	
Action Title	Action Owner	Planned Completion Date
Estate rationalisation and building in additional measures to reduce emissions.	Rebecca Spore, Director of Infrastructure	January 2023 (review)
Net Zero 2030 target – action plan for KCC Annual Report	Helen Shulver, Interim Head of Sustainable Business and Communities	March 2023 (review)
Adaptation Programme actions - Kent wide plan e.g. building differently, active travel, farming practices, flood management, partnership working – 2050 target. Consultation in September 2022.	Helen Shulver, Interim Head of Sustainable Business and Communities	December 2022 (review)
Highways flooding and drain response: <ul style="list-style-type: none"> <li>• Cleanse all Highway drains on a countywide programme every 2 years, with frequency of drain cleaning depending on assessed risk.</li> <li>• Customer enquiries will be risk assessed and reactive works carried out on an ad hoc basis.</li> </ul>	Earl Bourner, Drainage Asset Manager	December 2022 (review)

**Examples of Committee reports of relevance to this risk since January 2022:**

<p>Environment and Transport Cabinet Committee 19 May 2022</p>	<p>Item 9 - Environment Net Zero &amp; Section 31 Public Sector decarbonisation scheme update Item 10 – Electric Vehicle Charging Infrastructure in Kent</p> <p><a href="https://democracy.kent.gov.uk/documents/g8971/Public%20reports%20pack%2019th-May-2022%2009.30%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8971/Public%20reports%20pack%2019th-May-2022%2009.30%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10</a></p>
<p>Environment and Transport Cabinet Committee 17 March 2022</p>	<p>Item 13 – 22/00029 Solar Farm Item 15 – Green Economy Prospects and Opportunities</p> <p><a href="https://democracy.kent.gov.uk/documents/g8794/Public%20reports%20pack%2017th-Mar-2022%2010.00%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8794/Public%20reports%20pack%2017th-Mar-2022%2010.00%20Environment%20Transport%20Cabinet%20Committee.pdf?T=10</a></p>
<p>Kent Flood Risk Management Committee 9 March 2022</p>	<p>Item 6 – Storms Eunice and Franklin 18<sup>th</sup>-21<sup>st</sup> Feb 2022 Item 7 - Environment Agency and Met Office Alerts and Warnings and KCC Severe Weather Response Activity</p> <p><a href="https://democracy.kent.gov.uk/documents/g8788/Public%20reports%20pack%2009th-Mar-2022%2014.00%20Kent%20Flood%20Risk%20Management%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8788/Public%20reports%20pack%2009th-Mar-2022%2014.00%20Kent%20Flood%20Risk%20Management%20Committee.pdf?T=10</a></p>

<b>Risk ID</b>	<b>CRR0053</b>	<b>Risk Title</b>	<b>Capital Programme Affordability (impacts on performance and statutory duties)</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 affordability of the capital programme presents a number of risks to specific programmes, including Highways, Schools and the KCC Estate more broadly.</p> <p>The uncertainty includes capital expenditure funded by grants, many of which are crucial to delivery of statutory services, , Ongoing investment to maintain and modernise our assets competes with the priority to protect frontline services from effects of public sector funding restraint.</p> <p>There are a number of geo-political uncertainties in the current environment which additionally impact on the financial and operating environment.</p> <p>The construction industry is experiencing acute inflation pressures, long material lead time and sporadic material supply. Directly linked to material and labour shortages. Current inflationary pressures are impacting on the capital programme significantly - £18m.</p>	<p>Impact on ability to meet operational requirements and/or statutory duties.</p> <p>Inability to invest in new infrastructure.</p>	<p>Business interruption due to increasing level of reactive / emergency repairs, or parts of estate decommissioned (in whole or partially if deemed unsafe)</p> <p>Health and safety incidents associated with asset degradation.</p> <p>Inability to meet statutory duties e.g. lack of appropriate school place provision.</p> <p>Property assets may not be maintained to a sufficient standard and may not be safe and fit for purpose leading to building closures.</p> <p>Assets not maintained sufficiently now will require future additional spend to maintain.</p> <p>Impact on financial borrowing.</p>	<p>On behalf of CMT:</p> <p>John Betts, Interim Corporate Director Finance (Section 151 Officer)</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Peter Oakford Cabinet Member for Corporate and Traded Services</p>	<p>Very Likely (5)</p> <p><b>Target Residual Likelihood</b> Likely (4)</p>	<p>Major (5)</p> <p><b>Target Residual Impact</b> Serious (4)</p>	

<p>Expectations of key stakeholders on capital spend.</p> <p>Risks associated with changes in legislation related to developer contributions. This could lead to a requirement for significant forward funding.</p>		
<b>Control Title</b>	<b>Control Owner</b>	
Asset safety factors associated with our assets are given priority during the budget setting process.	John Betts, Interim Corporate Director Finance (Section 151 Officer)	
An annual programme of planned preventative maintenance is undertaken at KCC sites by the relevant Facilities Management contract partners	Tony Carty, Head of Facilities Management	
Prioritisation of the most urgent works across KCC sites	Jo Taylor, Head of Project Management, Property division	
10-year capital programme published as part of the 22-32 capital programme. This identified projected costs for some of the rolling programmes and a separate section of potential stand-alone projects which are markers and will need to have a full business case and identified funding planned evaluated and agreed.	Cath Head, Head of Finance (Operations)	
Infrastructure is working with Area Education Officers to communicate to schools regarding their obligations for maintenance and their responsibilities for repairs under financial thresholds	James Sanderson, Head of Property Operations	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Following approval of the strategic outline case for the Future Assets Strategy (part of KCC's Strategic Reset Programme), business cases for each of the three workstream are being developed (Office Estate, Community Buildings, Specialist Assets).	Rebecca Spore, Director of Infrastructure	August 2022 (review)
External funding bid for 'priority school build programme' (DfE)	James Sanderson, Head of Property Operations	July 2022 (review)
Lobbying central Government re capital grants relating to Highways.	Phil Lightowler, Interim Director	December 2022

Highways and Transportation		
Paper being drafted on current pressures and priorities to understand where issues are, to re-prioritise programme. Corporate Board in July 2022.	Cath Head, Head of Finance (Operations)	August 2022
Review of prudential borrowing limit for next capital funding review, noting impact on revenue budget.	Cath Head, Head of Finance (Operations)	September 2022
Extensive lobbying of Government in relation to capital funding.	John Betts, Interim Corporate Director Finance	November 2022 (review)
Devise emergency process for category 1s where not funded.	Cath Head, Head of Finance (Operations)	September 2022

**Examples of Committee reports of relevance to this risk since January 2022:**

Policy & Resources Cabinet Committee 4 April 2022	Item 5 - Inflationary Pressures on Capital Construction Programme Item 6 - KCC Freehold Property Assets Disposal Policy  <a href="https://democracy.kent.gov.uk/documents/g8962/Public%20reports%20pack%2004th-May-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8962/Public%20reports%20pack%2004th-May-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10</a>
Cabinet 3 March 2022	Item 5 - Revenue and Capital Budget Monitoring Report Dec 21-22 <a href="https://democracy.kent.gov.uk/documents/g8897/Public%20reports%20pack%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8897/Public%20reports%20pack%2003rd-Mar-2022%2010.00%20Cabinet.pdf?T=10</a>
Cabinet 27 January 2022	Item 5 - Capital Programme 2021-24 and Revenue Budget 21-22  <a href="https://democracy.kent.gov.uk/documents/g8896/Public%20reports%20pack%2027th-Jan-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8896/Public%20reports%20pack%2027th-Jan-2022%2010.00%20Cabinet.pdf?T=10</a>
Scrutiny Committee	Item A6 - Draft 10-year Capital Programme, Revenue budget 22-23 and MTFP 22-25

20 January 2022	<p><a href="https://democracy.kent.gov.uk/documents/g8741/Public%20reports%20pack%2020th-Jan-2022%2014.00%20Scrutiny%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8741/Public%20reports%20pack%2020th-Jan-2022%2014.00%20Scrutiny%20Committee.pdf?T=10</a></p> <p>Note: This also went to Growth, Economic Development and Communities Cabinet Committee (13 January 2022) and CYPE Cabinet Committee (11 January 2022).</p>
Cabinet 6 January 2022	<p>Item 5 – Commissioning Plan for Education Provision in Kent 2022 -2026</p> <p><a href="https://democracy.kent.gov.uk/documents/g8895/Public%20reports%20pack%2006th-Jan-2022%2010.00%20Cabinet.pdf?T=10">https://democracy.kent.gov.uk/documents/g8895/Public%20reports%20pack%2006th-Jan-2022%2010.00%20Cabinet.pdf?T=10</a></p>

<b>Risk ID</b>	<b>CRR0054</b>	<b>Risk Title</b>	<b>Supply Chain and market challenges</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>	
Competition and availability of workforce and materials for both KCC and its suppliers.	Interruptions / disturbances within supply chain.	Material third parties / key suppliers are unable to provide services leading to KCC not meeting statutory requirements.	On behalf of CMT:	Likely (4)	Major (5)	
Economic uncertainty, for example interest rates, and the impact of inflation on existing and future contracts.	Suppliers unable to meet required levels of service or not provide all services.	Financial loss leading to pressures on budgets that may impact the provision of services to service users and residents	Clare Maynard, Interim Strategic Commissioner	<b>Target Residual Likelihood</b>	<b>Target Residual Impact</b>	
Sustainability of suppliers in some markets, and whether they have sufficient resilience to still deliver when impacted by internal/external risks whether they be operational or financial.	Incorrect or fraudulent payments made.	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.	<b>Responsible Cabinet Member(s):</b>	TBC	TBC	
Fraud and Error – fraud within supply chains or errors with payments to suppliers.	Suppliers becoming insolvent.		Roger Gough, Leader of the Council			
Serious and Organised Crime – inadvertently contracting with Organised Crime Groups within supply chains.	Loss of/access to KCC data		Peter Oakford, Finance, Corporate and Traded Services			
Changes to the regulatory environment, including environmental impacts.						
Suppliers within the chain lack sufficient controls to manage data						

effectively and keep it safe.

Visibility of route to source.

There are a number of geo-political uncertainties in the current environment which additionally impact on the financial and operating environment. For example the supply chain challenges as a result of global lockdowns, and the war in Ukraine.

Inconsistent/ineffective application of contract managements processes across the organisation.

<b>Control Title</b>	<b>Control Owner</b>
Commissioning Standards Tools and templates – including terms and conditions in place for the organisation to ensure consistency of process	Michael Bridger, Commissioning Standards Manager
Robust checking of suppliers during tender stage and continuing to look at market intelligence on suppliers and market sectors	Strategic Commissioning Management Team
Commissioning Support Unit providing support to Commissioners around compliance and standards	Clare Maynard, Interim Strategic Commissioner
Ongoing review of providers' performance and financial sustainability through effective contract management and working closely with the Performance and Analytics unit to ensure evidence is provided to support decision making.	Strategic Commissioning Management Team
Spending the Council's Money (procurement policy)	Clare Maynard, Interim Strategic Commissioner
Training programmes in place for commissioning and contract management	Michael Bridger, Commissioning Standards

		Manager
Review of terms and conditions of main contracts to ensure arrangements for UKGDPR, Modern Slavery Action requirement etc are sufficient.		Michael Bridger, Commissioning Standards Manager
Contract Management Review Group (CMRG) relaunched to periodically review a selection of contracts for compliance purposes and to identify best practice/process improvements		Michael Bridger, Commissioning Standards Manager
Working group set up to review risk of Serious and Organised Crime in supply chain procedures.		Natalie Liddiard, Intelligence and Standards Manager
Officers are working with providers to help with costs, including accessing grants for energy efficiencies, energy deals through Commercial Services, and advice on reviewing general operating costs		Relevant Service / Contract Managers
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Review of the 'Spending the Council's Money policy to ensure it is fit for purpose	Clare Maynard, Interim Strategic Commissioner	January 2023
Post implementation review of the Commission Standards Tools and Templates.	Michael Bridger, Commissioning Standards Manager	September 2022
Proposal to review Strategic Commissioning key performance information and supply chain issues with Corporate Management Team on a regular basis.	Clare Maynard, Interim Strategic Commissioner	September 2022 (review)

### Examples of Committee reports of relevance to this risk since January 2022:

Policy & Resources Cabinet Committee 24 March 2022	<p>Item 6 – Update from the Contract Management Review Group (CMRG)</p> <p>Item 8 – Implementing a new Facilities Management Model</p> <p>Item 14 – Kent Holdco Education Supplies</p> <p><a href="https://democracy.kent.gov.uk/documents/g8823/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10">https://democracy.kent.gov.uk/documents/g8823/Public%20reports%20pack%2024th-Mar-2022%2010.00%20Policy%20and%20Resources%20Cabinet%20Committee.pdf?T=10</a></p>		
<b>Risk ID</b>	<b>CRR0055</b>	<b>Risk Title</b>	<b>Impacts of the 'People at the Heart of Care' Social Care Reform White Paper</b>

Source / Cause of risk	Risk Event	Consequence	Risk Owner	Current Likelihood	Current Impact
<p>The White Paper seeks to drive improvement in how people access advice regarding care, what options are available and at what cost, in addition it makes previous for self-funders to access care at the same rates as Local Authorities.</p> <p>Independent assessment of social care reform identifies a national shortfall of approximately £29 billion of central government funding for the reforms.</p> <p>'The Fair Cost of Care exercise which will inform the Market Sustainability Plan requires the council to engage all registered providers for specified care settings located in Kent by October 22.</p> <p>Funds for 23/24 and 24/25 will only be paid if KCC satisfies conditions of the grant.</p> <p>Additional 16,000 financial assessments for self-funders may need to be resourced for, impacting BAU activities</p> <p>Media explanations of the reform of social care are not aligned to the realities experienced and understanding of people who</p>	<p>Insufficient funding to support the reform and policy changes are unachievable</p> <p>KCC unable to satisfy the conditions of the grant funding.</p> <p>Insufficient capacity and capability of available resource within project and programme teams.</p> <p>Unable to meet the requirements of 18 (3) of the Care Act 2014.</p>	<p>Providers unable to engage with KCC within required time frames for Fair Cost of Care, impacting future funding.</p> <p>Widespread market instability.</p> <p>KCC unable to satisfy the conditions of the grant funding.</p> <p>KCC unable to support self-funders with needs assessment. KCC unable to meet requirements of 18 (3) Care Act.</p> <p>Reputational damage</p> <p>Loss of grant monies</p> <p>Potential hidden demand (safeguarding/purchasing/ Social Care and Client Financial Services capacity) places additional pressure on resource and other services in the Council</p> <p>Poor outcome following CQC assurance review</p>	<p>Richard Smith, Corporate Director ASCH</p> <p><b>Responsible Cabinet Member(s):</b></p> <p>Clair Bell, Adult Social Care and Health</p>	<p>TBC</p> <p><b>Target Residual Likelihood</b></p> <p>TBC</p>	<p>TBC</p> <p><b>Target Residual Impact</b></p> <p>TBC</p>

<p>draw on care services and their families and carers.</p> <p>Social Care Charging Reform Impact Assessment does not adequately factor in the combined effect of introducing the cap on personal care costs as the same time as giving self-funders the legal right to request their local authority to arrange their care. Significant resources will be required to comply with policy requirements.</p> <p>CQC assurance framework will be reviewing and assessing KCC performance in delivering adult social care duties under Care Act 2014 and the performance of the Integrated Care Boards and Integrated Partnership Board.</p>	<p>KCC unable to meet the requirements of the strategic statement</p>
<p><b>Control Title</b></p>	<p><b>Control Owner</b></p>
<p>Direct lobbying to Government regarding appropriateness of funding and timing and policy change</p>	<p>Roger Gough, Leader of the Council / Richard Smith Corporate Director ASCH</p>
<p>Social Care Reform Steering Group (Policy, Strategic Commissioning, Finance, ASCH) and governance arrangements in place</p>	<p>Paula Parker, Head of Business Delivery Unit</p>
<p>Social Care Reform Programme within the MADE approach created including: Cap in care costs, CQC inspection readiness, Fair Cost of Care and Integration, each stream has its own risk register.</p>	<p>Richard Smith, Corporate Director ASCH</p>
<p>Status report updates communicated to ASCH DMT, and SRP Programme Board as required</p>	<p>Helen Gillivan, Senior Accountable Officer, MADE Programme</p>

ASCH Cabinet Committee reporting in place (May and September 2022)	Richard Smith Corporate Director ASCH / Michael Thomas Sam, Strategic Business Advisor – Social Care	
Regular engagement with Head of Finance (Policy, Planning & Strategy) and Revenue Manager	Michelle Goldsmith, Finance Business Partner ASCH	
External organisation procured to analyse returned data from providers/care homes in relation to fair cost of care exercise	Michael Thomas Sam, Strategic Business Advisor – Social Care / Sharon Dene, Strategic Commissioning	
<b>Action Title</b>	<b>Action Owner</b>	<b>Planned Completion Date</b>
Fair Cost of Care exercise is underway (MADE update April 22 DMT)	Sharon Dene, Strategic Commissioning / Nicola McCleish, Senior Commissioner	July 2022
Market Sustainability Plan (interim) submitted	Sharon Dene, Strategic Commissioning,	October 2022
Completion of the South-East Region ADASS self-assessment tool. Will result in gap assessment. Assessment will be RAG rated. (CQC Assurance)	Jennifer Anderton, Older People and Physical Disability ASCH	July 2022
Practice Framework and Quality Framework to drive improvements to 'be the best we can be' launch (CQC Assurance)	Sarah Denson, Strategic Safeguarding and Quality Assurance Manager	July 2022
Independent report on the operation impact of social care reform on the County of Kent	Michelle Goldsmith, Finance Business Partner ASCH	July 2022
Representative sample of providers/care homes for 'Fair Cost of Care' exercise has been identified by Kent Analytics. Initial quality check of returned data will take place within the working group.	Nicola McCleish, Senior Commissioner	July 2022

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

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since January 2022
<b>Children, Young People and Education</b>				
CY0030	Management of the CYPE Directorate in year budget	High (20)	Medium (12)	↔
CY0040	Availability of Specialist Providers for Disabled Children and Children with Complex Needs	High (16)	Medium (12)	↔
CY0038	Potential increase in NEETs following Covid-19	Medium (12)	Medium (12)	↔
CY0034	Business Continuity and Resilience	Medium (12)	Medium (8)	↔
CY0009	Children not in full time education not receiving a suitable education	Medium (12)	Low (6)	↔
CY0032	Information Governance	Medium (9)	Low (6)	↔
CY0039	Performance of the Liberi and EHM business applications	Medium (8)	Medium (8)	↔
<b>Growth, Environment and Transport</b>				
GT0004	Skills shortage and capacity issues	High (20)	Medium (12)	↔
GT0001	Health, Safety and Wellbeing considerations	High (20)	Medium (10)	↔
GT0025	Capital Investment and Asset Management	Medium (15)	Medium (9)	↔
GT0008	Ash Dieback	Medium (12)	Medium (12)	↔
GT0027	Failure of ICT systems	Medium (12)	Medium (12)	↔
GT0003	Directorate preparedness for, management of and impact of severe weather incidents	Medium (12)	Medium (9)	↔
GT0021	Internal services provided to the directorate do not meet an acceptable standard	Medium (12)	Medium (9)	↔
GT0026	Net Zero and Sufficiency of Funding	Medium (12)	Medium (9)	↔
GT0019	Delivery of in-year budget targets	Medium (12)	Medium (9)	↔

GT0024	Information Governance	Medium (12)	Low (6)	↔
GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets	Medium (12)	Low (4)	↔
<b>Strategic and Corporate Services</b>				
ST0023	Workforce capacity across the directorate	High (16)	Medium (12)	↔
ST0027	Payment Card Data Security Standards	Medium (8)	Low (4)	NEW RISK
<b>Adult Social Care and Health</b>				
AH0005	Continued pressures on public sector funding impacting on revenue and savings efficiencies	Medium (12)	Medium (12)	↓
AH0033	Adult Social Care Workforce	Medium (12)	Medium (9)	↓
AH0038	Information Governance	Medium (12)	Medium (9)	↔
AH0037	Information Asset Management	Medium (12)	Medium (9)	↔
AH0040	Development of Integrated Care System / Integrated Care Partnerships in Kent and Medway NHS system	Medium (12)	Medium (8)	↔
AH0035	Making a Difference Every Day Approach	Medium (9)	Low (6)	↔

## APPENDIX 3: Corporate Risk Register – Timescales to Target Risk Ratings

**Work-in-progress subject to collective CMT and Cabinet Member discussions**

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

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Timescale to Target
CRR0001	Safeguarding – protecting vulnerable children	Medium (15)	Medium (15)	At target
<p>Risk response is Treat                      A recent Ofsted inspection has deemed services for the protection of vulnerable children as good with an overall effectiveness of Outstanding. This external verification is an indication that the risk in this area has reduced, although there is some further work planned to treat the outstanding matter of caseloads, for which within 1 year is a realistic timescale.</p>				
CRR0002	Safeguarding – protecting adults at risk	High (20)	Medium (15)	1-2 years
<p>Risk response is Treat                      A quality assurance framework has been developed and is ready to go live in the coming months, to aid analysis and evidence quality of practice. At the end of February 2022 safeguarding teams were realigned into four locality teams moving away from the previous specialisms, to improve the safeguarding pathway. The rest of the locality model is due to be implemented towards the end of 2022, which is expected to lead to further improvements in safeguarding practice. The Kent and Medway Adults Safeguarding Board have developed a strategic plan for 2022-2025 to support the achievement of the overall ambitions.</p>				
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (20)	High (16)	3+ years
<p>Risk Response is to Treat.                      The medium-term timescale reflects the time it will take to introduce, but more importantly, embed the necessary relevant strategies, policies etc.</p>				

CRR0004	Simultaneous Emergency Response and Resilience	High (20)	Medium (15)	3+ years
<p>Risk response is Treat</p> <p>The controls continue to be implemented however there continues to be pressure on resources with the ongoing response requirements which are resourced from KCC, as well as pushing 'business as usual' forward.</p>				
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	1-2 years
<p>Risk response is Treat</p> <p>There has been a recent Government commitment to a 2-year spending review for local government, although the medium-term picture is still unclear and therefore difficult to state a timescale to achieve target at this point. The one-year settlement previously received means greater risk.</p>				
CRR0010	Provision for Unaccompanied Asylum-Seeking Children (UASC)	Medium (9)	Low (6)	Within 1 year
<p>Risk response is Treat</p> <p>A protocol agreement between KCC and the Home Office has enabled the council to better plan for new UASC arrivals within an agreed number. A long-term solution to the replacement of the Reception Centres is still being sought but is achievable within one year.</p>				
CRR0014	Technological resilience and information security threats	High (20)	High (16)	1-2 years
<p>Risk response is Treat</p> <p>A plan is being developed to bring risk to target level (risk will always be high and changes all the time - hence high target) by gradual and incremental improvements over the next 1-2 years. Of key importance are the robustness and continual reviewing of controls, with constant work required to keep pace with the threat. Changes have been made with our key supplier to support the approach to the security environment management.</p>				

CRR0015	Managing and working with the social care market	High (25)	Medium (15)	3+ years
Risk response is Treat The recently approved Adult Social Care Strategy 2022-2027 sets out the future direction of travel, as well as development of our commissioning strategy with underpinning delivery plans to support, grow and develop the market in line with strategic direction				
CRR0039	Information Governance	High (20)	Medium (12)	TBC
Timescale to target to be discussed at next Corporate Information Governance Group meeting 27/07.				
CRR0042	Border fluidity, infrastructure and regulatory arrangements	High (20)	High (16)	1-2 years
Initial timescale response given by GET DMT.				
CRR0044	High Needs Funding shortfall ( <i>risk to be merged with CRR0047</i> )	High (20)	High (16)	3+ years
Risk response is Treat KCC are in discussions with the DfE to gain access to the Safety Valve funding to meet some of the High Needs Funding (HNF) shortfall. These discussions need to conclude in the coming months. This will require a firm commitment to change and to delivering better value for money and will be a three-year plan.				
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment for local government	Medium (10)	Low (5)	TBC
CRR0047	Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – response to Written Statement of Action ( <i>risk to be merged with CRR0044</i> )	High (20)	Medium (10)	3+ years
Risk response is Treat This risk is linked to CRR0044 and requires both a redesign and re-configuration of the SEN service. This is currently underway and				

will form the basis from which the HNF requirements of the Safety Valve programme will be met.				
CRR0049	Fraud and Error	Medium (10)	Low (5)	TBC
Risk response is Treat.				
CRR0050	CBRNE incidents, communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Covid-19 public health emergency	High (20)	Medium (15)	1-2 years
Risk response is Treat. The pandemic was a global emergency and disasters management and aftermath recovery shows that the period of recovery has a long tail.				
CRR0051	Supporting the workforce transition to hybrid working ( <i>target level of risk previously raised from 8 to 12</i> )	High (16)	Medium (12)	Within 1 year
Risk response is Treat				
CRR0052	Impacts of Climate Change on KCC Services	High (20)	High (16)	3+ years
CRR0053	Capital Programme affordability	High (25)	High (16)	3+ years
Inflation is having a disproportionate impact on the capital programme.				
CRR0054	Supply Chain and market factors	High (20)	TBC	1-2 years
Risk response is Treat Visibility and access to data across KCC is essential to enable us to treat and mitigate this risk. Directorates are required to populate the central contract register and commissioning pipeline in order for to ensure all information is captured in the first instance. The Commissioning Standards and templates provide information and consideration about sub-contracting arrangements and proportional treatment of risk and reward. Greater emphasis is required on upstream and downstream supply chains within contracts and across KCC to look at trends and cost implications to help reduce costs, improve and maintain logistical arrangements and improve and / or maintain efficiency and collective organisational targets and priorities.				

By: Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford – Peter Oakford  
Interim Corporate Director Finance – John Betts

To: Governance and Audit Committee – 21 July 2022

Subject: Update on External Auditor appointments process

Classification: Unrestricted

Summary: This report provides Members with an update on the opt into the sector-led option for auditor appointments managed by Public Sector Audit Appointments (PSAA) as the appointing person.

## FOR INFORMATION

### 1. Purpose of the report

1.1. This report provides an update on the opt into the national scheme of auditor appointments managed by the PSAA to appoint the external auditor to the Council for the accounts for the five-year period from 2023/24.

### 2. Background and summary

2.1. County Council on the 10<sup>th</sup> March 2022 accepted the PSAA invitation to opt into the sector-led option for appointment of our external auditors for five years from 1 April 2023. The 'acceptance of opt in invitation' was submitted on 11<sup>th</sup> March 2022.

2.2. The indicative timetable is set out below:

Activity	Indicative timing
Publish contract notices 	noon 7 February 2022
Deadline for accepting the opt-in invitation	11 March 2022 at midnight
Issue ITT to suppliers that pass selection stage	noon 7 April 2022
DPS becomes operational	May 2022
Deadline for ITT return	noon 11 July 2022
Decision to award contracts	August 2022
Statement on the direction of fees from 2023/24	Autumn 2022
Consult on and make final auditor appointments	October – 31 December 2022
Consult on proposed audit fees and publish fees	Summer – Autumn 2023

### **3. Recommendation**

3.1 That this committee notes the update on the opt into the sector-led option for the appointment of our external auditors for five financial years from 1 April 2023.

# Kent County Council Audit plan

**Year ending 31 March 2022**

Kent County Council  
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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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# Key matters

## Factors

### Vision and Strategy

In December 2020, the Council published its Interim Strategic Plan setting out the key priorities for the next 18 months. This, however, was not the original plan. In March 2020, following months of development, the Council was poised to adopt 'Kent's Future – Our Priority' a five-year plan. Due to the significant impact of the coronavirus pandemic, the Council took the decision to pause and take stock. It recognised that it needed to be agile and respond to the immediate crisis whilst also taking the necessary time to understand the longer term ramifications of the pandemic so that it may plan accordingly. This therefore gave birth to the 18-month strategic plan.

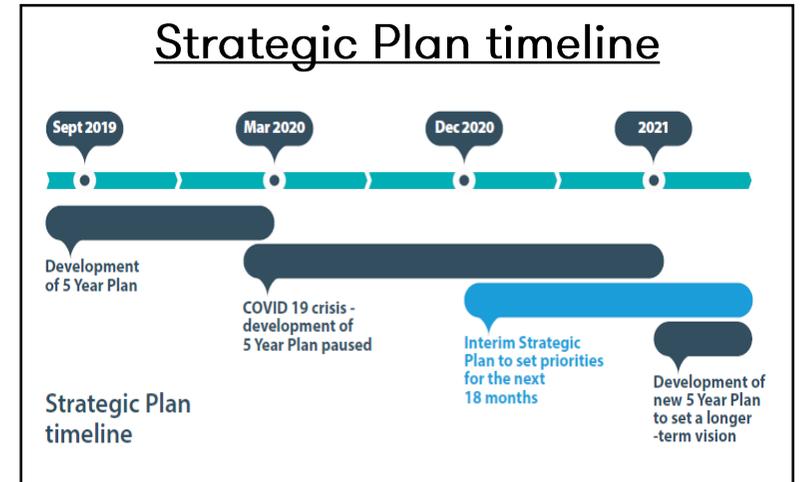
Development of a new 5-year plan is well underway and is expected to be approved and adopted during 2022. The Council will need to put in place arrangements to monitor and drive delivery of the new 5-year plan. This plan is being developed in the broader context of the cost of living crisis, the Ukraine war, staffing capacity constraints and continued challenge with some very specific Kent challenges in respect of Brexit and asylum seekers.

### Dedicated Schools Grant (DSG) High Needs Block Deficit

There is a financially significant deficit on the DSG reserve and this is recognised in the Council's budget risk register. The deficit is one of the highest in county areas. Despite the maximum 1% transfer of Schools Block funding, the Council continues to overspend on the High Needs Block (HNB). This overspend is accelerating and further contributes to a significant accumulated deficit. Whilst current legislation permits the Council to offset this deficit from the useable general reserves, this legislation is due to come to an end in March 2023. In response, the Council is producing a deficit recovery plan to bring spending on the HNB in line with funding. Given the nature of HNB services, reductions in spending are likely to take a long time to crystallise and will need to be implemented sensitively. The challenge is compounded by the fact that demand for SEND services is increasing.

## Our response

- As part of our Value for Money work, we will consider your governance arrangements to effectively monitor, scrutinise and the extent of oversight with regards to the delivery of the new 5-year plan. We will also review the outcomes of the Interim Strategic Plan.



- As part of our Value for Money risk assessment, we have identified a **risk of significant weakness** in relation to the arrangements the Council has in place to ensure financial sustainability of SEND services. We will therefore follow this up as part of our Value for Money work and report our findings in our Annual Auditor's Report.

# Key matters

## Factors

### Finances – savings and efficiencies

The Council's financial position over the coming years remains a challenge. Based on the Council's high level revenue plan included in 2022-23 approved finance budget, the Council will need to make circa 197m of cumulative savings and efficiencies over the next three years to achieve a balanced budget. It is important to note that the £197m of cumulative savings does not include the following:

- a) any savings or efficiencies in relation to a deficit recovery plan for High Needs Block
- b) the impact of higher than assumed inflation- currently running in excess of 6% for revenue and higher for capital projects.

As a result, the arrangements the Council has in place to identify, monitor and delivery efficiencies and savings including those which are transformational are critical to its ability to achieve financial sustainability.

### Accounting and auditing developments – IFRS 16 Leases deferral

Following an emergency consultation on proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its decision and feedback statement in March 2022. The decision allowed for Local Authorities to defer implementation of IFRS 16 Leases until 01 April 2024. It did however allow for Authorities to adopt the standard before this date should they wish to.

## Our response

- We will consider and update our understanding of your arrangements for managing and reporting your financial resources and assessing your financial resilience as part of our audit in completing our Value for Money work.
- We will consider and update our understanding of your arrangements for the effective use of data to make informed business decisions as part of our audit in completing of Value for Money work
- Members of the finance team attended our annual final accounts workshop during February, hosted by our highly experienced public sector assurance team as they help you prepare for your 2022 financial statements audit by highlighting potential risk areas and providing you with practical advice
- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Corporate Director of Finance (Section 151).
- We will continue to provide you with sector updates via our Governance and Audit Committee updates.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Kent County Council ('the Council') and group for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Kent County Council. We draw your attention to both of these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Governance and Audit committee); and we consider whether there are sufficient arrangements in place at the Council and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Governance and Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

## Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of:

- Kent Holdco Ltd
- EDESCO Ltd
- Kent County Trading Ltd
- Cantium Business Solutions Ltd
- GEN2 Property Ltd
- Invicta Law Ltd
- Commercial Services Kent Ltd
- Kent Top Tempts Ltd
- Commercial Services Trading Ltd

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The risk that the valuation of land and buildings in the accounts are materially misstated.
- The risk that the valuation of the net pension fund liability in the accounts is materially misstated.
- The risk of management override of controls.

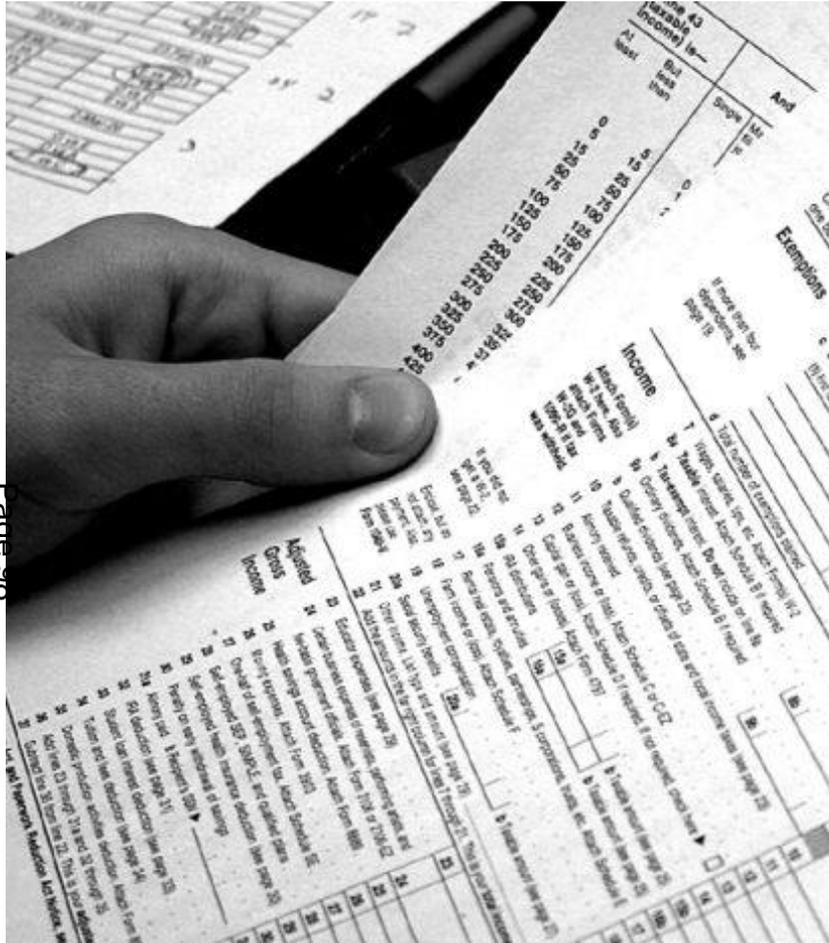
We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £41.5m (PY £41.5m) for the group and £41m (PY £41m) for the Council, which equates to 1.5% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £2.1m (PY £2.1m) for both the group and the Council.

Senior officers' remuneration is an area of interest to readers of financial statements. We have therefore set a lower level of materiality for this sensitive disclosure of £100,000.

# Introduction and headlines cont.



## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified 1 risk of significant weakness:

- the risk that the Council's arrangements in relation to SEND and EHCP services are not effective to ensure financial sustainability

In addition to this risk of significant weakness, our work will also focus on updating our knowledge in the following areas:

- The Council's arrangements for setting the Medium-Term Financial Plan and achieving financial sustainability.
- The Council's arrangements to produce, monitor and ensure delivery of the new 5-year Strategic Plan
- The Council's arrangements for the effective use of data to make informed business decisions

## Audit logistics

Our interim visit took place in March 2022 and our final visit will take place in October – December 2022. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £[210,675] (PY: £[203,432]) for the Council, subject to the Council delivering a good set of financial statements and working papers. The proposed fee for 2021/22 is still subject to PSAA approval.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

# Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Kent County Council	Yes		<ul style="list-style-type: none"> <li>We have detailed the risks for the audit of this entity on pages 9 to 11</li> </ul>	Full scope audit performed by Grant Thornton UK LLP
Commercial Services Kent Ltd	No		None	<p>Audit of expenditure, carried out by the component auditor, which will then be reviewed by the group audit team.</p> <p>The nature, time and extent of our involvement in the work of component auditor will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the component auditor audit documentation and meeting with appropriate members of management.</p>
Kent Holdco Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.

## Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

# Group audit scope and risk assessment cont.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
EDSCO Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.
Kent County Trading Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.
Cantium Business Solutions Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.
GEN 2 Property Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.
Invicta Law Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.
Kent Top Tempts Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.
Commercial Services Trading Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.

## Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Council and Group	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the Council and the Group's revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition.</li> <li>• Opportunities to manipulate revenue recognition are very limited.</li> <li>• The culture and ethical frameworks of local authorities, including that of Kent County Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore, we do not consider this to be a significant risk for Kent County Council or the Group</p>	
Management over-ride of controls	Council and Group	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design effectiveness of management controls over journals.</li> <li>• Analyse the journals listing and determine the criteria for selecting high risk unusual journals.</li> <li>• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li> <li>• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.</li> <li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

# Significant risks identified cont.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings (Rolling revaluation)	Council and Group	<p>The Authority revalues its land and buildings on a rolling four-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p> <p>On 3 February 2022 CIPFA LASAAC launched a consultation on proposals for an update of the 2021/22 Code relating to the approach to measurement of operational property, plant and equipment. This consultation has now closed and CIPFA have confirmed no changes to the Code in respect of the valuation of PPE.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work.</li> <li>• Evaluate the competence, capabilities and objectivity of the valuation expert.</li> <li>• Write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met.</li> <li>• Engage our own valuer to assess the instructions to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation.</li> <li>• Test revaluations made during the year to see if they had been input correctly into the Council's asset register and financial statements.</li> <li>• Assess the value of a sample of assets in relation to market rates for comparable properties.</li> </ul>

# Significant risks identified cont.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council and Group	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls.</li> <li>• Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work.</li> <li>• Assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation.</li> <li>• Assess the reasonableness of the actuary's assumptions and calculations in-line with the relevant standards, including their consideration of the ongoing impact of the McCloud, Goodwin and Guaranteed Minimum Pension cases.</li> <li>• Assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability.</li> <li>• Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.</li> <li>• Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.</li> <li>• Obtain assurances from the auditor of Kent Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

# Other risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Fraud in Expenditure Recognition	Council and Group	<p>Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered, especially an entity is required to meet financial targets.</p> <p>Having considered the risk factors relevant to Kent County Council and the Group and the relevant expenditure streams, we have determined that no separate significant risk relating to expenditure recognition is necessary, as the same rebuttal factors listed on page 9 relating to revenue recognition apply.</p> <p>We consider that the risk relating to expenditure recognition would relate primarily to period-end journals and accruals which are considered as part of the standard audit tests below and our testing in relation to the significant risk of Management Override of Controls as set out on page 9.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>Perform testing over post year end transactions to assess completeness of expenditure recognition.</li> <li>Test a sample of operating expenses to gain assurance in respect of the accuracy and occurrence of expenditure recorded during the financial year.</li> </ul>
Page 104 Value of Infrastructure assets and the presentation of the gross cost and accumulated depreciation in the PPE note	Council and Group	<p>Infrastructure assets includes roads, highways, streetlighting and coastal assets. Each year the Council spends circa £80m on Infrastructure capital additions. As at 31 March 2021, the net book value of infrastructure assets was £634m which is over 15 times materiality.</p> <p>In accordance with the LG Code, Infrastructure assets are measured using the historical cost basis, and carried at depreciated historical cost. With respect to the financial statements, there are two risks which we plan to address:</p> <ol style="list-style-type: none"> <li>The risk that the value of infrastructure assets is materially misstated as a result of applying an inappropriate Useful Economic Life (UEL) to components of infrastructure assets.</li> <li>The risk that the presentation of the PPE note is materially misstated insofar as the gross cost and accumulated depreciation of Infrastructure assets is overstated. It will be overstated if management do not derecognise components of Infrastructure when they are replaced.</li> </ol> <p>For the avoidance of any doubt, these two risks have not been assessed as a significant risk at this stage, but we have assessed that there is some risk of material misstatement that requires an audit response.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>Reconcile the Fixed Asset Register to the Financial statements</li> <li>Using our own point estimate, consider the reasonableness of depreciation charge to Infrastructure assets</li> <li>Obtain assurance that the UEL applied to Infrastructure assets is reasonable</li> <li>Document our understanding of management's process for derecognising Infrastructure assets on replacement and obtain assurances that the disclosure in the PPE note is not materially misstated</li> </ul>

# Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

We identified 2 recommendations in our 2020/21 audit in relation to the Council's estimation process for expected credit loss and depreciation of PPE. We will follow up on these recommendation as part of our 2021-22 audit.

## Introduction

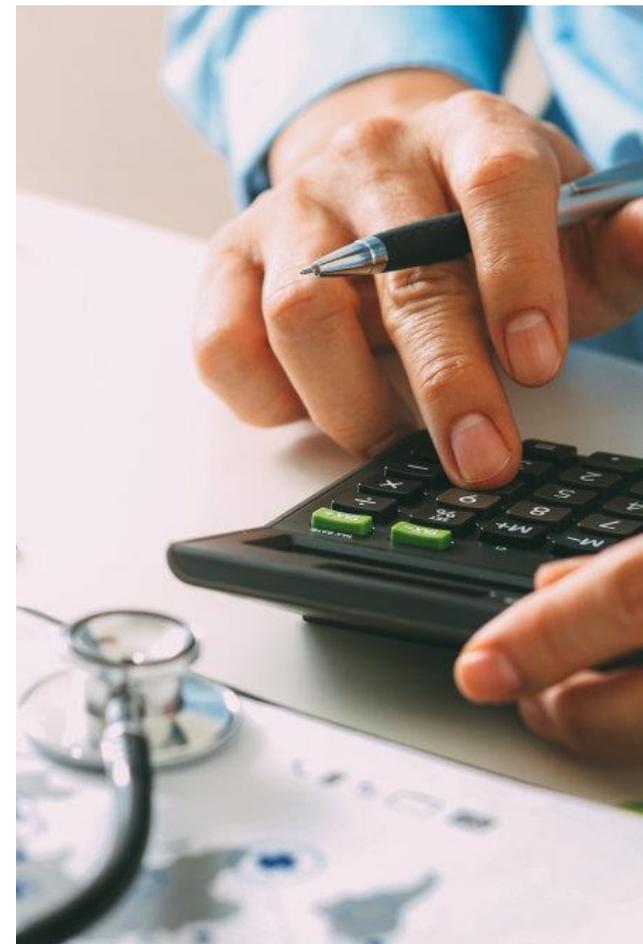
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Governance and Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



# Accounting estimates and related disclosures

## Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Valuation of investment properties
- Depreciation, including depreciation of infrastructure assets
- Year end provisions and accruals, specifically for demand led services such as Adult's and Children's services
- Credit loss and impairment allowances
- The Council's share of the provision for business rates appeals
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Valuation of level 2 and level 3 investments

## The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



### Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

### Planning enquiries

As part of our planning risk assessment procedures we have sent enquiries to the management that will be presented at the Governance and Audit Committee as part of our Informing the audit risk assessment report.

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.

We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit. The prior year remains uncertified due the Government's WGA processes not currently accessible for local authorities to complete returns that would allow the necessary audit process required to complete certification.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Materiality

## The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £41.5m (PY £41.5m) for the group and £41m (PY £41m) for the Council, which equates to 1.5% of your prior year gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £100k for Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

## Matters we will report to the Governance and Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Governance and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £2.1m (PY £2.1m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance and Audit Committee to assist it in fulfilling its governance responsibilities.

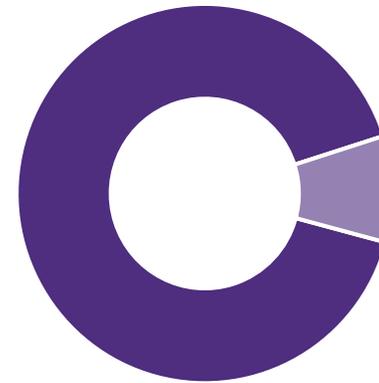
## Prior year gross operating costs

£2,711 group

(PY: £2,469m)

£2,673m Council

(PY: £2,441m)



■ Prior year gross operating costs

## Materiality

£41.5m

group financial statements materiality

(PY: £41.5m)

£41m

Council financial statements materiality

(PY: £41m)

£2.1m

Misstatements reported to the Governance and Audit Committee

(PY: £2.1m)

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

Our IT work will be carried out by Grant Thornton's specialist IT team.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle EBS	Financial reporting	<ul style="list-style-type: none"> <li data-bbox="943 671 1317 713">• Detailed ITGC assessment</li> <li data-bbox="943 713 1361 759">• Assessment of Active Directory</li> </ul>

# Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



## Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



## Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

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# Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risk we have identified is detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

## Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



### Risk title

the risk that the Council's arrangements in relation to SEND services are not effective to ensure financial sustainability

### Risk description

There is a significant deficit on the DSG reserve and this is recognised in the Council's budget risk register. Despite the maximum 1% transfer of Schools Block funding, the Council continues to overspend on the High Needs Block (HNB). This overspend is accelerating and further contributes to a significant accumulated deficit. Whilst current legislation permits the Council to offset this deficit from the useable general reserves, this legalisation is due to come to an end in March 2023. In response, the Council is producing a deficit recovery plan to bring spending on the HNB in line with funding. Given the nature of HNB services, reductions in spending are likely to take a long time to crystallise and will need to be implemented sensitively. The challenge is compounded by the fact that demand for SEND services increasing.

### Risk response

- we will update our understanding of the arrangements management have put in place
- consider the findings of reviews carried out by other assurance agencies i.e. Internal Audit as well as findings from Ofsted
- review the deficit recovery plan and the arrangements put in place by management to monitor and drive delivery
- Interview key officers' responsible for putting in place effective arrangements including the Corporate Director of Children, Young People & Education

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

### Statutory recommendation



Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

### Key recommendation



The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

### Improvement recommendation



These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# Audit logistics and team

**Planning and risk assessment**  
March 2022

**Governance and Audit committee**  
July 2022

**Audit Plan**

**Year end audit**  
October – December 2022

**Governance and Audit committee**  
December 2022

**Audit Findings Report**

**Audit opinion**

**Governance and Audit committee**  
March 2023

**Auditor's Annual Report**

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**Paul Dossett, Key Audit Partner**

Paul is responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the Governance and Audit Committee, the Corporate Director and the Chief Financial Officer. He will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Paul will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit work. Paul will sign your audit opinion.



**Parris Williams, Senior Manager**

Parris is responsible for overall audit management, quality assurance of audit work and output, and liaison with the Audit and Governance Committee and finance team. He will undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable. Parris will also oversee the delivery of our value for money work.



**Hameem Gulraiz, Assistant Manager**

Hameem will support Parris in his work to ensure the early delivery of audit testing and agreement of accounting issues. He will lead the on-site virtual delivery of the team and be the first point of contact for the finance team. He will also carry out first reviews of the team's work and also oversee the review of the Whole of Government Accounts

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing
- provide debtor and creditor transaction listings that are the balances outstanding at the year end
- produce timely group accounts with a full suite of supporting working papers including those setting out intra-group eliminations
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- the Council's experts provide clarity and detail over their work to enable auditors to challenge the accounting and valuation judgements used
- respond promptly and adequately to audit queries.

# Audit fees

PSAA awarded a contract of audit for Kent County Council to begin with effect from 2018/19. The fee agreed in the contract was £120,062. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on pages 13 to 15 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee. Our proposed work and fee for 2021/22, as set out below, is detailed overleaf and has been agreed with the Corporate Director of Finance. Our audit fee is based on the assumption that we will be able to work on site as required to drive the efficiency of the process so we can access key officers appropriately. Our experience of the last two years nationally has been that remote audit is not very efficient. If local authorities are unable to accommodate remote working then additional fees may be chargeable.

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	Actual Fee 2019/20	Actual Fee 2020/21	Proposed fee 2021/22
Kent County Council Audit	£173,712	£203,432	£210,675
Total audit fees (excluding VAT)	£173,712	£203,432	£210,675

## Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

Scale fee published by PSAA	£120,062
<b>Ongoing increases to scale fee first identified in 2019/20</b>	
Raising the bar/regulatory factors	£13,500
Enhanced audit procedures for Property, Plant and Equipment	£9,500
Enhanced audit procedures for Pensions	£4,000
Group consolidation	£4,000
<b>Audit fee 2019/20*</b>	<b>£151,062</b>
<b>Ongoing increases to scale fee first identified in 2020/21</b>	
Additional work on Value for Money (VfM) under new NAO Code	£28,870
Increased audit requirements of revised ISAs	£11,500
<b>Audit fee for 2020/21**</b>	<b>£191,432</b>
<b>New issues for 2021/22</b>	
Response to FRC, inclusion of an EQCR and increased sample sizes	£8,000
Additional work on infrastructure assets	£5,000
Additional work on High Needs block (VFM)	£6,243
<b>Proposed increase to the audit fee for 2021/22</b>	<b>£19,243</b>
<b>Total audit fees for 2021/22 (excluding VAT)</b>	<b>£210,675</b>

\*The final audit fee for 2019-20 includes £22,650 for the impact of Covid-19. This is a one-off issue and therefore is excluded from the baseline fee for 2020/21.

\*The final audit fee for 2020-21 includes an additional £12,000 fee variation on top of the £191,432 audit fee. The additional £12,000 fee was one off and was raised to cover the cost of additional work in relation to specific issues encountered during the 2020-21 audit. This is therefore not included in the base fee level for 2021-22.

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

# Independence and non-audit services cont.

## Other services

Other services provided by Grant Thornton are detailed below:

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

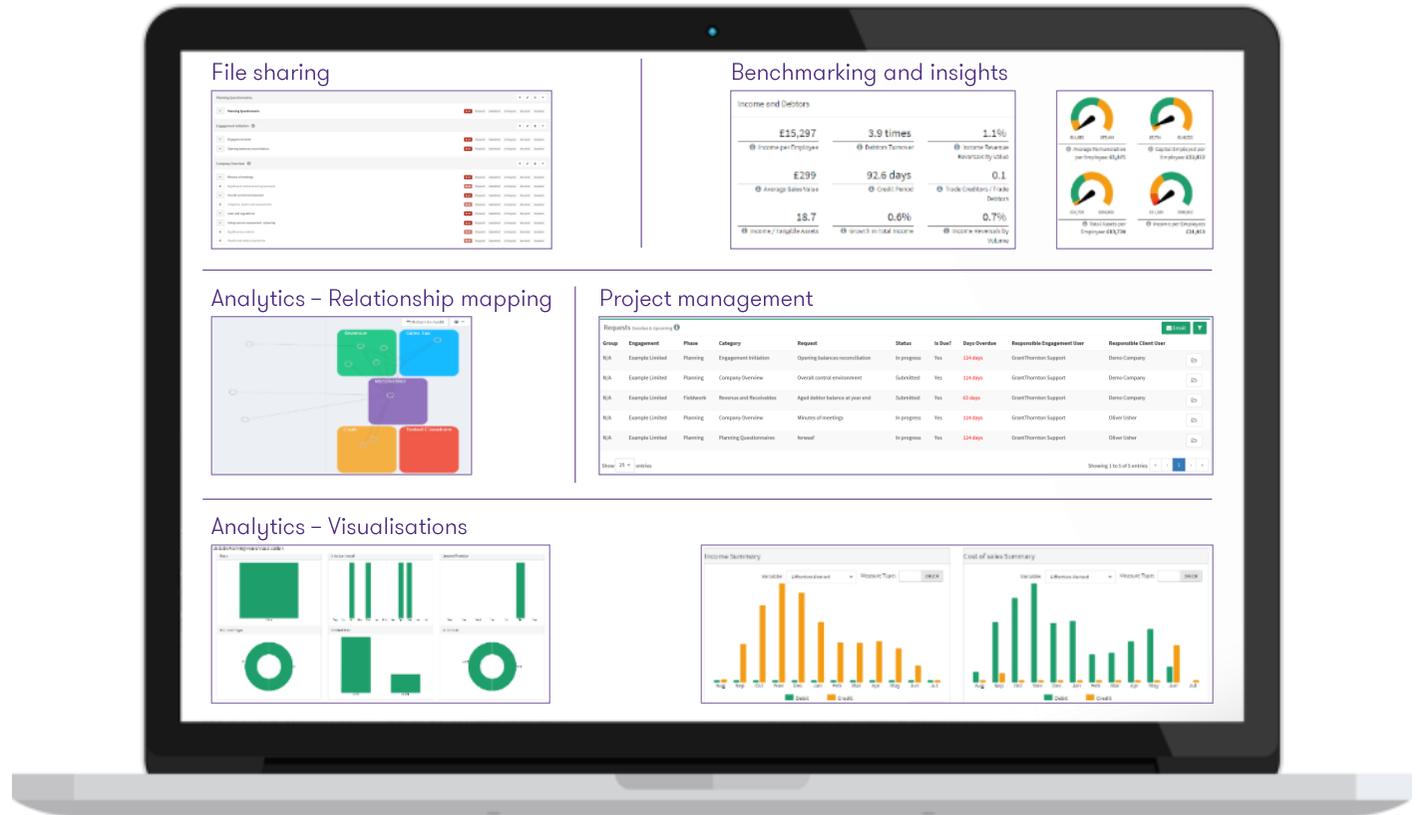
None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
<b>Audit related</b>			
Agreed upon Procedures relating to the Teachers' Pensions end of year certificate	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Regional Growth Fund grant assurance (commenced in prior year and this is total fee for the whole certification process)	£100,000	Self-Interest – although not recurring the level of the fee compared to the scale fee is high and therefore in isolation could be construed as a threat.  Self-review - We have not prepared the form which we are reviewing. It is highly unlikely that an issue could arise from this work which would have a material impact on the financial statements.	This is a non-audit audit related service which is customarily provided by the auditor. <ul style="list-style-type: none"> <li>• separate engagement team led by a different Key Audit Partner</li> <li>• reporting of the non-audit work to TCWG via this report</li> <li>• before agreeing to carrying out this work, we consulted with our ethics team to ensure the all threats to our auditor independence were identified and that appropriate safeguards have been put in place. This work was approved by our ethics team.</li> <li>• Before agreeing to carrying out this work, we sought approval from PSAA because of the perceived ethical threat. This work has subsequently been approved by PSAA.</li> </ul>
<b>Non-audit related</b>			
CFO insights (Subscription ending September 2021)	12,500	<b>Self-Interest (because this is a recurring fee)</b>	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

# Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton's Analytics solution is supported by Inflo Software technology

# Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



## Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



## File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



## Project management

- Facilitates oversight of requests
- Access to a live request list at all times



## Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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## How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

### Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

### More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

# Appendix 1: Progress against prior year audit recommendations

We identified the following issues in our 2020/21 audit of the group and Council's financial statements, which resulted in eight recommendations being reported in our 2020/21 Audit Findings Report. **As part of our risk assessment we have considered the impact of unadjusted prior period errors (where applicable).** We have followed up on the implementation of our recommendations and received updates from management on the actions taken, we will evaluate whether these recommendations have been addressed during the final stage of audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	<p>Insufficient evidence for raising revenue debtor</p> <p>As part of our testing of post period end invoices raised, we identified an invoice raised by KCC in April 2021 for a total amount of £4 million. This invoice was raised to an NHS CCG with the description "20/21 contribution to joint investment with adult social care for vulnerable adults"</p> <p>As part of our work and challenge of management, it became clear that the Authority was unable to provide sufficient appropriate evidence to support the raising of the debtor. Although management took reasonable and prudent steps not to recognise revenue in the 2020/21 accounts, there is a control deficiency in so far as the Authority should not be raising invoices unless there is sufficient contractual evidence to support it.</p>	<p>Management response</p> <p>This is an isolated incident and the importance and requirement of having clear evidence before raising invoices has been reiterated at the Budget Management team and at Team meetings.</p> <p>The importance of clear evidence has been emphasised in Finance Operations Management Team meetings. That Budget Manager Guidance and Briefings on Closedown included highlighting the importance to have the evidence to raise an invoice and set up debtors and creditors.</p> <p><b>Audit update:</b></p> <p>We will continue to follow up on the outcome of the £4m invoice. This will include a consideration as to whether the £4m was ever returned to the NHS. We will also investigate whether there are any more instances of this type of transaction with the NHS, particularly around the year end.</p>

# Appendix 1: Progress against prior year audit recommendations cont.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Complete	<p>CHAPS payments</p> <p>In December 2020, your internal auditor issued a report on urgent CHAPS payments. The opinion provided by your internal auditor was 'limited' meaning that adequate controls were not in place.</p> <p>This report raised concerns about the lack of due process, controls, oversight and governance around these payments. As a result of these issues, your internal auditor concluded that 'the absence of robust oversight and control heightens the risk of fraudulent activity, errors, or omissions being overlooked'.</p> <p>As part of our risk assessment we therefore identified this as a risk factor and performed specific procedures to ensure that the risks identified did not crystallize into a material error within the financial statements.</p>	<p>Management response</p> <p>All recommendations and management actions following the internal audit of CHAPS payments have been implemented. A subsequent issue around year end processing and posting dates have been found and officers are in the process of identifying the cause and will implement the processes and a solution prior to next year-end</p> <p>A review of the CHAPS process was conducted with Finance and Cantium Business Solutions and the process was updated to reflect the requirements for CHAPS payments being processed at year end. Deadlines for CHAPS have been included in the Closedown Calendar.</p> <p><b>Audit update:</b></p> <p>Based on our findings from the prior year we are satisfied that this recommendation has been implemented.</p>
Complete	<p>Unsigned Cantium Contract</p> <p>As part of our risk assessment procedures carried out in March 2021 we requested to obtain signed copies of contracts between the Council and suppliers the Council has outsourced key finance/accounting functions to.</p> <p>Signed contracts were obtained for all outsourced providers apart from Cantium. Six months since our original request, we have still not received the signed contract with Cantium, a wholly owned subsidiary of the Council. There is some uncertainty as to whether the contract was signed at all. As a result, we consider this to be an internal control deficiency.</p> <p>NB: We have obtained and reviewed the unsigned contract which has enabled us to obtain the relevant assurances.</p>	<p>Management response</p> <p>A series of commissioning standards and templates are now in place to guide officers through the commissioning cycle and to ensure adherence with Spending the Council's Money and the Public Contract Regulations. The link to this on our KNET pages is provided below.</p> <p><a href="https://kentcountycouncil.sharepoint.com/sites/KNet/st/Pages/Strategic-commissioning.aspx">https://kentcountycouncil.sharepoint.com/sites/KNet/st/Pages/Strategic-commissioning.aspx</a></p> <p>Part of this work included the development of a contracts register and commissioning pipeline to capture the contracts the council has in one place, along with the new upcoming activity. The Contracts Register is now live capturing over 75% of contracts and spend. Further work is ongoing with Directorates to ensure this is inclusive of all their known arrangements. The register is linked to the pipeline to capture all contract expiry dates so that new commissioning and procurement activity is channelled through the appropriate governance routes.</p> <p><b>Audit update:</b></p> <p>As part of our 2021-22 risk assessment work, we confirmed that the Cantium Contract has now been signed.</p>

# Appendix 1: Progress against prior year audit recommendations cont.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	<p>Related party interest of Councillors</p> <p>On probing the nature of one councillor's relationship with a community interest company, it was made apparent that KCC had made the assumption that the councillor's position as a director for the company was as part of their role at KCC when, in actual fact, it is a position that they hold outside of their councillor duties.</p> <p>We identified on Companies House that the councillor is a 'person with significant control'. In line with the CIPFA Code Section 3.9, as the councillor has significant influence over KCC then the community interest company is a related party. Also, given the sum of transactions (£708k) in 20/21 is significantly above our own specific materiality threshold for Related Parties, we deem this to be a necessary disclosure. This also would have been the case for prior years.</p> <p>NB: The accounts have been updated for this disclosure omission. Nonetheless, there remains a control deficiency as management's processes and controls failed to identify and detect a related party transaction.</p>	<p>Management response</p> <p>A box has been added to the Related Parties Declaration form asking for whether any declared relationship is 'private' or as 'a representative of KCC'. This will ensure that we can check the transactions with these companies that Members have an interest in that is of a personal interest. We have always checked the declaration and compared to the previous years returns and query where they are not declaring something that they have in the past. Going forward we will check they are consistent in what they are declaring as private or KCC.</p> <p><b>Audit update:</b></p> <p>As part of our year end procedures we will once again check the completeness and accuracy of member declarations. We will therefore update on this control recommendation in our Audit Findings Report</p>
TBC	<p>Gross Internal Area (GIA) data testing for PPE revaluations</p> <p>As part of our valuation testing of GIA/Floor areas, we reconcile the GIA/Floor areas per the valuers report back to your source estates system (K2). As part of this work we identified instances where your valuer has identified additional elements or blocks which did not appear in the K2 system. An example being where the valuer had identified and valued an football Astro pitch which was not included in your estates register.</p> <p>Given the valuer has visited and measures these sites, we are comfortable that their valuation exercise is complete and accurate but it does indicate that your estates system has not fully been updated.</p> <p>Based on our work we are satisfied that there is no residual risk of material misstatement but we are highlighting the discrepancy should management deem it worthwhile to update the K2 system.</p>	<p>Management response</p> <p>Details of any units identified by the valuer that are not on K2 are passed to Infrastructure. Infrastructure have made the decision that all elements will be included on K2 for completeness, including items such as 3G pitches.</p> <p><b>Audit update:</b></p> <p>As part of our year end procedures we will enquire whether the K2 system has been updated based on the valuers information. Note however, this has no impact on the assurances we obtain around PPE valuation. We will therefore update you on this recommendation in our Audit Findings Report.</p>

# Appendix 1: Progress against prior year audit recommendations cont.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	<p>Declaration of interest</p> <p>As part of our work on the related party disclosure, we requested to obtain the signed declaration of interest forms pertaining to the Corporate Management Team (CMT).</p> <p>Initially, management provided all but one of the declaration. T took over two months for management to provide us with the declaration form for the final member of the CMT. This form has to be signed retrospectively to cover the financial period in question.</p> <p>NB: following receipt of final signed declaration form, we have obtained the necessary assurances to complete our work in related party relationships.</p>	<p>Management response</p> <p>Discussions have been held with HR, who are engaging with ICT on whether ORACLE Self Service functionality can provide a prompt/reminder to individuals to improve the timeliness of completion of the declaration of interest. Awaiting an update on this request. If this is not possible, then a reminder e-mail will be sent to Senior Officers before the 31st March 2022.</p> <p><b>Audit update:</b></p> <p>We will update on this control recommendation following our year end audit in the Audit Findings Report</p>
TBC	<p>Expected credit loss</p> <p>While conducting a review of expected credit loss, we have observed that management have not conducted and applied a forward look credit loss allowance in accordance with IFRS 9 on trade receivables. Whilst we have done sufficient work to satisfy ourselves that this does not lead to a material misstatement, it does mean management's estimate for doubtful debt is optimistic.</p>	<p>Management response</p> <p>A review of bad debt levels is being undertaken and so that a percentage can be included in the simplified matrix for Trade Debtors to ensure that future credit losses are being considered. The policy will reflect the need to consider key events and how they may impact on future losses.</p> <p><b>Audit update:</b></p> <p>We will update on this control recommendation following our year end audit in the Audit Findings Report</p>
TBC	<p>Depreciation policy on additions</p> <p>Authority does not depreciate the assets which have been added during the year. This is a policy followed by them from previous year. The impact of depreciation for the current year addition was not material.</p> <p>The control deficiency in this instance relates to lack of proper procedures in place to ensure compliance with the Code.</p>	<p>Management response</p> <p>As the impact of this is not material we have not updated our policy and will continue to depreciate assets the year after they are operational. As not all assets are fully operational for the whole year in which they are added, any alternative policy would be based on assumptions which would not be 100% accurate and would further reduce the value of the depreciation on current year additions and therefore is not considered worthwhile to change.</p> <p><b>Audit update:</b></p> <p>We will update on this control recommendation following our year end audit in the Audit Findings Report</p>



# Kent County Council Audit Progress Report

Year ending 31 March 2022

July 2022  
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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.

The paper also includes:

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

Members of the Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

# Progress at July 2022

## Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022. We have worked closely with management and finance officers during initial planning to support the audit process running smoothly. Detailed progress on the initial planning work was communicated to you in the last progress report dated April 27, 2022 and overall status remains 'On track'. Since then we have completed review of IT General Controls and we did not identify any significant deficiencies.

We will progress work on several key issues over the summer and the full audit team will begin their work on your draft financial statements from October 2022.

The Audit Plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements is agreed with management and is included as a separate item in the agenda of this meeting for approval.

We will report our work in the Audit Findings Report and aim to issue our opinion on the Statement of Accounts by December 2022.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The Department for Levelling Up, Communities and Housing (DLUHC) states that they intend, subject to consultation, to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts.

## Key accounting developments – infrastructure assets

In recent months, an issue relating to the reporting of infrastructure assets has led to delays in local authority audits, principally for highways authorities. The issue is a technical accounting one and arises principally because of information availability relating to these assets.

As a sector wide issue, CIPFA has established a task and finish group to address the issue regarding the derecognition of parts of infrastructure assets following 'replacement' expenditure. In addition, CIPFA launched an urgent consultation on temporary changes to the code to resolve the issue.

As at the date of writing, the sector is awaiting a proposed resolution to the issue from CIPFA but in the meantime, preparers of Local Authority accounts must continue to comply with the CIPFA Code and report infrastructure assets gross and derecognize assets components on replacement.

This is a material issue which impacts Kent County Council as the Council reports to hold over £600m of infrastructure assets as at 31 March 2021. Your finance team are aware of the issue and have responded to CIPFA's consultation. There is regular dialogue between us and your finance team on the issue to ensure recent updates/guidance is actioned as soon as possible.

## Value for Money

The 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 was 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.

# Progress at July (cont.)

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 for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in March 2023.

## Further areas Meetings

We have held regular meetings with key finance staff since initial planning where we have discussed emerging developments including infrastructure assets and ongoing CIPFA consultation on it. We have also used these meetings to discuss up and coming issues relating to the Authority and the audit which has also enabled an open and transparent working relationship and assisted with a smoother audit process.

We also met with your Head of Paid Service in July 2022 to discuss the Authority's strategic priorities and plans and the discussion was useful context for our understanding.

## Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We continue to discuss this with your s151 Officer, including any proposed variations to the Scale Fee set by PSAA Limited, and will communicate this with the Governance & Audit Committee.

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

# Audit Deliverables

2021/22 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Governance &amp; Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2021/22 financial statements and the Auditor's Annual Report on the Council's Value for Money arrangements.</p>	July 2022	Included as a separate agenda item
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the December Governance &amp; Audit Committee</p>	December 2022	Not yet due
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	December 2022	Not yet due
<p><b>Auditor's Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work.</p>	March 2023	Not yet due
2020/21 Deliverables	Planned Date	Status
<p><b>Auditor's Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work. This was presented in April Governance &amp; Audit Committee.</p>	April 2022	Complete
<p><b>Teachers Pensions Scheme – certification</b></p> <p>This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform. We are still awaiting supporting data from the Council's contractor before we can complete this work</p>	December 2022	In Progress



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By: Jonathan Idle – Head of Internal Audit  
To: Governance and Audit Committee – 21 July 2022  
Subject: **INTERNAL AUDIT PROGRESS REPORT**  
Classification: Unrestricted

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**Summary:**

This Progress Report details summaries of completed Audit reports between for the period April to June 2022.

**Recommendation:**

**The Governance and Audit Committee note the Internal Audit Progress Report for the period April to June 2022.**

**FOR ASSURANCE**

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**1. Introduction**

- 1.1 Public Sector Internal Audit Standards (PSIAS) require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period April to June 2022 together with the resulting conclusions, where appropriate.

**2. Recommendation**

- 2.1 Members are requested to note the Internal Audit Progress Report for the period April to June 2022.

**3. Background Documents**

Internal Audit Progress Report.

**Jonathan Idle, Head of Internal Audit**

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

**21 July 2022**

## 1. Introduction

- 1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.
- 1.2 Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.
- 1.3 This activity report provides Members of the Governance and Audit Committee and Management with 10 summaries of completed work between April to June 2022.

## 2. Key Messages

- 10 audits have been finalised in the period reported. See **Appendices A and B**
- 40 of 55 audits from the 2021/22 Audit Plan are either in progress, at draft report or complete
- 48 grants / certifications have been certified since 01 April 2021. See **Appendix C and D**
- Implementation of agreed actions is at 41% which is on par with the previous period. See **Appendix E**
- 1 agreed action had not been implemented as this is reliant on Central Government Conditions. See **Appendix E**

### 3.1 - 2021/22 Internal Audit Plan

This report provides an update on the work completed between April to June 2022 against the 2021/22 Audit Plan. Since the previous Committee, progress has continued with 53% of the Plan now either completed or at Draft Report stage. A further 20% of the Plan is either in planning or currently in progress. The audits which have been deferred / removed from the Audit Plan, has primarily been to allow audit resources to be diverted to the SEND Transport Lessons Learned Review. Details of the status of the overall completion of the Audit Plan is illustrated in **Table 1** below.

**Table 1 – Status of 2021/22 Audit plan**

Status	No Audits	%
Not Started	0	0
Planning	1	2%
Fieldwork	3	5%
Draft Report	4	7%
Complete	25	45%
Ongoing	7	13%
Deferred / Removed	15	27%

### 3.2 - 2022/23 Internal Audit Plan

The 2022/23 Internal Audit Plan was approved by Members at the April Governance and Audit Committee. Work on a number of the 2022/23 audits has already commenced. A full progress update against the 2022/23 Internal Audit Plan will be reported to Members in September 2022.

### 3.3 - Resources

In accordance with the Public Sector Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. A large amount of the team's resource is currently deployed to the SEND Transport Lessons Learned review.

The recently appointed Principal IT Auditor left the Team at the end of June 2022. A number of options are currently being considered to deliver the IT audit provision.

## Table 2 – Summary of Audits by Committee Meeting

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

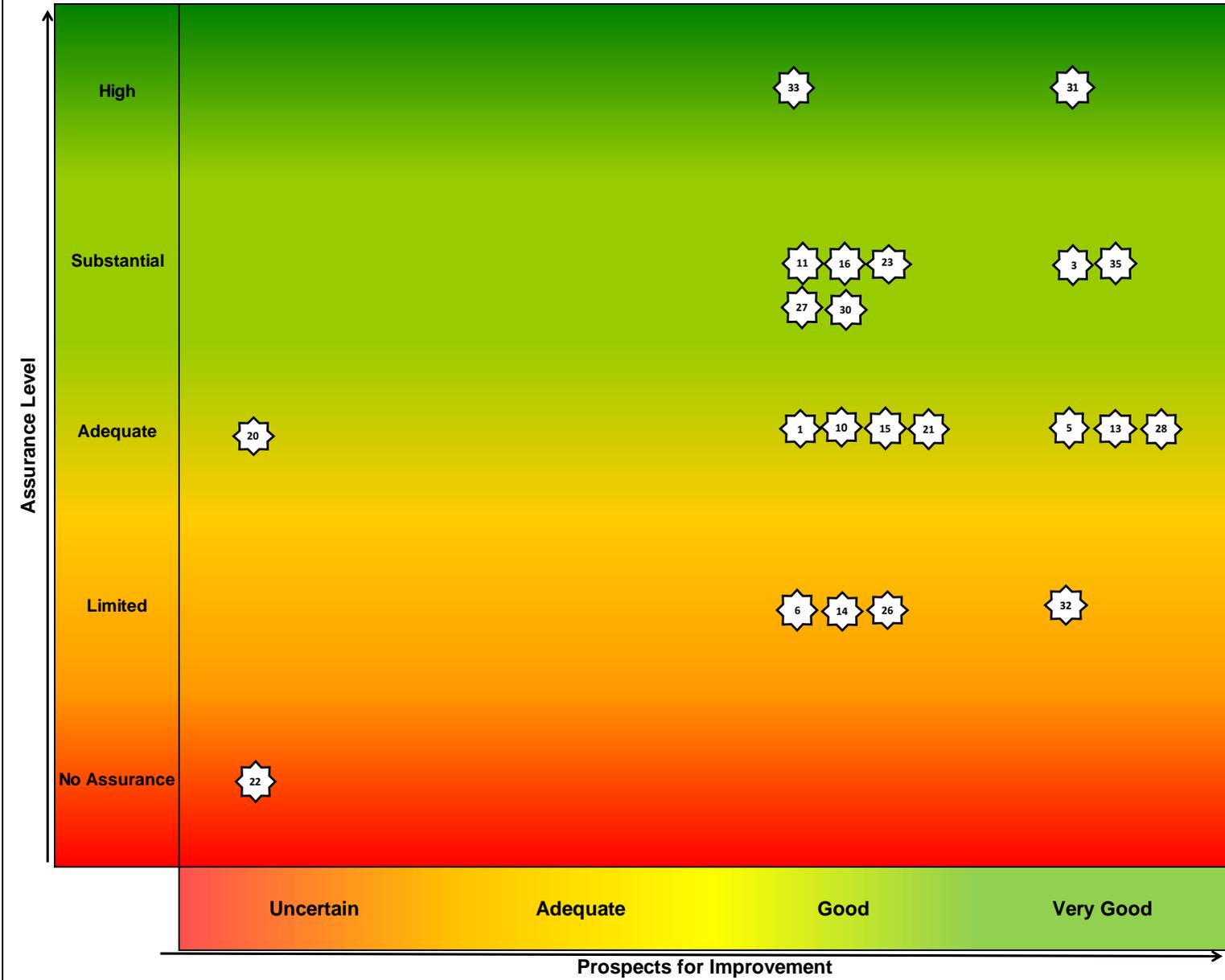
**Governance & Audit Committee – 27 April 2022**

15	Strategic Reset Programme – Top Tier Governance	ADEQUATE	GOOD
16	Data Security Protection Toolkit Audit	SUBSTANTIAL	GOOD
17	ICT Cyber Security Assurance Map <b>(EXEMPT)</b>	N/A	N/A
18	Strategic Reset Programme – People Strategy	N/A	N/A
19	Risk Management – Position Statement	N/A	N/A
20	ICT Cloud Strategy, Security and Data Migration	ADEQUATE	UNCERTAIN
21	Declaration of Interests Members	ADEQUATE	GOOD
22	Gypsy & Traveller Service – Site Allocation & Pitch Fee Collections	NO ASSURANCE	UNCERTAIN
23	New Grant Funding	SUBSTANTIAL	GOOD
24	Ashford Sevington Grant Certification	N/A	N/A
25	CIPFA Financial Management (FM) Code	N/A	N/A
26	Property Infrastructure – Functions and Processes Transferred to KCC from Gen2	LIMITED	GOOD

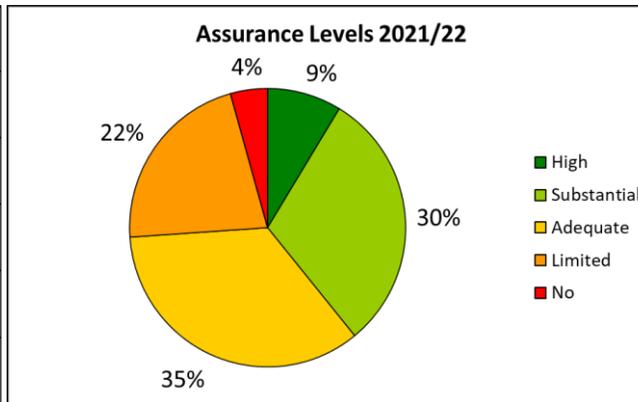
**Governance & Audit Committee – 21 July 2022**

27	CS04-2022 Payroll	SUBSTANTIAL	GOOD
28	RB12-2022 Contract Management (ASCH)	ADEQUATE	VERY GOOD
29	RB19-2022 Accommodation for Young People / Care Leavers Follow Up	N/A	N/A
30	RB32-2022 New Local Infrastructure Projects Across Kent (SELEP)	SUBSTANTIAL	GOOD
31	RB20-2022 Business Continuity Planning (CYPE)	HIGH	VERY GOOD
32	RB18-2022 Supervision of Social Workers	LIMITED	VERY GOOD
33	RB09-2022 Public Health Covid-19 Ring-Fenced Grants	HIGH	GOOD
34	RB03-2022 Enterprise Business Capabilities (Oracle)	N/A	N/A
35	RB23-2022 Information Governance (CYPE)	SUBSTANTIAL	VERY GOOD
36	DP1-2022 Provider Data Protection Themed Review	LIMITED	N/A

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



Assurance Level	No	%
High	2	9%
Substantial	7	30%
Adequate	8	35%
Limited	5	22%
No	1	4%



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### 3.4 Grant Certification Work:

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

In **2021-22**, the team has audited and certified Interreg 42 grant claims with a value of **€4,129.864**. Additional On the Spot (enhanced re-audit) for 10 grant projects have been completed with a further 1 On the Spot checks currently in progress.

In **2022-23** the team has audited and certified Interreg 6 grant claims with a value of **€721,814**.

The Audit team also certifies Interreg grant claims for external clients with 4 claims having been certified in 2021/22, and 1 claim being certified in 2022/23.

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

Details of all certifications for **2021-22** can be seen at **Appendix C**.

Details of all certifications for **2022-23** can be seen at **Appendix D**.

## 4. Under the Spotlight!



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

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

Audit Definitions are provided at **Appendix F**.

<b>(A) Adult Social Care and Health</b>	<b>(B) Children, Young People and Education</b>
A1. RB12-2022 Contract Management A2. RB18-2022 Supervision of Social Workers A3. RB09-2022 Public Health Covid-19 Ring Fenced Grants	B1. RB20-22 Business Continuity Planning B2. RB19-2022 Accommodation for Young People / Care Leavers Follow Up B3. RB23-2022 Information Governance
<b>(C) Growth, Environment and Transport Cross Directorate</b>	<b>(D) Strategic and Corporate Services</b>
C1. RB32-2022 New Local Infrastructure Projects Across Kent – South East Local Enterprise Partnership (SELEP)	D1. CS04-2022 Payroll D2. RB03-2022 Enterprise Business Capabilities (Oracle) D3. DP1-2022 Provider Data Protection Themed Review
<b>(E) Cross Directorate</b>	

## 5. Implementation of Agreed Actions

5.1 Details of the year end position on the implementation of actions from Internal Audit reports is set out below and at **Appendix E**. This sets out the implementation status of 78 actions, categorised by the age of actions assigned to the original report.

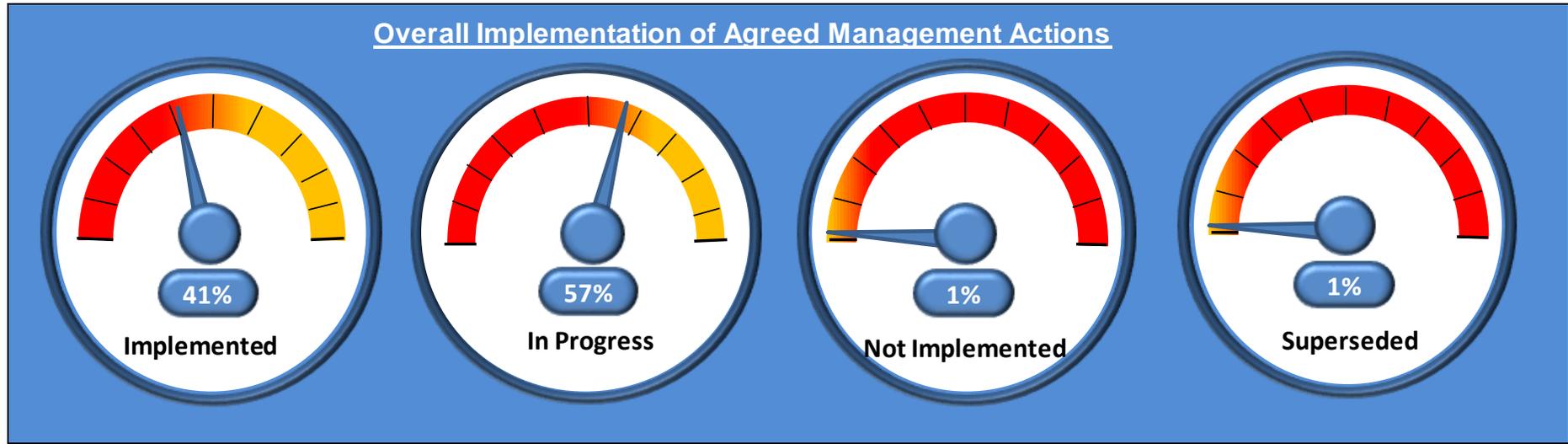
### Summary of Action Implementation

Risk Priority	Total Number due for implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
<b>Total</b>	22	56	10	22	11	33	0	1	1	0
<b>Total %</b>			45%	39%	50%	59%	0%	2%	5%	0%

5.2 Table below highlights key points and a decline in the direction of travel:

### Summary of Implementation of Actions 2020-21 to 2021-22

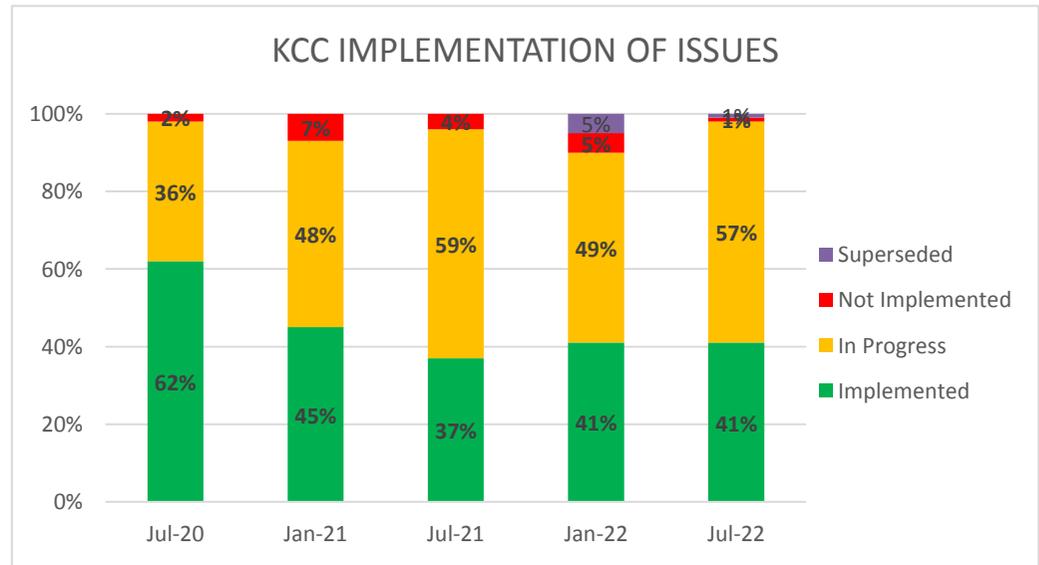
Indicator	20-21	21-22	Change
High Ranked Actions Implemented	31%	45%	
Medium Ranked Actions Implemented	39%	39%	
High and Medium Ranked Actions Implemented	37%	41%	
High Ranked Actions in Progress and not Fully Implemented	62%	50%	
Medium Ranked Actions in Progress and not Fully Implemented	58%	59%	
High and Medium Ranked Actions in Progress and not Fully Implemented	59%	57%	



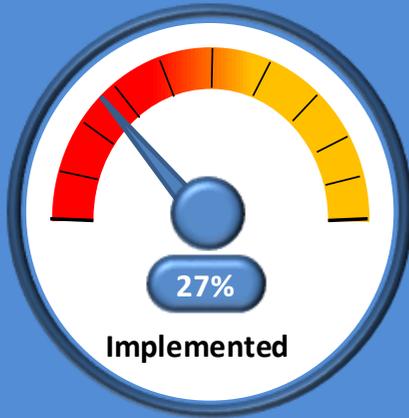
5.3 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, this highlights a more stable position in 2021-22 for the majority of implementation indicators compared with the previous financial year as shown in the graph.

5.4 Implementation of issues has remained stable, however, and the overall full implementation rate of 41% leaves room for significant improvement. A dashboard of outstanding actions has been developed and shared with Directorates to aid implementation toward the suggested improvement.

5.5 Internal Audit maintains analysis of outstanding recommendations across all Directorates', and this is utilised in the monitoring and promotion of action implementation, as illustrated in the following graphics:



ASCH Implementation of Agreed Management Actions



Implemented



In Progress



Not Implemented



Superseded

CYPE Implementation of Agreed Management Actions



Implemented



In Progress



Not Implemented

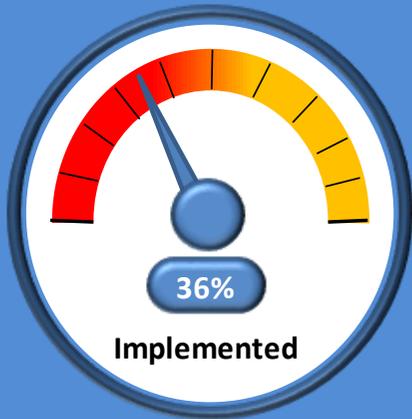


Superseded

GET Implementation of Agreed Management Actions



ST Implementation of Agreed Management Actions



## Programmed Follow Ups

5.6 As part of the 2021-22 Internal Audit Plan, some in depth follow ups were undertaken of areas where, mainly, in the previous year audit opinions had been Limited, with the following results:

### Programmed Follow Ups 2020-21

Audit	Previous Opinion	Number of Issues Previously Raised		Implemented		In Progress		Not Implemented	
		High	Medium	High	Medium	High	Medium	High	Medium
Urgent Payments	Limited	3	3	3	3	0	0	0	0
Accommodation for Young People / Care Leavers	Limited	3	2	3	1	0	1	0	0
<b>Total</b>		6	5	6	4	0	1	0	0

5.7 The Urgent Payments Follow Up audit highlighted that there had been significant progress since the original audit including completion of all management actions for the 3 high and 3 medium priority issues that were raised.

5.8 There has been good progress in the full implementation of agreed actions with 91% fully implemented. Revised audit opinions have not been given for the three of the audits because of the limited scope of the follow-up, which focussed only on the areas where issues were raised in the previous report. Where action remains outstanding, revised dates for implementation have been agreed and these will be followed-up to their conclusion.

## Appendix A – 2021/22 Internal Audit Plan Status

Ref	Audit	Status	Assurance
CA01	Annual Governance Statement	Planning	
CA02	Corporate Governance	Ongoing	
CA03	Equalities Act 2010 Duties	Draft Report	
CA04	Future of Sessions HQ		Deferred to 2022/23
CA05	Information Governance Assurance Mapping Update	Final Report	N/A – GAC November 2021
CA06	Records Management Follow Up		Deferred to 2022/23
CA07	Risk Management	Final Report	N/A – GAC April 2022
CA08	Strategic Commissioning		Deferred to 2022/23
CS01	CIPFA Financial Management Code	Final Report	N/A – GAC April 2022
CS02	General Ledger	Final Report	Substantial – GAC January 2022
CS03	Imprest Accounts Follow Up		Deferred to 2022/23
CS04	Payroll	Final Report	Substantial – GAC July 2022
CS05	Pension Scheme Admin		Deferred to 2022/23
CS06	Urgent Payments Follow Up	Final Report	N/A – GAC January 2022
CR01	Annual Audit Opinion	Ongoing	
CR02	Annual Governance Statement	In Progress	
CR03	Information Governance Steering Group	Ongoing	
CR04	Provider Invoicing	Final Report	Limited - GAC January 2022
RB01	Declaration of Interests (Members)	Final Report	Adequate – GAC April 2022
RB02	Engagement of Consultants		Deferred to 2022/23
RB03	Enterprise Business Capabilities (Oracle) – Strategic Reset Programme	Final Report	N/A – July 2022
RB04	Information Governance – DSP Toolkit	Final Report	Substantial – GAC April 2022
RB05	KCC Estate Review – Strategic Reset Programme	Ongoing	
RB06	New Grant Funding	Final Report	Substantial – GAC April 2022
RB07	People Strategy – Strategic Reset Programme	Final Report	N/A – GAC April 2022
RB08	Property Infrastructure – Functions and Processes Transferred from Gen2	Final Report	Limited – GAC April 2022
RB09	Public Health – Covid 19 Ring Fenced Grants	Final Report	High – July 2022
RB10	Schools Financial Services		Deferred to 2022/23
RB11	Strategic Reset Programme – Programme Governance	Final Report	Adequate – GAC April 2022
RB12	Contract Management (ASCH)	Final Report	Adequate – GAC July 2022
RB13	Data Protection (ASCH)	Final Report	Adequate – GAC January 2022

Ref	Audit	Status	Assurance
RB14	Individual Contracts with Care Providers (ASCH)		Deferred to 2022/23
RB15	Making a Difference Every Day (MADE) Assurance Board	Ongoing	
RB16	Provider Failure (Assurance Mapping)		Deferred to 2022/23
RB17	Safeguarding Assurance Map (ASCH)		Deferred to 2022/23
RB18	Supervision of Social Workers	Final Report	Limited – GAC July 2022
RB19	Accommodation for Young People / Care Leavers Follow Up	Final Report	N/A – GAC July 2022
RB20	Business Continuity Planning (CYPE)	Final Report	High -GAC July 2022
RB21	Change for Kent Children – Strategic Reset Programme	Ongoing	
RB22	Foster Care – Transition to Shared Lives		Deferred to 2022/23
RB23	Information Governance (CYPE)	Final Report	Substantial – GAC July 2022
RB24	Safeguarding Assurance Map Update (CYPE)		Deferred to 2022/23
RB25	School Themed Review – Corporate Credit Cards	Draft Report	
RB26	SEN Assurance Mapping		Deferred to 2022/23
RB27	Traveller Service – Site Allocation and Pitch Fee Collections	Final Report	No Assurance - GAC April 2022
RB28	Highways Term Maintenance Contract	Ongoing	
RB29	Inland Border Posts / Decision Making and Financial Management	In Progress	
RB30	Kent and Medway Business Fund	In Progress	
RB31	Kent and Medway Energy and Low Emissions Strategy		Deferred to 2022/23
RB32	New Local Infrastructure Projects Across Kent (SELEP)	Final Report	Substantial – GAC July 2022
ICT01	Cyber Security Assurance Map Update	Final Report	N/A GAC April 2022
ICT02	Information Technology Risk Management		Deferred to 2022/23
ICT03	IT Cloud Strategy, Security and Data Migration	Final Report	Adequate - GAC April 2022
ICT04	IT Data Security Audit for DSP Toolkit	Draft Report	
ICT05	Prevention of ICT Data Centre Outages Follow Up	Final Report	N/A GAC November 2021
DP1	Provider Data Protection	Final Report	Limited GAC July 2022

## Appendix B – Audit Summaries

**A1 – RB12-2022 – Contract Management (ASCH)**

Audit Opinion	<b>Adequate</b>
Prospects for Improvement	<b>Very Good</b>

The Table below shows the RAG rating of each contract against the five areas tested within the Contract Management audit.

Contract	Governance	Performance Management	Variations	Charging & Invoicing	Risk Management
Older Peoples Nursing & Residential Care	Yellow	Orange	Green	Yellow	Yellow
Care in the Home	Orange	Orange	Green	Yellow	Yellow
Kent Employment Services	Yellow	Green	Green	Yellow	Green
Key					
Controls are adequate and operating effectively					
Low to medium priority control weaknesses identified					
Medium to high priority control weaknesses identified					

**Key Strengths:**

- Contract management guidance is in place.
- Governance arrangements for managing contracts and relationship is in place.
- Regular performance reports are in place.
- Sanctions and escalation process for managing framework providers' underperformance have been written into framework contracts.
- Change control process are set out in the contracts and the contract variations examined were found to have been approved by both parties.
- Providers are notified of the agreed schedule of rates in writing, and it was found that the agreed rates are accurately setup on the Mosaic to help facilitate the invoice matching process.
- 94% of invoices submitted by the providers tested were paid in a timely manner.

**Areas for Development:**

- There is no formal contract management process in place where Care in the Home providers have individual contract placements.
- Key Performance Indicators (KPIs) are not being used as a contract management tool in respect of Care in the Home providers, as well as Older Peoples Nursing & Residential Care providers.
- ASCH inherit some placements at providers which are above its risk appetite, with full liability for risks should they materialise.
- In the event of inadequate performance, the Care in the Home framework providers tested did not give a written response to justify why and what remedial action is being taken under the agreed escalation process.
- Issues raised and recorded in the Strategic Commission's intelligence log are not assigned a risk or priority rating, and there is no evidence that high risk/priority issues are formally escalated and reported to senior management on a regular basis.
- There are a number of known system issues with the Mosaic Provider Portal (MPP) that if left unresolved may increase the level of invoicing errors/issues and may cause a delay to paying providers, which may hinder the objectives of moving provider payments to Mosaic.

**Prospects for Improvement**

Our overall opinion of Very Good for Prospects for Improvement is based on the fact that there is an adequate control framework in place for managing contracted providers, and there is increased focus on minimising the use on non-contracted providers.

**Summary of Management Responses**

Risk Rating	No. of Issues Raised	Action Plan Developed	Risk Accepted and No Action Proposed
High	1	1	0
Medium	4	4	0
Low	1	1	0

**A2. RB18-2022 Supervision of Social Workers**

Audit Opinion	<b>Limited</b>
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**Areas for Development**

- One Supervisor has been supervising for seven years without any

Prospects for Improvement	<b>Very Good</b>
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The audit identified the following strengths and areas for development:

**Key Strengths**

- Clear, up to date policies and procedures are in place to govern social work supervision. These are reviewed and updated annually.
- Regular 1 to 1 supervision of Social Workers takes place.

**Areas for Development**

- Storage of confidential client and supervision files did not always have restricted access.
- All the sampled Social Workers had a Supervision Agreement in place. However, there was not a procedure in place to review Supervision Agreements leading to out-of-date agreements. Additionally, the agreements were not always signed by both parties.
- Supervisors were not always aware of their information governance responsibilities around the retention of documents.
- Quality assurance (QA) is not consistently carried out on supervision with multiple different templates for supervision notes being used. Additionally, no QA outcomes are reported to Corporate Management Team and there is no mechanism in place to check the frequency of supervision meetings. However, Internal Audit was informed that a Quality Assurance Framework is being developed and currently in draft form which would address these issues.

supervision training, despite training being available.

- Supervision notes did not always capture the responsible officer or timescales for actions and the notes were not always signed by both parties.
- There was a lack of communication between a leaving Supervisor and a new Supervisor, to ensure regular supervision was maintained. This resulted in one Supervisee not receiving regular supervision. Supervisors and Supervisees have a joint responsibility to ensure that regular supervision is taking place. However, the Supervision Policy makes no reference to Supervisee’s having this responsibility.

**Prospects for Improvement**

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

- Management have been cooperative and have agreed actions which seek to resolve the issues identified by the audit review in full.
- The corrective actions required to control the risks identified can feasibly be implemented within a reasonable timeframe.

**Summary of Management Responses**

	<b>No. of Issues Raised</b>	<b>Action Plan Developed</b>	<b>Risk Accepted and No Action Proposed</b>
High Risk	1	1	0
Med Risk	4	4	0
Low Risk	2	2	0

### A3. RB09-2022 Public Health Covid-19 Ring-Fenced Grants

Audit Opinion	<b>High</b>
Prospects for Improvement	<b>Good</b>

#### Key Strengths

- There are robust governance and project management arrangements to ensure that expenditure is adequately monitored and controlled.
- All grants are assigned an individual Oracle Financials project code to facilitate monitoring and analysis of spend.
- Grants are captured in a central spreadsheet (Monitoring Masterfile) that helps to track and monitor spend and includes assessments, approvals, rejections, and Covid Finance Monitoring Group (CFMG) decisions.
- There is exception reporting to the CFMG, Senior Management and Members, examples including the Contain Outbreak Management Fund briefing on 24<sup>th</sup> August 2021 and the Funding Allocation Summary for endorsement by the CFMG for week commencing 9<sup>th</sup> September 2021.
- Grants are subject to close monitoring and control of spend.
- Sample testing across the four Public Health Grants confirmed that grants were spent on eligible items / services, as defined in the relevant grant determination letters and guidance.

#### Areas for Development

- Fraud risk assessments are not routinely considered and performed, and none of the grants reviewed in this audit has been subject to a fraud risk assessment. It should be noted that the potential for fraud was considered when agreeing payments from the grants, although not formally captured in a fully rounded fraud risk assessment. This observation was previously raised in New Grant Funding Audit (reference RB06-2022), that was concluded after the Public Health Covid-19 ring fenced grants were substantially spent.

#### Prospects for Improvement

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

- The lead officers for grants demonstrated good understanding of the governance framework and controls in place and of the relevant grant conditions.
- Lead officers for grants are now responsible for undertaking fraud risk assessments for any new grants received by KCC (as agreed following the New Grants audit which was finalised in April 2022).

#### Summary of Management Responses

	No. of Issues Raised	Action Plan Developed	Risk Accepted and No Action
High Risk	0	0	0
Med Risk	0	0	0
Low Risk	1	1	0

**B1 – RB20-2022 – Business Continuity Planning (CYPE)**

Audit Opinion	<b>High</b>
Prospects for Improvement	<b>Very Good</b>

Internal Audit concluded that there are strong governance arrangements in place which enable the Council to monitor and manage the Directorate's business continuity arrangements, including roles and responsibilities for oversight and sufficient budget and human resources to develop, review and maintain business continuity plans (BCPs) for the Directorate.

**Key Strengths**

- There are strong governance arrangements in place which enable the Council to monitor and manage the Directorate's business continuity planning arrangements.
- Roles and responsibilities for oversight were clear.
- There is sufficient budget and human resources to develop, review and maintain BCPs for the Directorate.
- BCPs are in place and readily accessible to relevant Officers, capturing the objectives, roles, responsibilities, and actions to be taken during an emergency event.
- Effective internal and external emergency communication methods are in place for staff, suppliers, the public and other stakeholders.
- Comprehensive business impact reviews are undertaken to identify critical services and to enable prioritisation for recovery of core business systems, including IT, and recovery of safeguarding practices.
- Risk assessments are regularly carried out and include both business continuity and operational risks.
- Responsibility for testing and training has been clearly set out and takes place through the resilience forum.
- Business continuity is built into job descriptions.
- New staff are trained on their role during their inductions.
- Communication channels are regularly tested and teams are reminded annually about their BCP's.

**Areas for Development**

- The BCP training module has not yet been rolled out across the Directorate.
- The BCP's do not capture the responsibilities and structure to be applied when taking recovery action following an incident.

**Prospects for Improvement**

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

- There are sufficient controls in place for the CYPE Directorate to fulfil their legal duty under the Civil Contingencies Act 2004.
- Internal Audit are satisfied that the findings and actions detailed within the audit will be appropriately addressed by management.

**Summary of Management Responses**

	<b>No. of Issues Raised</b>	<b>Action Plan Developed</b>	<b>Risk Accepted and No Action</b>
High Risk	0	N/A	N/A
Med Risk	0	N/A	N/A
Low Risk	2	2	0

**B2. RB19-2022 Accommodation for Young People / Care Leavers Follow Up**

Audit Opinion	N/A
Prospects for Improvement	N/A

**Follow Up Summary**

The follow-up work has identified that four of the five issues raised in the original audit have been fully implemented and closed. The four closed issues are illustrated below:

Issue	Risk Rating	Follow Up Outcomes
High-Cost Placement Panel	High	Implemented
Additional Support Hours	Medium	Implemented.
Housing Costs	High	In Progress. The Shared Accommodation Licence agreement has been delayed due to a Court Case Judgement.
Monitoring of Providers	High	Implemented
In-Touch Records	Medium	Implemented

The following new issue has been raised during the course of the follow up review:

- Liberi has yet to receive the necessary updates to incorporate the enhanced placement.

**B3 – RB23-2022 – Information Governance (CYPE)**

Audit Opinion	<b>Substantial</b>
Prospects for Improvement	<b>Very Good</b>

The aim of the audit was to provide assurance by undertaking an independent review and appraisal of the design and effectiveness of the Directorate's Information Governance arrangements and whether these are in line with the Council's procedures, protocols, and expectations. To provide assurance, Internal Audit reviewed the adequacy and effectiveness of the Council's information governance arrangements within CYPE by assessing general compliance and governance arrangements, Information Governance training and communication and the management of data breaches. This review has not assessed the Council's corporate information governance arrangements and focused only on how these are applied within the CYPE Directorate.

**Key Strengths**

- There are defined Council-wide information governance policies and procedures in place, which are applied and followed by the Directorate, and these are supplemented by CYPE-dedicated policies that are available to members of staff via a dedicated intranet page.
- Privacy notices are in place for services offered by the Directorate, which set out the purpose and procedures for processing user data depending on the nature of the activity. Three privacy notices were sampled in addition to examining the CYPE privacy notice template to assess whether these follow the Council-wide procedures, and no exceptions were identified.
- Information governance responsibilities have been assigned to named individuals. The Assistant Director has overall accountability for data protection and the CYPE Information Governance Lead has operational responsibility for managing the Directorate's information governance controls on an ongoing basis. The roles have been clearly defined as part of the individuals' job descriptions, which outline their expected responsibilities, and a significant improvement in the management of the Directorate's information governance controls was noted since a dedicated Information Governance Lead was put in place.

**Prospects for Improvement**

- Data mapping and information asset identification exercises have been conducted and there are information asset registers in place that record the information assets that the Directorate holds and processes as well as the systems that are used to process CYPE data.
- The Directorate has a defined process in place for complying with the requirements of the UK GDPR with regards to privacy by design and the rights of the individual through performing Data Protection Impact Assessments (DPIAs). Internal Audit sample tested completed DPIAs to assess whether they are conducted in line with corporate guidance and no exceptions were identified.
- The Directorate has a central record of all data breaches and near misses (using appropriate definitions/thresholds to distinguish between the two) which includes any identified actions or lessons learned as a result of the reported breaches to drive ongoing improvements.
- A dedicated training programme is in place for members of staff with compliance being recorded and monitored. At the time of this audit, the Directorate's compliance with information governance training was at 88% compared with 83% for the Council overall. The Directorate were also beginning to follow up on non-compliance as outlined below.

**Areas for Development**

- The Council has defined procedures in place for reporting data breaches, which are followed by the Directorate. Internal Audit found that 49% of the Council's total reported breaches in 2021 (389 out of 787) occurred within CYPE, however this is due to the sensitive information that is held and processed by Directorate members of staff and therefore reporting data security incidents is to be expected. The Directorate should continue to endeavour to reduce the level of data breaches. This issue has been raised before within CA06-2020 - CYPE Data Protection Deep Dive Audit undertaken in January 2020 and therefore has not been raised again here.

**Summary of Management Responses**

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

- Directorate members of staff that have not yet completed their information governance training are to be reminded to complete it and there are arrangements in place for information governance workshops and seminars to be provided at routine intervals during the year by the CYPE Information Governance Lead.

	<b>No. of Issues</b>	<b>Action Plan Developed</b>	<b>Risk Accepted and No Action</b>
High Risk	0	0	N/A
Med Risk	0	0	N/A
Low Risk	0	0	N/A

Audit Opinion	<b>Substantial</b>
Prospects for Improvement	<b>Good</b>

SELEP has three funding streams that have been awarded to fund local growth projects within Kent County Council's area: Local Growth Fund (LGF), Getting Building Funding (GBF) and Growing Places Funding (GPF).

This audit focused on the LGF grant which is the largest source of funding. Between 2015 and 2021, Kent County Council has been awarded £128.656m, which has part-funded 32 projects.

The aim of the audit was to provide assurance that appropriate governance and project management arrangements were in place for projects funded by SELEP, and that they align to the SLA.

#### Key Strengths

- There is a robust approval process for LGF projects, including sign-off of the business case by the Council's S151 officer, and approval by SELEP Accountability Board.
- Where projects are delivered by a third party, there is a grant agreement between the Council and the third party, which is aligned to the approved business case, and signed by all the parties.
- The Council has a clear and strong governance structure to provide accountability and an effective decision-making process for the management of the LGF funded schemes.
- The Council reports quarterly to SELEP on project financials, progress, milestones, delays, risks, outcomes, and outputs.
- Cabinet members for Environment and Transport are updated quarterly on high-risk projects.
- There is a dedicated Programme Manager for the LGF programme responsible for overseeing progress of the overall programme and for ensuring that risks and issues are escalated as required.
- The risks to the deliverability of each project are initially assessed in the business case and are updated by the project manager in the monthly monitoring return.

- There are established project management arrangements to ensure that projects are monitored and controlled. Each project is assigned an experienced project manager, and they meet regularly with grant recipients and external suppliers to discuss project financials, progress, risks, and issues.

#### Areas for Development

- There is no assessment of the risk of fraud at individual project or overall programme level.
- For one of the projects tested, the quarterly report to SELEP is not correctly reporting the actual spend to date for Quarters 2 and 3.
- The quarterly report to SELEP does not report on variances between actual spend to date and profile spend.
- Additional inaccuracies and inconsistencies were found in the other sections of the Quarterly report to SELEP.
- Changes to projects are not clearly identified in the quarterly report template to SELEP.
- The monitoring return from the grant recipient is the same template used internally to record financials and progress of all projects. Returns contain information about other projects, which may be confidential and shouldn't be shared with a third party.
- The Terms of Reference of the Sponsoring Group, the body which oversees the governance of the grant for the Council, is dated March 2015 and includes staff members who have left the Council.
- The quarterly update to Cabinet members does not provide a highlight report / overview of performance against the key objectives of the programme.

#### Prospects for Improvement

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

- Positive response from management to address findings raised in the report, with some already being completed.

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

Audit Opinion	<b>Substantial</b>
Prospects for Improvement	<b>Good</b>

The audit highlighted many strengths. Data analytical checks carried out by Internal Audit found no duplicate employees or payments and there is evidence to support that where payroll errors are identified, the necessary corrections are made promptly.

Areas for development include enhancing arrangements for learning lessons from processing errors and maintaining complete evidence of payroll exception reports run and how exceptions are addressed.

#### Key Strengths

- Cantium process manuals had been reviewed timely and evidence of review retained in SharePoint Logs.
- No duplicate and/ or 'ghost' employees were identified within the KCC payroll.
- A process for detecting duplicate bank accounts is in place.
- No duplicate payments were identified by Internal Audit.
- The process for confirming a new employee is genuine is adequate in design.
- Sample testing found that each employee had been entered onto Oracle accurately following appropriate authorisation.
- Testing of new starters found that none had been paid before commencement of employment.
- Arrangements for actioning amendments to pay such as sickness and maternity to the payroll are adequately controlled.
- There are adequate arrangements in place to ensure that any changes in legislative requirements are reflected in the payroll production.
- There is an appropriate checking regime for data input and changes.
- There is an adequate suite of exception reporting in place as part of the monthly payroll production.

#### Areas for Development

- The exception reporting in place could be further enhanced by identifying wider themes/ trends and be used to inform process improvements, through monthly Team leader meetings.

#### Prospects for Improvement

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

- Positive engagement from the auditee during the course of the audit and engaged positively with Internal Audit regarding identified issues and providing evidence where required.

#### Summary of Management Responses

	No. of Issues Raised	Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0	0	0
Med Risk	0	0	0
Low Risk	1	1	0

#### D2. RB03-2022 Enterprise Business Capabilities (Oracle)

Audit Opinion	<b>N/A</b>	<b>Summary</b>
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Prospects for Improvement	N/A
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There has been significant progress made on the Enterprise Business Capabilities (EBC) Programme since the last update in July 2021, with further substantial progress planned during the remainder of 2022/23. The main updates are as follows:

- The software support contract with Rimini Street continues to operate effectively.
- The migration of Oracle's platform from on-premise to the cloud has been successfully completed.
- The EBC Board is now chaired by the recently appointed Director of Technology.
- There is now a dedicated EBC Programme Manager in post.
- The EBC Board continues to be well attended by key officers, offering a wide breadth of skills and experience
- A strategic outline case (SOC) has been agreed by the EBC Board and reported to the Strategic Reset Programme Board.
- A commissioning framework has been selected for the procurement, with the procurement process anticipated to commence in Autumn 2022.

The Programme continues to be well governed and administered. However, the EBC Risk Register would benefit from review / update to ensure resource risk has been adequately identified, assessed and mitigated in accordance with the Council's risk appetite.

### D3. DP1-2022 Provider Data Protection Themed Review

#### SCOPE SUMMARY

Internal Audit have been commissioned by KCC Strategic Commissioning to undertake reviews of 23 key suppliers to provide assurance on their compliance with the Data Protection Act (DPA) 2018.

In order to provide assurance, Internal Audit reviewed the adequacy of the controls in place against the DPA Principals. On page 3 of this report there is a heat map showing a breakdown of the assessment opinions for each supplier reviewed.

Each provider was contacted via an MS Forms survey to obtain an understanding of their data protection arrangements and the related key documentation. This information will be separately provided to Strategic Commissioning.

#### OVERALL ASSESSMENT

##### Overall Assessments



■ High ■ Substantial ■ Adequate ■ Limited ■ No

High	0%
Substantial	17%
Adequate	22%
Limited	52%
No	9%

#### KEY FINDINGS - STRENGTHS

- ✓ 37% of providers were assessed overall as Adequate or better in relation Data Protection.
- ✓ The majority of providers had a Data Protection Policy in place, although these varied in quality - see Areas for Development.
- ✓ Each provider had a training programme for Data Protection in place.
- ✓ Internal Audit were informed that Sub-contracting arrangements were not used for those in our sample.

#### KEY FINDINGS – AREAS FOR DEVELOPMENT

- Approximately 52% of providers had utilised generic third-party policies in relation to Data Protection and therefore may indicate a lack of awareness of the requirements to safeguard data.
- Retention Schedules were reported to be in place for the vast majority of providers however, a large proportion of providers did not supply evidence of their existence and of those reviewed the vast majority require extra detail in order to operate effectively. It is important that adequate Retention Schedules are in place to provide assurance how KCC data is being managed.
- Records of Processing activity (ROPA) which were only in place for a small number of providers and would provide an opportunity to understand why information is required and processed.
- Destruction of Data was not always sufficiently covered in procedures and often did not adequately cover both physical and electronic records. In addition, the lack of retention schedules also caused concern as to whether data is being held beyond prescribed timescales.
- There is little reporting of the occurrence of data breaches which may suggest these are not being identified and escalated.

Grant	Description	Status
EU Interreg - Aspire	A holistic approach to lowering obesity and unemployment rates in identified communities where the two issues are linked.	2 Claims completed
EU Interreg - BEGIN	An approach to climate resilience for cities that mimics nature's potential to deal with flooding.	2 Claims completed 1 On the Spot complete
EU Interreg - BHC21	To contribute to the development of more efficient and effective vocational training services for low-skilled people and develop a generic 21st century training model to reduce unemployment rates amongst low-skilled people.	1 Claim completed 1 On the Spot complete
EU Interreg – Blueprint	Upskill 18 social enterprises to training 2000 disadvantaged individuals with the skills they require to secure new jobs linked to circular economy growth (increased recycling, reverse logistics and secondary markets).	1 Claim completed
EU Interreg – BoostforHealth Capitalisation	Supporting Kent based life sciences companies with internationalisation and in particular market entry in mainland Europe.	1 Claim completed
EU Interreg – C5A	Aims to deliver a whole system approach to water and flood risk management in response to current and future risks from climate change.	2 Claims completed 1 On the Spot completed
EU Interreg – C-CARE	To deliver a range of activities linked to Covid-19 response including: - A technology resilience voucher scheme for businesses (ED) - A green recovery voucher scheme for businesses (Environment Team) - A Covid-secure trading standards training module (Public Protection)	1 Claim completed
EU Interreg – Connected Communities	To develop co-ordinated and integrated services for older people that help make communities more resilient and take early action to prevent or delay the need for long term care.	2 Claims completed
EU Interreg – Cool Towns	Spatial adaptation for heat resilience in small and medium sized cities to minimise the heat related effects of climate change.	1 Claim completed 2 On the Spots completed
EU Interreg – DWELL	Empowerment programme enabling patients with type 2 diabetes to access tailored support giving them mechanisms to control their condition and improve their wellbeing.	1 Claim completed
EU Interreg - Empower Care	To create resilient communities and reduce individual frailty and loneliness, addressing issues facing the care of our aging population.	2 Claims completed
EU Interreg - Ensure	Making use of the community peer to peer support, which will allow societies to become proactive in addressing circumstances which create vulnerability across Kent.	2 Claims completed
EU Interreg - Experience	To provide the tools and infrastructure to capitalise on the emerging trend for personalised and local tourism experiences which provide reasons to visit at any time of the year.	1 Claim completed
EU Interreg – Green Pilgrimage	Protecting natural & cultural heritage whilst developing jobs & growth along pilgrim routes by developing low impact tourism, digitalisation, pilgrim accommodation & strengthening local traditions.	1 Claim completed
EU Interreg - H20	Overcoming barriers to integrated water and ecosystem management in lowland areas adapting to climate change.	2 Claims completed 1 On the Spot completed
EU Interreg – IMPULSE2	Support innovation in order to address the economic and societal issues facing the FCE. This project aims to support 100 Life Sciences & nutrition SMEs & production sites from the FCE area to help them to become more innovative, to connect to companies and business opportunities in other	2 Claims completed

	countries and to overcome the barriers that they face with innovation and internationalisation. The long-term benefits for SMEs will be increased knowledge, innovation capacity, international contacts, and export sales potential.	
EU Interreg - Inn2Power	Supporting Kent based companies in the offshore wind sector with internationalisation & market entry in mainland Europe.	1 Claim completed
EU Interreg - PATH2	Enabling women, families, and healthcare professionals to prevent, diagnose and successfully manage mild and moderate perinatal mental health issues.	2 Claims completed 1 On the Spot in progress
EU Interreg - Prowater	Contributing to climate adaptation by restoring the water storage of the landscape via ecosystem-based adaptation measures.	1 Claim completed 1 On the Spot completed
EU Interreg - SCAPE	Developing landscape-led design solutions for water management that make coastal landscapes better adapted and more resilient to climate change.	2 Claims completed 1 On the Spot completed
EU Interreg - SHIFT	Engaging with people over 45 years of age to develop a tailored sexual health and wellbeing model.	2 Claims completed 1 On the Spot completed
EU Interreg - SIE	Evaluating and improving business support services for SMEs specifically related to exporting and internationalisation.	
EU Interreg – STAR2Cs	Overcoming the implementation gap faced by local government adapting to climate change.	1 Claim Completed
EU Interreg – Step by Step	Seeking to increase the impact of the internationally evidenced men's sheds programme in particular employment & health outcomes.	2 Claims completed 1 On the Spot completed
EU Interreg - TICC	Implementing an integrated community team at a pilot site to work with the principles of Buurtzorg (A Dutch home-care model known for innovative use of independent nursing teams in delivering relatively low-cost care).	1 Claim completed
EU Interreg - Triple A	Supporting homeowners to adopt different low-carbon technologies in their homes.	1 Claim completed
EU Interreg - Triple C	Implementing a set of cost-effective actions to reduce flooding and erosion.	2 Claims completed
EU Interreg - Upcycle your waste	The programme will run over three years and aims to support SMEs in reducing their running costs by handling and transforming their waste into new resources for the community.	1 Claim completed
EU Interreg - USAC	Aims to develop, research, and understand the benefits of United Nations Environmental, Scientific, and Cultural Organisation (UNESCO) status for the Kent Downs Area of Outstanding Natural Beauty (AONB). It will develop new sustainable tourism initiatives that celebrate and protect our natural and cultural assets while benefitting the local economy.	2 Claims completed
Department of Health and Social Care	Public Health Test and Trace Grant.	In Progress – deferred to 2022
Department for Transport	Highways Travel Demand Management Grant.	In Progress
Department for Transport	Bus Service Operators Grant.	In Progress
Department for Transport	Additional School and College Transport Grant.	In Progress

### Appendix D - Grant Certifications for 2022/23 completed since 1/4/2022:

Grant	Description	Status
EU Interreg – Aspire	A holistic approach to lowering obesity and unemployment rates in identified communities where	1 claim completed

	the two issues are linked.	
EU Interreg – BEGIN	An approach to climate resilience for cities that mimics nature's potential to deal with flooding.	
EU Interreg - BHC21	To contribute to the development of more efficient and effective vocational training services for low-skilled people and develop a generic 21st century training model to reduce unemployment rates amongst low-skilled people.	
EU Interreg – Blueprint	Upskill 18 social enterprises to training 2000 disadvantaged individuals with the skills they require to secure new jobs linked to circular economy growth (increased recycling, reverse logistics and secondary markets).	1 claim completed
EU Interreg – BoostforHealth Capitalisation	Supporting Kent based life sciences companies with internationalisation and in particular market entry in mainland Europe.	
EU Interreg – C5A	Aims to deliver a whole system approach to water and flood risk management in response to current and future risks from climate change.	
EU Interreg – C-CARE	To deliver a range of activities linked to Covid-19 response including: <ul style="list-style-type: none"> <li>- A technology resilience voucher scheme for businesses (ED)</li> <li>- A green recovery voucher scheme for businesses (Environment Team)</li> <li>- A Covid-secure trading standards training module (Public Protection)</li> </ul>	1 claim completed
EU Interreg – Connected Communities	To develop co-ordinated and integrated services for older people that help make communities more resilient and take early action to prevent or delay the need for long term care.	
EU Interreg – Cool Towns	Spatial adaptation for heat resilience in small and medium sized cities to minimise the heat related effects of climate change.	
EU Interreg – DWELL	Empowerment programme enabling patients with type 2 diabetes to access tailored support giving them mechanisms to control their condition and improve their wellbeing.	
EU Interreg - Empower Care	To create resilient communities and reduce individual frailty and loneliness, addressing issues facing the care of our aging population.	
EU Interreg - Ensure	Making use of the community peer to peer support, which will allow societies to become proactive in addressing circumstances which create vulnerability across Kent.	
EU Interreg - Experience	To provide the tools and infrastructure to capitalise on the emerging trend for personalised and local tourism experiences which provide reasons to visit at any time of the year.	1 claim completed
EU Interreg – Green Pilgrimage	Protecting natural & cultural heritage whilst developing jobs & growth along pilgrim routes by developing low impact tourism, digitalisation, pilgrim accommodation & strengthening local traditions.	
EU Interreg - H20	Overcoming barriers to integrated water and ecosystem management in lowland areas adapting to climate change.	
EU Interreg – IMPULSE2	Support innovation in order to address the economic and societal issues facing the FCE. This project aims to support 100 Life Sciences & nutrition SMEs & production sites from the FCE area to help them to become more innovative, to connect to companies and business opportunities in other countries and to overcome the barriers that they face with innovation and internationalisation. The long-term benefits for SMEs will be increased knowledge, innovation capacity, international contacts, and export sales potential.	
EU Interreg - Inn2Power	Supporting Kent based companies in the offshore wind sector with internationalisation & market	1 claim completed

	entry in mainland Europe.	
EU Interreg - PATH2	Enabling women, families, and healthcare professionals to prevent, diagnose and successfully manage mild and moderate perinatal mental health issues.	
EU Interreg - Prowater	Contributing to climate adaptation by restoring the water storage of the landscape via ecosystem-based adaptation measures.	
EU Interreg - SCAPE	Developing landscape-led design solutions for water management that make coastal landscapes better adapted and more resilient to climate change.	
EU Interreg - SHIFT	Engaging with people over 45 years of age to develop a tailored sexual health and wellbeing model.	
EU Interreg - SIE	Evaluating and improving business support services for SMEs specifically related to exporting and internationalisation.	
EU Interreg – STAR2Cs	Overcoming the implementation gap faced by local government adapting to climate change.	
EU Interreg – Step by Step	Seeking to increase the impact of the internationally evidenced men's sheds programme in particular employment & health outcomes.	1 claim completed
EU Interreg - TICC	Implementing an integrated community team at a pilot site to work with the principles of Buurtzorg (A Dutch home-care model known for innovative use of independent nursing teams in delivering relatively low-cost care).	
EU Interreg - Triple A	Supporting homeowners to adopt different low-carbon technologies in their homes.	
EU Interreg - Triple C	Implementing a set of cost-effective actions to reduce flooding and erosion.	
EU Interreg - Upcycle your waste	The programme will run over three years and aims to support SMEs in reducing their running costs by handling and transforming their waste into new resources for the community.	
EU Interreg - USAC	Aims to develop, research, and understand the benefits of United Nations Environmental, Scientific, and Cultural Organisation (UNESCO) status for the Kent Downs Area of Outstanding Natural Beauty (AONB). It will develop new sustainable tourism initiatives that celebrate and protect our natural and cultural assets while benefitting the local economy.	
Department of Health and Social Care	Public Health Test and Trace Grant.	In progress – deferred to 2022
Department for Transport	Highways Travel Demand Management Grant.	In Progress
Department for Transport	Bus Service Operators Grant.	In Progress
Department for Transport	Additional School and College Transport Grant.	In Progress

## Appendix E – Implementation of Agreed Actions

3+ Years	Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
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CS01-2019	Payment Processing	Adequate	Issue 3 - Authorisation of manual invoices	Medium	ST	In Progress
CS01-2019	Payment Processing	Adequate	Issue 5 - Vacation Rule in iProc	Medium	ST	In Progress
ICT07-2015	PCI DSS	Limited	Issue 1 - Business Areas Processing Card Transactions	High	ST	Superseded
RB01-2018	Members Induction and Training	Adequate	Issue 2 - Mandatory Training	Medium	ST	In Progress
RB20-2019	LD Lifespan Pathway Post Implementation	Adequate	Issue 1 - Pathway Plans and Assessments	High	CYPE	In Progress
RB45-2017	National Driver Offender Retraining Scheme – Phase 2	Adequate	Issue 1 - Trainer Recruitment and Retention	High	GET	Implemented

2 - 3 Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
AD01-2020	Pension Fund Investment	Limited	Issue 11 - Accountability for Investment Advice cannot be determined from minutes of Committee Meetings	High	ST	Implemented
CA07-2019	Data Protection	Adequate	Issue 2 - Data Protection Impact Assessments - Project & Programme Management and Commissioning	Medium	ST	In Progress
CA09-2018	Departmental Governance Review – Adult Social Care and Health	Adequate	Issue 6 - Committee Terms of Reference	Medium	ST	In Progress
CS01-2019	Payment Processing	Adequate	Issue 2 - Retrospective Purchase Orders	Medium	ST	In Progress
RB02-2019	Property - Statutory Compliance	Limited	Issue 3 - Tenanted Properties – Requirement to notify KCC of Compliance Checks	Medium	ST	In Progress

1 - 2 Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
7492	Schools Admission Appeal Charges – Investigation	Advisory	Issue 5 - Finance Awareness	Medium	CYPE	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 1 - A comprehensive understanding of the Committee's duties, its Investment Strategy and its Decision-Making Procedures	Medium	ST	In Progress
AD01-2020	Pension Fund Investment	Limited	Issue 10 - Improving the Reporting, Tracking and Mitigation of Risks	High	ST	In Progress
AD01-2020	Pension Fund Investment	Limited	Issue 12 - Resources needed to manage and oversee Investment Fund Managers	High	ST	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 14 - Passing on Lessons that Key Officers have learned	Medium	ST	In Progress
AD01-2020	Pension Fund Investment	Limited	Issue 15 - Assurance that the remit of the Local Pension Board complies with Scheme Regulations and The Pensions Regulator's Code of Practice	High	ST	In Progress
AD01-2020	Pension Fund Investment	Limited	Issue 3 - Ensuring that a referenced and up to date version of the Investment Strategy Statement is available to Committee members	High	ST	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 4 - Improving the assurance that key documents comply with Statutory Regulations	Medium	ST	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 5 - Potential shortcomings in the Governance Compliance Statement, the Funding Strategy Statement and the Investment Strategy Statement	High	ST	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 6 - Mapping out Roles and Responsibilities	Medium	ST	In Progress
AD01-2020	Pension Fund Investment	Limited	Issue 7 - Procedures governing Investment Decision Making	High	ST	In Progress
CA01-2021	Annual Governance Statement	Adequate	Issue 1 - Progress Against 2017/18 & 2018/19 Issues	Medium	ST	In Progress
CA01-2021	Annual Governance Statement	Adequate	Issue 3 - Making AGS a Living Process	Medium	ST	In Progress
CA04-2020	Risk Management - Themed Report	Substantial	Issue 1 - Awareness of Risk Management Tools	Medium	ST	Implemented

CA06-2020	Data Protection Deep Dive	Adequate	Issue 1 - Record of Processing Activity (ROPA)	High	ST	In Progress
CA06-2020	Data Protection Deep Dive	Adequate	Issue 2 - Data Breaches	Medium	ST	In Progress
CA11-2019	Strategic Commissioning Overview	Adequate	Issue 2 - A universally accepted understanding of commissioning and its lifecycle	Medium	ST	Implemented
CA11-2019	Strategic Commissioning Overview	Adequate	Issue 3 - Relationships between the SC Division and directorates	Medium	ST	In Progress
CS10-2021	Urgent Payments Process	Limited	Issue 2 - Policies and Procedures	High	ST	Implemented
CS10-2021	Urgent Payments Process	Limited	Issue 3 - Cantium Procedures for CHAPS Payments	Medium	ST	Implemented
ICT02-2021	IT Access Controls/ User Accounts – for DSP Toolkit	Substantial	Issue 2 - Generic account - Liberi	Medium	CYPE	Implemented
ICT05-2020	Members ICT	Adequate	Issue 1 - ICT Support for Members	Medium	ST	In Progress
RB21-2021	Charging Arrangements	Substantial	Issue 1 - Incorrectly Charged Service users	Medium	ST	Implemented
RB32-2019	Education Psychology	Substantial	Issue 1 - Lessons Learnt	Medium	CYPE	Implemented
RB32-2020	Change for Kent Children	Adequate	Issue 6 - Performance Monitoring	Medium	CYPE	Implemented
RB37-2020	School Themed Review	Limited	Issue 2 - Recovery and Resumption	High	CYPE	Implemented
RB45-2020	Non-domestic Waste Charging	Adequate	Issue 4 - Reconciliation of iPad downloads and Worldpay Data	High	GET	In Progress

Less than 1 Year	Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
	7492	Schools Admission Appeal Charges – Investigation	Advisory	Issue 1 - Segregation of duties	Medium	CYPE	Implemented
	7492	Schools Admission Appeal Charges – Investigation	Advisory	Issue 2 - Reconciliations	Medium	CYPE	Implemented
	7492	Schools Admission Appeal Charges – Investigation	Advisory	Issue 3 - Monitoring	Medium	CYPE	Implemented
	7492	Schools Admission Appeal Charges – Investigation	Advisory	Issue 4 - Debt	High	CYPE	In Progress
	AD01-2022	Lainey's Farm Complaint	Advisory	Issue 1 - Complaint Process	Medium	ASCH	Implemented
	AD01-2022	Lainey's Farm Complaint	Advisory	Issue 2 - Policies and Procedures	High	ASCH	In Progress
	AD01-2022	Lainey's Farm Complaint	Advisory	Issue 3 - Due Diligence	High	ASCH	In Progress
	AD02-2022	Searchlight - Data Breaches	Adequate	Issue 1 - BPSS Requirements	Medium	ST	Implemented
	AD02-2022	Searchlight - Data Breaches	Adequate	Issue 2 - Communication and Awareness to Staff	Medium	ST	In Progress
	AD02-2022	Searchlight - Data Breaches	Adequate	Issue 3 - Reporting of Data Breaches in Agilisys	Medium	ST	Implemented
	CA01-2021	Annual Governance Statement	Adequate	Issue 4 - Learnt Lessons from the 2019/20 AGS Process	Medium	ST	In Progress
	CA01-2022	Annual Governance Statement	Adequate	Issue 1 - CMT/ DMT Action Logs	Medium	ST	In Progress
	CA01-2022	Annual Governance Statement	Adequate	Issue 2 - Confirmation of Compliance with CIPFA Code of Financial Management	Medium	ST	In Progress
	CA07-2021	Information Governance - Remote Working	Adequate	Issue 1 - Policies & Procedures	Medium	ST	In Progress
	CA07-2021	Information Governance - Remote Working	Adequate	Issue 2 - Staff Awareness	Medium	ST	In Progress
	CA07-2021	Information Governance - Remote Working	Adequate	Issue 3 - Data Protection Training	Medium	ST	In Progress
	CA07-2021	Information Governance - Remote Working	Adequate	Issue 4 - Risk Assessment	Medium	ST	In Progress
	CA07-2021	Information Governance - Remote Working	Adequate	Issue 5 - Corporate VPN Software Updates	Medium	ST	In Progress
	CS02-2022	General Ledger	Substantial	Issue 1 - ContrOCC Feeder System	Medium	ST	Implemented
	CS02-2022	General Ledger	Substantial	Issue 2 - Miscoding of Asylum-Seeking Young	Medium	ST	In Progress

			People Accommodation Costs			
ICT03-2021	Cyber Security - Management of Backups for Applications, Data and active Network Devices.	Adequate	Issue 1 - Backup and Recovery Policy	High	ST	Implemented
ICT03-2021	Cyber Security - Management of Backups for Applications, Data and active Network Devices.	Adequate	Issue 2 - Business Continuity Plan (BCP) Recovery Time Objectives (RTO)	High	ST	In Progress
ICT03-2021	ICT Management of Backups Applications, Data and Active Network Devices	Adequate	Issue 3 - Infrastructure Plan and ICT Strategy.	Medium	ST	Implemented
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 1 - Project documentation	High	ST	Implemented
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 2 - Resources	High	ST	In Progress
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 5 - Monitoring of Risk	Medium	ST	Implemented
RB05-2020	Purchase to Pay (P2P)	Substantial	Issue 1 - Purchases progressed without a Purchase Order	Medium	ST	In Progress
RB06-2022	New Grant Funding	Substantial	Issue 1 - Fraud Risk Assessments	Medium	ST	Not Implemented
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 03 - Means of Adjusting and Justifying the Strategic Reset Programme	Medium	ST	In Progress
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 05 - Ensuring that the SRPPB remains an Effective Governance Body	High	ST	Implemented
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 06 - Managing Internal Conflicts of Interest	Medium	ST	Implemented
RB13-2022	Data Protection (ASCH)	Adequate	Issue 1 - Improving Uptake of Mandatory Data Protection Training	Medium	ASCH	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 2 - Completing Data Protection Impact Assessments	Medium	ASCH	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 3 - Internal Escalation of a Data Breach	Medium	ASCH	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 4 - Investigating Data Breaches	Medium	ASCH	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 6 - Timeliness in Responding to Subject Access Requests	Medium	ASCH	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 7 - Data Protection Contractual Terms and Conditions	Medium	ST	Implemented

RB16-2021	Workforce – Recruitment & Retention of AMHPs	Substantial	Issue 1 - Recruitment Strategy / Policy	Medium	ASCH	Implemented
RB16-2021	Workforce – Recruitment & Retention of AMHPs	Substantial	Issue 2 - Gathering, monitoring, analysing and reporting of AMHP recruitment and retention data	Medium	ASCH	In Progress
RB18-2021	ASCH Covid-19 Response Plan	Adequate	Issue 4 - Business Continuity Testing	Medium	ASCH	Implemented

# Appendix F - Definitions

## AUDIT OPINION

### High

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

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

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

### Limited

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

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

### Substantial

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

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

### No Assurance

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

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

### Adequate

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

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

## Appendix F - Definitions

### PROSPECTS FOR IMPROVEMENT

#### Very Good

There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.

#### Good

There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.

#### Adequate

Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives

#### Uncertain

Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.

### ISSUE RISK RATINGS

#### High

There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.

#### Medium

There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.

#### Low

There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.

By: James Flannery – Counter Fraud Manager  
 To: Governance and Audit Committee – 21<sup>st</sup> July 2022  
 Subject: **COUNTER FRAUD UPDATE**  
 Classification: Unrestricted

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**Summary:**

This report details:

- The Counter Fraud activity undertaken for period April 2022 to July 2022, including reported fraud and irregularities.
- An update on the Counter Fraud Action Plan for 2022/23 covering reactive and pro-active activity.

**Recommendations:**

The Governance and Audit Committee are asked to;

- 1.1 Note the Counter Fraud Progress report for 2022/23.
- 

**Irregularity Referrals**

- 1.2 For the period 01 April 2022 to 28 June 2022, there were 59 suspected irregularities (trend analysis shown in below tables) reported to the Counter Fraud Team (compared to 63 in the same period for 2021/22). The distribution and characteristics of the irregularities reported to date show that the highest areas of financial risk this year are from mandate fraud with further attempts being made to change bank details.
- 1.3 Actual losses (fraud & error) for the period 01 April 22 to 28 June 22 is £22,927, of which £22,927 is recoverable. The main contributors to actual losses in this period are three direct payment misuse cases totalling £12,397 and a salary overpayment of £6,172.
- 1.4 Prevented total losses for 2022/23 for the period 01 April 22 to 28 June 22 is £569,966 of which a potential of £555,096 of losses occurring if the Counter Fraud Team/ Management had not intervened, the majority of this figure is due to an attempt to change bank account details.

**National Fraud Initiative (NFI)**

- 1.5 Following the release of data in 2021 the Counter Fraud Team and service leads have reviewed the majority of matches. As shown below this has seen a significant number of accounts updated to ensure data is as up to date which in turn, in accordance with the Cabinet Office guidance can result in cost avoidance and actual savings:

Report title	Number of matches	Cost Avoidance	Actual / recoverable losses
Pensions/Pension Gratuity to DWP Deceased	271		£13,767.65
Payroll to Payroll	364		£2,268
Blue Badge Parking Permit to DWP Deceased	3146	£592,825	
Concessionary Travel Passes to DWP Deceased	4852	£89,928	
<b>Totals</b>		<b>£682,753</b>	<b>£16,035</b>

- 1.6 In addition to above a number of declarations of interests of officers and members have been updated to reflect any interests they have in any companies or organisations. These have been cross checked against any decision making relating to grants or procurement to ensure that no conflicts have occurred.
- 1.7 Planning for the next round of the NFI is in progress for the 22/23 submission of data which is required by the Cabinet Office every two years.

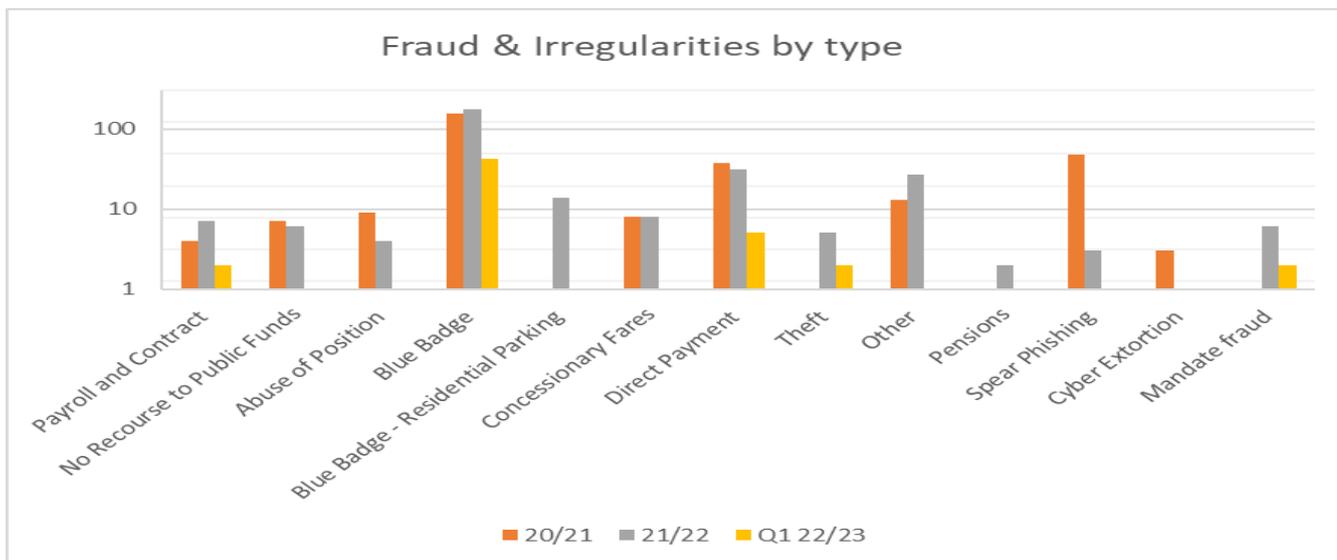
**Blue Badges**

- 1.8 Due to a change in the Counter Fraud Case Management System there has been a temporary loss of access to the referrals by district data for Quarter 1. However, three simple cautions have been issued during this period for offences relating to the misuse of blue badges. Simple cautions can only be issued if there is sufficient evidence to prosecute and the person admits to the offence and no previous offending has occurred.
- 1.9 Blue badge enforcement videos have been completed and are currently being finalised by our communications team for roll out to the District Council Parking Teams. In addition enforcement days have been arranged with a number of Districts to support them in enforcing blue badge misuse.

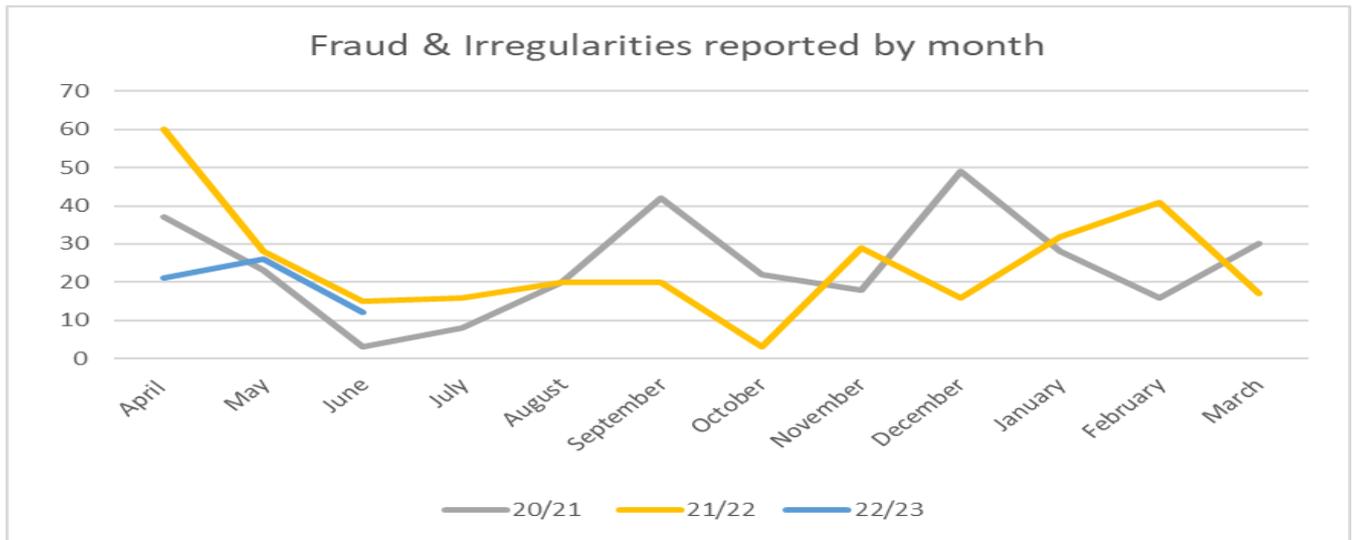
**Fraud and Irregularity Trends**

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

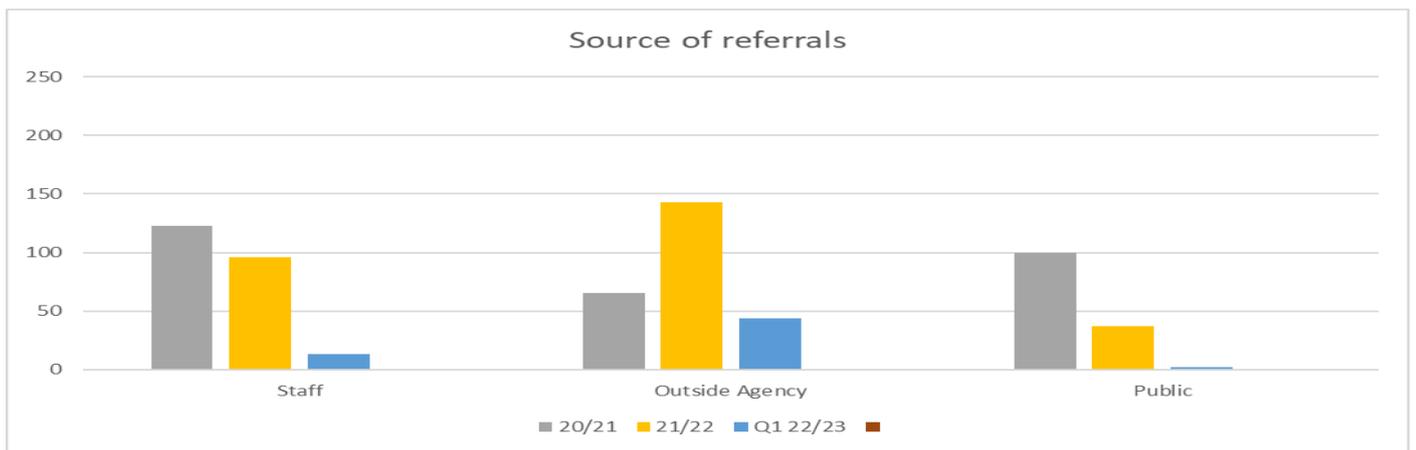
**Table CF1 - Key areas of reported fraud and irregularities**



**Table CF2 – Number of Irregularities Reported by Month**

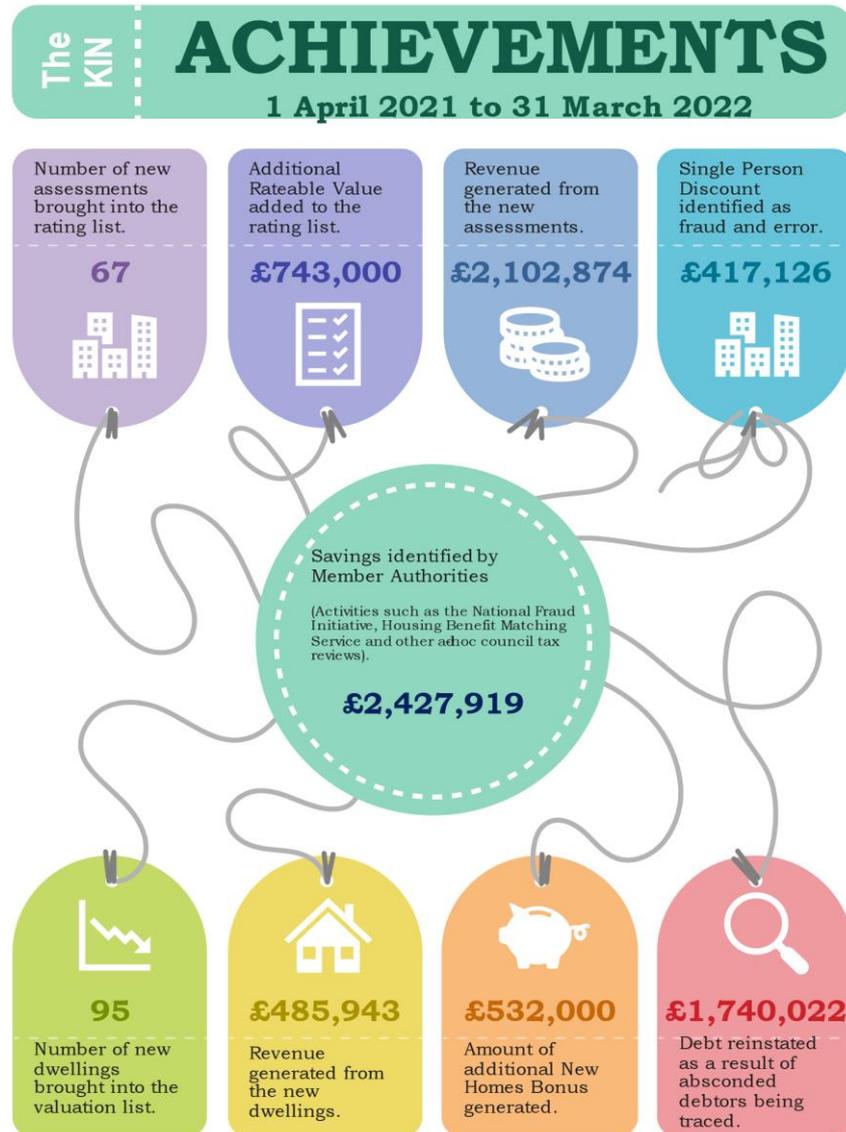


**Table CF3 – Referrals by Source**



## Kent Intelligence Network (KIN)

1.11 The KIN continues to provide valuable support to the District/Borough Councils and the outcomes for 2021/22, set out below, show the results and financial returns achieved.



1.12 67 commercial properties have been identified that were previously missing from the rating list. These properties have now been brought into the list by the Valuation Office Agency and consequently, the businesses occupying these properties are now liable for business rates.

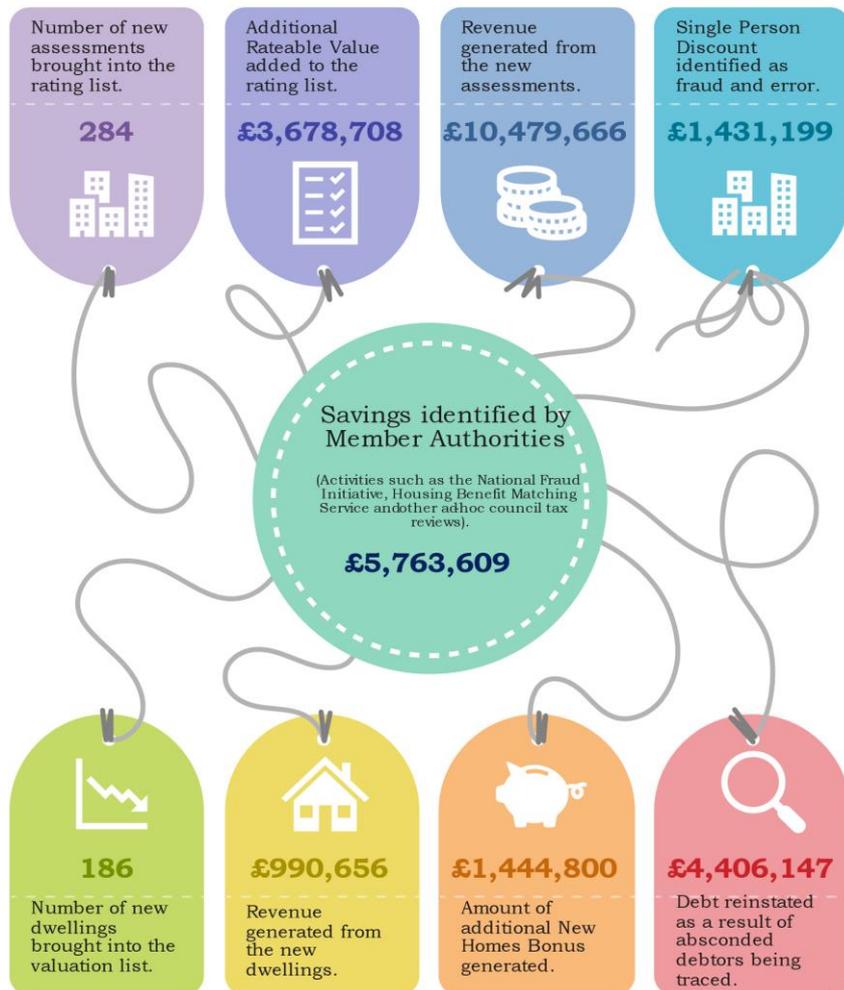
1.13 The additional business rates revenue generated from the identification of these missing properties is £2,102,874, of which broadly 9% comes to KCC, is a combination of the following:

- The total amount of business rates billed for both the current financial year and previous financial years of £1,038,825; and
- A 'future loss prevention' provision of 3 years of £1,064,049. This represents the amount of additional income that would have been lost if the respective properties had not been identified by the KIN.

- 1.14 It is also pertinent to highlight that as at 31 March 2022, there were a further 36 cases with the Valuation Agency awaiting assessment/valuation.
- 1.15 The KIN also helps to identify dwellings missing from the valuation list. So far, 95 dwellings have been identified, the majority of which are self-contained annexes missing from the list.
- 1.16 The additional council tax revenue generated from the identification of these properties is £485,943, of which broadly 73% comes to KCC, is a combination of the following:
- The total amount of council tax billed for both the current financial year and previous financial years of £95,448; and
  - A 'future loss prevention' provision of 3 years of £390,495. This represents the amount of additional income that would have been lost if the respective dwellings had not been identified by the KIN.
- 1.17 Dwellings added to the valuation list also help to generate additional New Homes Bonus (NHB) for both Districts/Boroughs and KCC. It is estimated that the 95 dwellings identified will generate £532,000 in additional NHB, of which 20% will come to KCC.
- 1.18 It is also pertinent to highlight that as at 31 March 2022, there were a further 22 cases with the Valuation Agency awaiting assessment.
- 1.19 In respect of the £1,740,022 that has been traced from absconded council tax debtors, this will generate additional income for KCC depending on the amount that is collected. Even if a bad debt provision of 30% is applied to the amount of debt brought back into recovery, KCC would broadly receive 73% of £1,218,015 and this would amount to £889,150.
- 1.20 In total, the financial benefit to KCC from the initiatives and successes detailed above amounts to £1,539,547.
- 1.21 The KIN has now completed 3 years with a dedicated Operations Manager coordinating the project. The project has moved forward at pace since 1 April 2019 and the outcomes for the 3 years, set out below, show the results and financial returns achieved.

# The KIN ACHIEVEMENTS

1 April 2019 to 31 March 2022



1.22 Using the calculations detailed above for the respective categories, this equates to additional income for KCC amounting to £4.2M.

## Counter Fraud Pro-Active Work

1.23 The Counter Fraud Pro-Active Work delivered for period April 22 to July 22 includes:

- Fraud awareness to school governors and senior leaders;
- County Safeguarding strategic group
- Fraud Culture workshop to an external client.
- Fraud briefing to Direct Payment Co-Ordinators
- Fraud briefing to HR Advisors
- Review of Emergency planning guidance to schools

## **Counter Fraud Resources**

1.24 The team comprises; 1FTE Counter Fraud Manager, 3FTE Counter Fraud Specialists, 2FTE Counter Fraud Technician, 0.8FTE Intelligence Officer and 1FTE Counter Fraud Apprentice.

## **Counter Fraud Action Plan 2021/22**

1.25 Updates to the 2022/23 Counter Fraud Action Plan can be found at **Appendix A**.

## **Conclusions**

1.26 Delivery of pro-active awareness sessions are continuing with good feedback being received on their impact and value. Reactive work is being managed within current resources, with several complex cases being progressed alongside the high-volume low complex cases.

## **Recommendations**

1.27 The Governance and Audit Committee are asked to:

- Note the Counter Fraud Update report for 2021/22.
- Note the progress of the Counter Fraud Action Plan for 2022/23.

**James Flannery, Counter Fraud Manager**

July 2022

## Appendix A: Counter Fraud Plan 2022/23

Ref	Risk Area	Activity	Update
CF-KCC01-23	Payroll, Pension, Blue Badge, Concessionary fares, Trade Creditors	Progression of NFI Data Matches – Full submission due in Q3	Due in Q3 – Project planning stage
CF-KCC02-23	Corporate Fraud	Policy, Strategy and Risk Review	Homes for Ukraine fraud risk assessment completed and passed to service. Ongoing engagement to support changing process until embedded into Business As Usual activity.
CF-KCC03-23	Corporate Fraud	Kent Intelligence Network	Out turn for 21/22 reported above. Work on the Digital Economy Act Business Case continues.
CF-KCC04-23	All risk areas to support the prevention and detection of fraud and corruption	Relationship Management Strategy for Stakeholders - Including Fraud, Bribery and Risk Assessments – new Initiatives, policies and strategies. Enhanced vetting of senior officers. Kent Fraud Panel Fighting Fraud and Corruption Locally	Enhance vetting checks being completed for senior officers.
CF-KCC05-23	All fraud risk areas faced by schools to support the prevention and detection of fraud	Pro-active Fraud Exercise - Schools	Awareness sessions delivered to: 150 School Governors 11 Senior Leaders
CF-KCC06-23	Blue Badge fraud risk	Pro-active Fraud Exercise - Blue Badges Enforcement Days and liaison with Parking Managers	Enforcement days – Planning stage
CF-KCC07-23	Social Care fraud risks - ASCH & CYPE	Review of Financial Abuse Tool Kit	Planned for Q3
CF-KCC08-23	Procurement fraud risks	Pro-active Fraud Exercise - Commissioning	In progress
CF-KCC09-23	Social Care Fraud Risks - CYPE & ASCH	To deliver fraud culture work/ awareness sessions across both CYPE and ASCH	Providing Counter Fraud Support to County Safeguarding Strategic Group and operational support on financial abuse referrals.
CF-KCC10-23	Counter Fraud Profession	Professional standards	On going
CF-KCC11-23	All risk areas to support the prevention and detection of fraud and corruption	Supporting Audit on specific audits where there is a fraud risk, through planning, fieldwork and reporting stages as required.	On going
CF-KCC12-23	All fraud risk areas	Reactive Investigations	68 Ongoing referrals and investigations
CF-KCC13-23	No Recourse to Public Funds	Review of Counter Fraud referral processes	Q3 activity.

CF-KCC14-23	All risk areas to support the prevention and detection of fraud and corruption	Fraud Awareness – Review and update of e-Learning on Delta, fraud awareness week.	In progress
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From:	Peter Oakford, Deputy Leader, and Cabinet Member for Finance, Traded and Corporate Services John Betts, Interim Corporate Director of Finance
To:	Governance and Audit Committee – 21 July 2022
Subject:	Treasury management annual review 2021-22
Classification:	Unrestricted

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**Summary:**

To report a summary of Treasury Management activity in 2021-22

**Recommendation:**

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

**FOR DECISION**

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**Introduction**

1. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that councils report on the performance of their treasury management function at least twice yearly (mid-year and at year end). Half yearly performance reports are presented to the County Council and quarterly updates are provided to the Governance and Audit Committee. Members of the Treasury Management Advisory Group (TMAG) also receive monthly updates.
2. The Council's Treasury Management Strategy for 2021-22 was approved by full Council on 11 February 2021.
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 remains central to the Council's treasury management strategy.
4. Treasury risk management at the Council is conducted within the framework of CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

5. When this report is agreed by this committee it will go forward to full Council.

### **Economic background**

6. The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.
7. Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.
8. UK CPI was 0.7% in March 2021 but then began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation was believed to be temporary. However, price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for March 2022 registered 7.0% year on year, up from 6.2% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to a 30 year high of 5.7% y/y from 5.2%.
9. The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. During the 12 months unemployment fell and the most recent labour market data for the three months to March 2022 showed the unemployment rate at 3.7%, 0.2% below pre-pandemic levels, while the employment rate rose to 75.7%. Headline 3-month average annual growth rate for wages rose to 7.0% for total pay and 4.2% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.4% while regular pay fell by 1.2%.
10. With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Q1 2022 gross domestic product (GDP) was estimated to have grown by less than expected at 0.8%, down from 1.3% in the fourth calendar quarter of 2021. During February and March 2022 GDP did not grow at all, indicating that households and businesses were already reducing activity ahead of the April surge in retail energy prices. The annual growth rate was revised down slightly to 8.7% (from 8.9%).
11. Having increased Bank Rate from 0.10% to 0.25% in December 2021, the Bank of England hiked it further to 0.50% in February and 0.75% in March 2022. At

the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

12. In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.
13. GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record 7.5% year-on-year in March, the ninth successive month of rising inflation. Core CPI inflation was 3.0% y/y in March, was well above the European Central Bank's target of 'below, but close to 2%', putting further pressure on its long-term stance of holding its main interest rate of 0%.
14. The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated its plan to reduce its asset purchase programme which could start by May 2022.

### **Financial markets**

15. The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.
16. Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.
17. The 5-year UK benchmark gilt yield began the quarter at 0.82% before rising to 1.41%. Over the same period the 10-year gilt yield rose from 0.97% to 1.61% and the 20-year yield from 1.20% to 1.82%.
18. 1-month, 3-month and 12-month SONIA bid rates averaged 0.119%, 0.235% and 0.500% respectively over the financial year.

19. The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.
20. In September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

### **Revised CIPFA Codes, Updated PWLB Lending Facility Guidance**

21. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and twelve examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing, and treasury management.
22. CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20 December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.
23. The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023-24 financial year if they wish. The Council has decided to delay changes in reporting requirements to the 2023-24 financial year.
24. To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the CFR unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.
25. Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

26. Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.
27. The Council will follow the same process as for the Prudential Code, i.e., delaying changes in reporting requirements to the 2023-24 financial year.

### Local context

28. 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.
29. Lower official interest rates have reduced the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council therefore pursued its strategy of keeping borrowing and investments below their underlying levels, known as internal borrowing, in order to reduce risk and keep interest costs low.
30. At 31 March 2022 the Council had borrowed £826m and invested £463.8m 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. These are shown in the following table.

	<b>31 Mar 2022 Actual £m</b>
Loans CFR	1,048.2
External borrowing	-826.0
<b>Internal borrowing</b>	<b>222.2</b>
Less: balance sheet resources	-686.0
<b>Treasury investments</b>	<b>463.8</b>

31. The treasury management position at 31 March 2022 and the change over the year is shown in the following table.

	31 Mar 2022	2021-22	31 Mar 2022	31 Mar 2022
	Balance £m	Movement £m	Balance £m	Average Rate %
Long-term borrowing	853.7	-27.7	826.0	4.47
<b>Total borrowing</b>	<b>853.7</b>	<b>-27.7</b>	<b>826.0</b>	<b>4.47</b>
Long-term investments	261.1	35.3	296.4	4.16
Short-term investments	105.4	-68.9	36.5	0.82
Cash and cash equivalents	135.0	-4.1	130.9	0.50
<b>Total investments</b>	<b>501.5</b>	<b>-37.7</b>	<b>463.8</b>	<b>2.11</b>
<b>Net borrowing</b>	<b>352.2</b>	<b>10.0</b>	<b>362.2</b>	

### Borrowing update

32. The Council is not planning to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.

### Borrowing strategy

33. At 31 March 2022 the Council held £825.97m of loans, a reduction of £27.76m from 31 March 2021 as part of its strategy of funding previous years' capital programmes. The year-end borrowing position and the year-on-year change are shown in the table below.

#### Borrowing Position

	31 Mar 2022	2021-22	31 Mar 2022	31 Mar 2022	31 Mar 2022
	Balance	Movement	Balance	Average Rate	Value Weighted Average Life
	£m	£m	£m	%	yrs.
Public Works Loan Board	449.61	-22.67	426.94	4.70%	15.69
Banks (LOBO)	90.00	0.00	90.00	4.15%	41.88
Banks (Fixed Term)	291.80	0.00	291.80	4.40%	36.51
Streetlighting project	22.32	-5.09	17.23	1.58%	10.88
<b>Total borrowing</b>	<b>853.73</b>	<b>-27.76</b>	<b>825.97</b>	<b>4.47%</b>	<b>25.80</b>

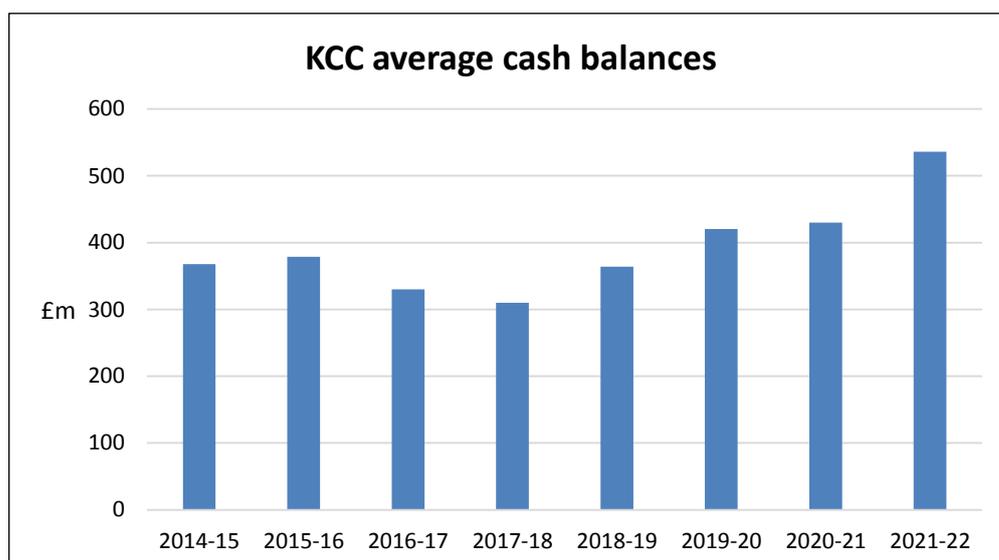
34. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

35. The benefits of internal borrowing are monitored regularly against the potential for incurring additional costs and the Council's Treasury Advisor, Arlingclose has assisted it with this 'cost of carry' and breakeven analysis. The Council's strategy has enabled it to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
36. The Council continues to hold £90m of 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

37. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
38. KCC holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During 2021-22 the Council's average investment balance was £536m. Balances fluctuated during the year falling at the year end to £463.8m as a result of higher cash outflows at the end of the financial year, than previously forecasted.

#### Average investment balances 2014 – 22



39. At 31 March 2022 the Council held some £135.9m in bank call accounts and in Money Market Funds with same day access to cover urgent payments and enhance the Council's liquidity.

40. At 31 March 2022 the value of the Council's investments in pooled funds was £189.5m, 40.8% of its total cash.
41. The year-end investment position and the year-on-year change are shown in the table below.

	31 Mar 2021	2021-22	31 Mar 2022	31 Mar 2022	31 Mar 2022
	Balance	Movement	Balance	Rate of Return	Average Credit Rating
	£m	£m	£m	%	
Bank Call Accounts	45.0	-40.0	5.0	0.01	A+
Money Market Funds	135.0	-4.1	130.9	0.52	A+
Local Authorities	51.0	-51.0	0.0		
Covered Bonds	79.7	11.3	91.0	0.93	AAA
DMO Deposits (DMADF)	9.4	10.1	19.5	0.10	AA-
Government Bonds	0.0	12.0	12.0	0.40	AA-
No Use Empty Loans	6.1	8.5	14.6	1.50	
Equity	1.3	0.0	1.3		
<b>Internally managed cash</b>	<b>327.4</b>	<b>-53.1</b>	<b>274.3</b>	<b>0.62</b>	<b>AA</b>
<b>Strategic Pooled Funds</b>	<b>174.1</b>	<b>15.4</b>	<b>189.5</b>	<b>4.16</b>	
<b>Total</b>	<b>501.5</b>	<b>-37.7</b>	<b>463.8</b>	<b>2.11</b>	

42. 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.

### Internally managed investments

43. Ultra-low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on sterling low volatility net asset value (LVNAV) Money Market Funds being close to zero even after some managers have temporarily waived or lowered their fees. However, higher returns on cash instruments followed the increases in Bank Rate in December, February, and March. At 31 March, the 1-day return on KCC's MMFs ranged between [0.49% - 0.55% p.a].
44. Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) initially remained very low with rates ranging from 0% to 0.1% but following the hikes to policy rates increased to between 0.55% and 0.85% depending on the deposit maturity. The average return on the KCC's DMADF deposits was [0.03%].

45. 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.

Investment Benchmarking

	<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%
<b>31.03.2022</b>	<b>3.17</b>	<b>AA</b>	<b>53%</b>	<b>290</b>	<b>2.13%</b>
Similar LAs	4.14	AA-	39%	1,640	1.42%
All LAs	4.39	AA-	60%	14	0.97%

46. Details of the Council's investment position at 31 March 2022 are reported in Appendix 1.

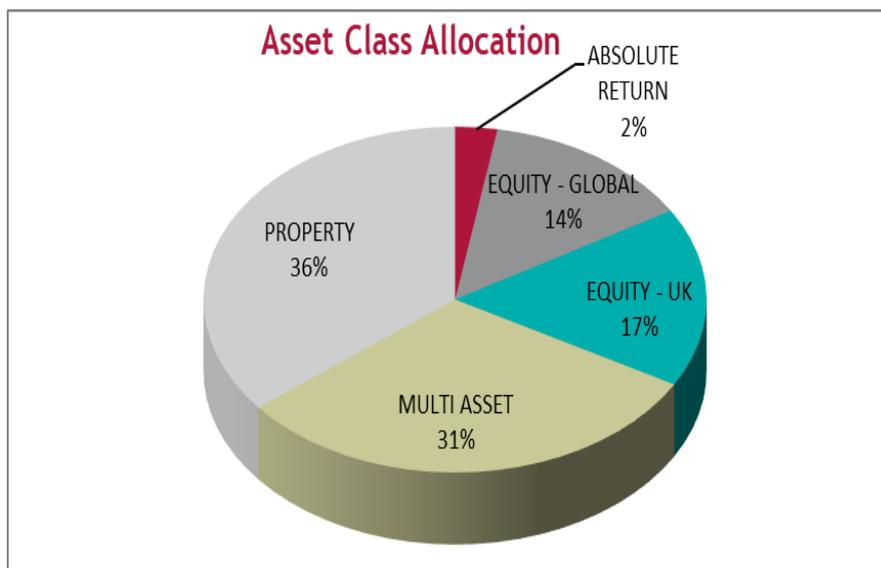
**Externally managed investments**

47. The Council has invested £180m in bond, equity, multi-asset, and property funds.
48. In the nine months to December improved market sentiment was reflected in equity, property, and multi-asset fund valuations and, in turn, in the capital values of the Council's property, equity and multi-asset income funds in the Council's portfolio. The prospect of higher inflation and rising bond yields did however result in muted bond fund performance. In the January- March quarter the two dominant themes were tighter UK and US monetary policy and higher interest rates, and the military invasion of Ukraine by Russia in February, the latter triggering significant volatility and uncertainty in financial markets.
49. In light of Russia's invasion, the managers of our MMF and strategic funds were contacted, and they confirmed that no direct exposure to Russian or Belarusian assets had been identified. Indirect exposures were immaterial. It should be noted that any assets held by banks and financial institutions (e.g., from loans to companies with links to those countries) within MMFs and other pooled funds cannot be identified easily or with any certainty as that level of granular detail is unlikely to be available.
50. Details of the externally managed pooled funds are shown in the following table.

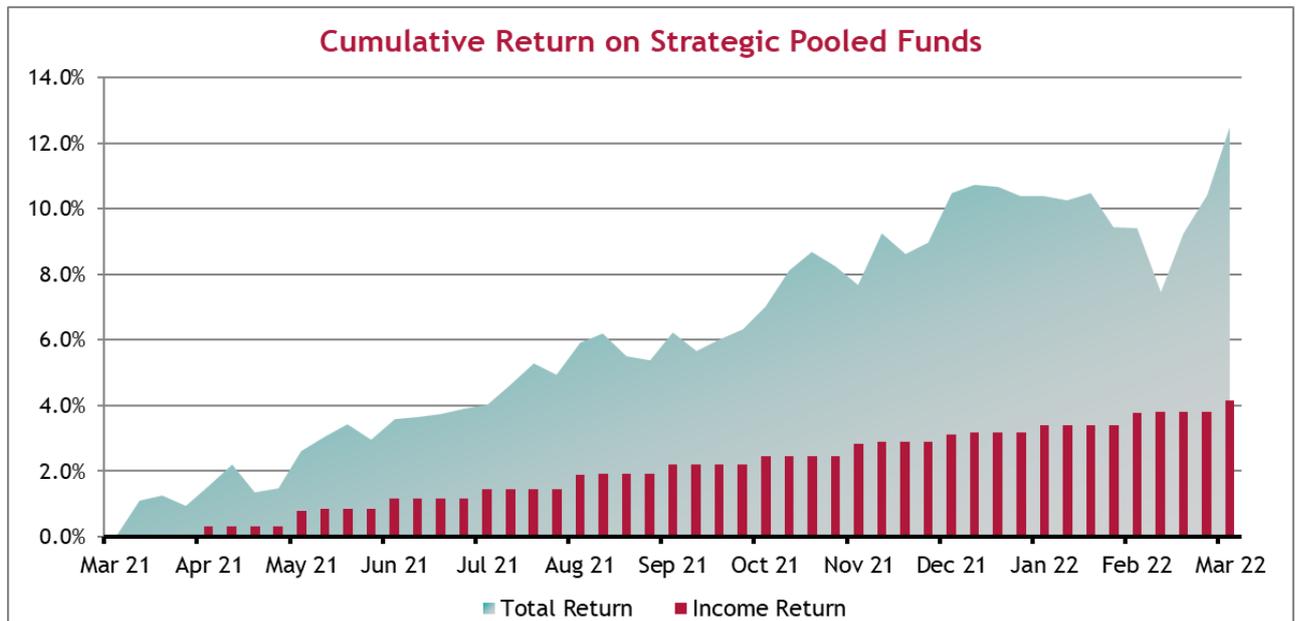
## Externally Managed Investments

		31 Mar 2021	2021-22	31 Mar 2022	31 Mar 2022	31 Mar 2022
Investment Fund	Book cost	Market Value	Movement	Market Value at	12 months return	12 months return
	£m	£m	£m	£m	Income	Total
Aegon (Kames) Diversified Monthly Income Fund	20.0	20.2	-0.1	20.1	4.98%	4.82%
CCLA - Diversified Income Fund	5.0	5.0	0.2	5.2	2.50%	7.13%
CCLA – LAMIT Property Fund	60.0	57.1	10.5	67.6	3.88%	21.43%
Fidelity Global Multi Asset Income Fund	25.0	24.7	-0.8	23.9	4.28%	1.13%
M&G Global Dividend Fund	10.0	12.2	1.8	14.0	3.16%	17.79%
Ninety-One (Investec) Diversified Income	10.0	10.1	-0.5	9.6	3.58%	-1.22%
Pyrford Global Total Return Sterling Fund	5.0	5.0	0.1	5.1	1.64%	3.65%
Schroder Income Maximiser Fund	25.0	19.4	2.1	21.5	7.13%	18.01%
Threadneedle Global Equity Income Fund	10.0	10.9	1.0	11.9	2.73%	11.38%
Threadneedle UK Equity Income Fund	10.0	9.6	0.6	10.2	3.37%	9.62%
<b>Total External Investments</b>	<b>180.0</b>	<b>174.1</b>	<b>15.0</b>	<b>189.0</b>	<b>4.15%</b>	<b>12.50%</b>

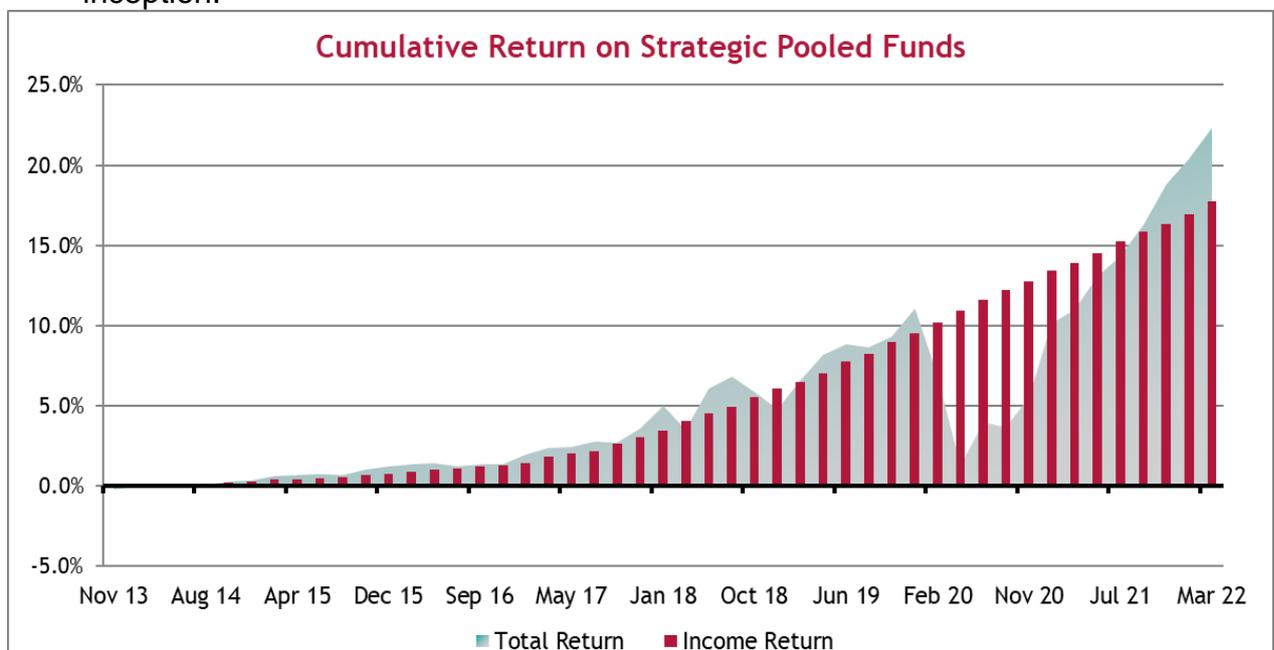
51. A breakdown of the external investments by asset class is as follows:



52. **Performance YTD:** The following chart tracks the returns earned on the pooled funds over the 12 months to end March 2022.



53. **Performance since inception:** KCC initially invested in pooled funds in 2013. The total cost of this investment was £180m and during the 9 years the pooled funds have achieved an income return of £36.41m, 17.76% (4.12% pa) while the capital value of the portfolio has risen by £9.39m, 4.58%. The following chart tracks the returns earned on the pooled funds over the period from inception.



## Financial outturn

54. The Council's total investment income for the year was £7.7m, £1.6% on funds held. The above benchmark return reflects the investment in the pooled and spread of cash investments as detailed in the table at paragraph 41 above.

## Compliance with treasury management indicators

55. The Interim Corporate Director of Finance reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific borrowing and investment limits is demonstrated in the tables below.

### Debt Limits

	<b>31 Mar 2022 Actual</b>	<b>2021-22 Operational Boundary</b>	<b>2021-22 Authorised Limit</b>	<b>Complied?</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Borrowing	826	991	1,016	Yes
PFI and Finance Leases	245	245	245	Yes
<b>Total debt</b>	<b>1,071</b>	<b>1,236</b>	<b>1,261</b>	

### Investment limits

	<b>Limit</b>	<b>31 Mar 2022 Actual</b>	<b>Complied?</b>
	<b>£m</b>	<b>£m</b>	
Any single local authority	25	Nil	Yes
Any single supranational bank	20	Nil	Yes
Any single Non-UK Government institution	20	Nil	Yes
Any single UK bank	15	Nil	Yes
Council's banking services provider	20	5	Yes
Overseas banks - unsecured	20	Nil	Yes
Short-term Money Market Funds	20	20	Yes
Cashplus / short bond funds	20	Nil	Yes
Any single covered bond issuer	20	16	Yes
Total covered bond portfolio	100	91	Yes
Reverse repurchase agreements	20	Nil	Yes
Corporates (non- financials)	2	Nil	Yes
Registered Providers	10	15	Yes

Total Loans	20	30	Yes
Absolute Return funds	25	5	Yes
Multi Asset Income funds	25	25	Yes
Property funds	75	60	Yes
Bond funds	25	Nil	Yes
Equity Income Funds	25	25	Yes
Real Estate Investment Trusts	25	Nil	Yes
Total Pooled funds and real estate investment trusts	250	180	Yes

### Treasury Management Indicators

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

57. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Actual 31 Mar 2022	Target	Complied?
Portfolio average credit rating	AA	AA	Yes

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

Liquidity risk indicator	Actual 31 Mar 2022	Target	Complied?
Total cash available within 3 months	£167.3m	£100m	Yes

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

Interest rate risk indicator	Actual 31 Mar 2022	Upper Limit
One-year revenue impact of a 1% <u>rise</u> in interest rates	£756k	£10m
One-year revenue impact of a 1% <u>fall</u> in interest rates	-£706k	-£10m

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

	<b>Actual 31 Mar 2022</b>	<b>Upper limit</b>	<b>Lower limit</b>	<b>Complied?</b>
Under 12 months	2.14%	100%	0%	Yes
12 months and within 5 years	10.55%	50%	0%	Yes
5 years and within 10 years	0.00%	50%	0%	Yes
10 years and within 20 years	25.86%	50%	0%	Yes
20 years and within 40 years	34.69%	50%	0%	Yes
40 years and longer	26.77%	50%	0%	Yes

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

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

	<b>Actual</b>	<b>Limit</b>	<b>Limit</b>
<b>Price risk indicator</b>	<b>31 Mar 2022</b>	<b>2022-23</b>	<b>2023-24</b>
Principal invested beyond year end	£296.4m	£300m	£300m

### Recommendation

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

**Nick Buckland**  
**Head of Pensions and Treasury**  
[Nick.buckland@kent.gov.uk](mailto:Nick.buckland@kent.gov.uk)  
**Ext: 03000 413984**  
**July 2022**

**Appendices:**

- 1 Investments as of 31 March 2022**
- 2. Glossary of local authority treasury management terms**

## Investments as of 31 March 2022

### 1. Internally Managed Investments

#### 1.1 Term deposits, Call accounts and Money Market Funds

Instrument Type	Counterparty	Principal Amount £	Interest Rate	End Date
Treasury Bills	DMO	6,997,906	0.060%	09/05/22
Treasury Bills	DMO	4,978,280	0.875%	12/09/22
<b>Total Treasury Bills</b>		<b>11,976,186</b>		
Fixed Deposits	DMADF (Debt Management Account Deposit Facility)	19,500,000	0.095%	25/04/22
<b>Total DMADF</b>		<b>19,500,000</b>		
Call Account	National Westminster Bank plc	5,000,000	0.01%	
<b>Total Bank Call Accounts</b>		<b>5,000,000</b>		
<b>No Use Empty Loans</b>		<b>14,610,091</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	LGIM GBP Liquidity Class 4	19,997,184	0.5526%	
Money Market Funds	Deutsche Managed GBP LVNAV Platinum	19,828,930	0.4867%	
Money Market Funds	Aviva Investors GBP Liquidity Class 3	19,994,569	0.5264%	
Money Market Funds	Aberdeen GBP Liquidity Class L3	19,994,014	0.4976%	
Money Market Funds	Federated Hermes Short-Term Prime Class 3	14,995,230	0.4995%	
Money Market Funds	HSBC GBP Liquidity Class F	16,051,995	0.5109%	
Money Market Funds	Northern Trust GBP Cash Class F	19,998,273	0.5595%	
<b>Total Money Market Funds</b>		<b>130,860,195</b>		
<b>Equity and Loan Notes</b>	Kent PFI (Holdings) Ltd	<b>1,298,620</b>		n/a

### Bond Portfolio

Bond Type	Issuer	Adjusted Principal	Coupon Rate	Maturity Date
		£		
Fixed Rate Covered Bond	Leeds Building Society Bonds	4,202,100	1.29%	17/04/23
Fixed Rate Covered Bond	Bank of Scotland - Bonds	4,366,598	1.71%	20/12/24
Fixed Rate Covered Bond	Bank of Scotland - Bonds	6,794,066	0.43%	20/12/24
Floating Rate Covered Bond	Santander UK - Bonds	5,000,649	0.75%	16/11/22
Floating Rate Covered Bond	Lloyds - Bonds	2,500,975	1.51%	27/03/23
Floating Rate Covered Bond	Lloyds - Bonds	2,500,730	1.52%	27/03/23
Floating Rate Covered Bond	Lloyds - Bonds	5,001,721	1.42%	27/03/23

Floating Rate Covered Bond	Nationwide Building Society - Bonds	4,501,504	0.83%	12/04/23
Floating Rate Covered Bond	Nationwide Building Society - Bonds	5,581,003	0.75%	12/04/23
Floating Rate Covered Bond	Bank of Montreal - Bonds	5,001,669	0.88%	17/04/23
Floating Rate Covered Bond	Nationwide Building Society - Bonds	4,003,083	1.15%	10/01/24
Floating Rate Covered Bond	Santander UK - Bonds	2,001,344	1.45%	12/02/24
Floating Rate Covered Bond	TSB Bank - Bonds	2,501,679	1.62%	15/02/24
Floating Rate Covered Bond	Royal Bank of Canada - Bonds	1,804,007	1.00%	03/10/24
Floating Rate Covered Bond	Royal Bank of Canada - Bonds	9,035,734	0.55%	03/10/24
Floating Rate Covered Bond	Royal Bank of Canada - Bonds	5,043,786	0.27%	30/01/25
Floating Rate Covered Bond	Bank Of Nova Scotia Bonds	5,120,029	0.78%	14/03/25
Floating Rate Covered Bond	Canadian Imperial Bank of Commerce - Bonds	5,145,136	0.83%	15/12/25
Floating Rate Covered Bond	National Australia Bank - Bonds	5,151,865	0.67%	15/12/25
Floating Rate Covered Bond	Bank of Nova Scotia	720,939	0.81%	26/01/26
Floating Rate Covered Bond	Yorkshire Building Society - Bonds	3,008,642	0.72%	18/01/27
Floating Rate Covered Bond	Yorkshire Building Society - Bonds	2,003,956	0.74%	18/01/27
<b>Total Bonds</b>		<b>90,991,215</b>		

**Total Internally managed investments**

**274,236,307**

## 2. Externally Managed Investments

Investment Fund	Book Cost	Market Value at	12 months return to	
	£	31 Mar 2022	31 Mar 2022	
		£	Income	Total
Aegon (Kames) Diversified Monthly Income Fund	20,000,000	20,116,846	4.98%	4.82%
CCLA - Diversified Income Fund	5,000,000	5,183,050	2.50%	7.13%
CCLA - LAMIT Property Fund	60,000,000	67,555,020	3.88%	21.43%
Fidelity Global Multi Asset Income Fund	25,038,637	24,120,813	4.28%	1.13%
M&G Global Dividend Fund	10,000,000	14,102,780	3.16%	17.79%
Ninety-One (Investec) Diversified Income Fund	10,000,000	9,622,179	3.58%	-1.22%
Pyrford Global Total Return Sterling Fund	5,000,000	5,194,637	1.64%	3.65%
Schroder Income Maximiser Fund	25,000,000	21,501,301	7.13%	18.01%
Threadneedle Global Equity Income Fund	10,000,000	11,898,810	2.73%	11.38%
Threadneedle UK Equity Income Fund	10,000,000	10,193,123	3.37%	9.62%

<b>Total External Investments</b>	<b>180,038,637</b>	<b>189,488,556</b>	<b>4.15%</b>	<b>12.50%</b>
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### **3. Total Investments**

<b>Total Investments</b>	<b>£463,724,863</b>
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## GLOSSARY

### Local Authority Treasury Management Terms

Authorised limit	The maximum amount of debt that a local authority may legally hold, set annually in advance by the authority itself. One of the Prudential Indicators.
Bail-in	A method of rescuing a failing financial institution by cancelling some of its deposits and bonds. Investors may suffer a haircut but may be given shares in the bank as part compensation. See also bail-out.
Bail-out	A method of rescuing a failing financial institution by the injection of public money. This protects investors at the expense of taxpayers. See also bail-in.
Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
Capital Financing Requirement (CFR)	A 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.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Certainty rate	Discount on PWLB rates for new loans borrowed, available to all local authorities that provide a forecast for their borrowing requirements.
Collateral	Assets that provide security for a loan or bond, for example the house upon which a mortgage is secured.
Collective investment scheme	Scheme in which multiple investors collectively 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').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Credit risk	The risk that a counterparty will default on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a loan, deposit or bond. Contrast with equity.

	(2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Discount	(1) The amount that the early repayment cost of a loan is below its principal, or the price of a bond is below its nominal value. See also premium.  (2) To calculate the present value of an investment taking account of the time value of money.
Discount rate	The interest rate used in a present value calculation
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
EIP	Equal instalments of principal. A method of repaying a loan where the principal is repaid over the life of the loan, in equal instalments. Interest payments reduce over time as the principal is repaid.
Equity	An investment which usually confers ownership and voting rights
Equity fund	A collective investment scheme that mainly invests in company shares
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
Gilt yield	Yield on gilts. Commonly used as a measure of risk-free long-term interest rates in the UK
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
IMF	International Monetary Fund
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Internal	A local government term for when actual “external” debt is below the capital financing

borrowing	requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed
Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets
LOBO	Lender's Option Borrower's option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower's interest rate risk and the loan should therefore attract a lower rate of interest initially
Long-term	Usually means longer than one year
Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid.  (2) A type of loan where the principal is only repaid on the maturity date
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Money Market Fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
Operational risk	The risk that fraud, error or system failure leads to an unexpected loss
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Price risk	The risk that unexpected changes in market prices lead to an unplanned loss. Managed by diversifying across a range of investments
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by

	law to have regard to the Prudential Code. The Code was updated in December 2021
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
Registered Provider of Social Housing (RP)	An organisation that is registered to provide social housing, such as a housing association.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an unplanned loss. Managed by maintaining a smooth maturity profile
REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
Revolving credit facility (RCF)	A loan facility that can be drawn, repaid and (usually) re-drawn at the borrower's discretion. Interest is payable on drawn amounts, and a commitment fee is often payable in undrawn amounts.
Secured investment	An investment that is backed by collateral and is therefore normally lower credit risk and lower yielding than an equivalent unsecured investment
Share	An equity investment, which usually also confers ownership and voting rights
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. Replaced LIBOR from the end of January 2022
Strategic funds	Collective investment schemes that are designed to be held for the long-term, comprising strategic bond funds, diversified income funds, equity funds and property funds
T-bill	Treasury bill - a bill issued by a government
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
Weighted average life (WAL)	The average time to maturity of an investment portfolio, weighted by the size of the investment and normally expressed in days
Weighted average maturity (WAM)	the average time to the next interest rate reset on an investment portfolio, weighted by the size of the investment and normally expressed in days. A portfolio of fixed rate investments will have a WAM identical to its WAL.
Yield	A measure of the return on an investment, especially a bond. The yield on a fixed rate bond moves inversely with its price



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By: Ben Watts, General Counsel (Monitoring Officer)  
To: Governance and Audit Committee – 21 July 2022  
Subject: Review of the Governance and Audit Committee  
Classification: Unrestricted

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## 1. Background

- a. Building on a series of discussions about the development of this Committee, on 25 January 2022, the Committee agreed to CIPFA being commissioned to conduct a review.
- b. The interim findings of the review were discussed at a briefing session on 27 April 2022.
- c. The final report is now ready for the consideration of the Committee.

## 2. Recommendation:

The Committee is asked to DISCUSS the report and recommendation of the report commissioned from CIPFA.

## 3. Background Documents

None.

## 4. Report Author and Relevant Director

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# Review of the Governance and Audit Committee

Kent County Council

11 July 2022

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## Introduction

CIPFA has recently completed a review of the operation of the Governance and Audit Committee at Kent County Council. The Committee has made progress in improving its effectiveness in recent years and is now looking for further ideas to take its development forward. The aims of the review were to:

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

## Methodology

We undertook the following work:

1. Meeting eight of the ten members and the independent member of the Committee to obtain their views on what works well and what needs to be improved.
2. Meeting the key officers who work with the Committee to understand their role in relation to it and to gain their perspective on what works and what needs improving.
3. Reviewing the terms of reference of the Committee and meetings of the Governance and Audit Committee (July 2020 – January 2022) using published Committee papers. Observing the meetings on 30 November 2021 and 25 January 2022 and attending part of the meeting on 27 April 2022.
4. Using CIPFA's guidance<sup>1</sup> on audit committees and its experience of working with other audit committees to review how effectively the Governance and Audit Committee has been operating.

## Summary of findings

The Governance and Audit Committee has demonstrated and continues to demonstrate some good practices to build on. In particular, questioning is generally focussed on the key matters. However, the Committee's terms of reference is missing some of the key areas highlighted in the CIPFA guidance and includes items that should be dealt with by other committees. Revising the Committee's terms of reference would help to clarify its purpose, enabling it to focus on material matters and avoid scope creep. Improving the focus of the Committee will also support it in making an impact across the Council.

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<sup>1</sup> CIPFA produced its updated Audit Committee Position Statement and guidance for Audit Committees during the period of this review and it is these documents that have been used. The guidance had not been published at the time of the review and we worked from a final draft.

Further details are given below and we look forward to working with the Committee and officers to develop an action plan to take the Governance and Audit Committee forward.

## Governance and Audit Committee terms of reference

We compared Kent's Governance and Audit Committee terms of reference to the sample terms of reference in the 2022 CIPFA audit committee guidance and noted the following:

- There is no over-arching statement of purpose, which would set out the philosophy and role of the Governance and Audit Committee and why it is important to the Council.
- There is no explicit reference to a number of areas that we would expect an audit committee to cover (ethical framework, internal controls, value for money and Annual Governance Statement). Most of these areas were, however, discussed by the Committee. In addition, references to other areas need expanding to cover the breadth of the Committee's role.
- It includes one item that is inappropriate for an audit committee and which should be addressed by a scrutiny committee or a policy-making committee (receiving 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). We also noted other matters being discussed that were not in the terms of reference and could or should be dealt with elsewhere (annual review of insurance, regional growth fund and annual customer feedback report).
- The Committee needs to take care in relation to its activities around treasury management, focussing on reviewing activities. It must not get involved in looking at strategy and making policy. CIPFA provides guidance on treasury management governance that sets the different roles out clearly<sup>2</sup>.
- The wording in the terms of reference could be improved to make the Committee's role clearer and to avoid scope creep. For example, there are references to 'ensuring' that matters are addressed/outcomes are achieved rather than 'monitoring' matters, which may have encouraged the Committee to get into inappropriate levels of detail.
- There is no guidance on how the Committee fits in with other committees nor how it is held to account.

We have provided the details of our review against the terms of reference separately.

### (Recommendation 1)

## Agenda and meeting management

In common with many audit committees, the agenda for Kent's Governance and Audit Committee contains many items and it is difficult to do each item justice while keeping the meeting to a reasonable length. The agenda could be reduced by:

- Removing the items referred to above that should not be part of an audit committee's remit
- Receiving some quarterly reports half-yearly and more frequently only by exception

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<sup>2</sup> Treasury Management in the Public Services, Code of Practice and Cross-Sectorial Guidance Notes, CIPFA, 2021

- Changing the focus of reports to concentrate on problems, changes and the future rather than repeating information routinely
- Reviewing policies outside the committee meeting cycle and only bringing those where there is disagreement to the Committee
- Receiving items for assurance, national reports and similar matters outside the agenda cycle and only bringing those where there are matters to discuss to the Committee
- Dealing with trivial questions outside the meeting and focussing only on material matters in the meeting.

**(Recommendation 2)**

## Governance and Audit Committee members

Committee meetings were well attended, with substitutes used when a member cannot be present. The use of substitutes is not generally recommended and any substitutes should be well-briefed and trained (as is required by the committee's terms of reference) in the same way as a regular audit committee member.

Audit committees can be technically complex and a few members mentioned that they would have liked a better induction, especially for those who are new to local government. Some of this may have been a consequence of virtual working during the pandemic. If there is insufficient time for formal training before the first Audit Committee meeting of the year, it is important that members are properly briefed to enable them to perform their role effectively, especially if this first meeting includes examining the accounts. Members generally said that they would prefer training to be 'drip fed' at the appropriate point in the committee cycle. Training needs to be discursive and not just be a means to disseminate knowledge and information. Training on the philosophy of the committee as well as its activities would be appreciated and would help keep the focus of the Committee on the critical items.

**(Recommendation 3)**

We were pleased to note that the Governance and Audit Committee includes an independent member. Independent audit committee members are recommended in the revised CIPFA guidance and can be a valuable resource to the committee:

- They can fill skills gaps in the membership
- They send a powerful message about the independence of the committee
- They provide continuity and corporate memory for a committee where the membership can change frequently.

To make the most of the independent member, we suggest that the term be extended to four years from the current two, ensuring that it crosses over the electoral cycle.

The Government announced (1 June 2022) that every public sector audit committee must have an independent member and legislation is to be introduced to this effect. CIPFA recommends appointing at least two independent members.

**(Recommendation 4)**

In the past, directors have not been routinely invited to attend the Committee to discuss low assurance audit reports and/or explain delays in implementing recommendations and/or talk through risks. We were pleased, however, to observe directors attending to explain

recommendation implementation delays at the meeting we attended and to note the robust questioning. We understand that this is going to be the practice in the future, something that we commend.

## Questioning and purpose

The purpose of an audit committee is to obtain assurance that the organisation is operating effectively (in other words, looking at the engine of the organisation). Many of the questions asked by the Governance and Audit Committee were focussed on assurance gathering but, at times, they became political or seemed to be asked to make a point about a person or activity or asked out of interest. At other times members came close to taking on a more operational role rather than keeping things strategic (noses in; fingers out is a helpful mantra). If we use the metaphor of a car, an audit committee should be looking at the engine, kicking the tyres and checking for rust. If it finds itself sitting in the car, looking at the map or out of the windows, it is focussing on non-audit committee matters and/or officer roles. Greater clarity about the Committee's role in its terms of reference would help it to maintain its focus.

### **(Recommendation 1)**

## Keeping things apolitical

Because the focus of an audit committee is on the organisation of the council, politics should not feature. Audit committees should consider how policies are implemented, not the policy or the decision itself. Interviewees had mixed views about the extent to which the Kent Governance and Audit Committee became political and there was some confusion about what being apolitical entailed. We observed some inappropriately political behaviour in meetings. Developing the Committee's terms of reference to clarify its role and set out its overarching purpose and philosophy, together with early training for new Committee members, would help to set the right culture and reinforce the Nolan principles.

### **(Recommendations 1 and 3)**

## The audit committee's role in relation to risk

CIPFA has expanded its guidance on the audit committee's role in relation to risk in the most recent edition. Previously it focussed on the role of the audit committee in relation to the risk framework and arrangements but it now also considers the risk committee role that audit committees often take on where there is no other body to do so. The Governance and Audit Committee at Kent has taken on both these roles in its work. It is important that the Committee:

- Is clear when it is acting as a risk committee and when it is taking on the overview audit committee role.
- Checks for and avoids overlaps with the risk roles of other committees, especially when challenging individual risk registers. For example, service risk registers might be better dealt with in a scrutiny committee, leaving the Governance and Audit Committee to focus on the more strategic risk registers.
- Distinguishes between these roles in the terms of reference and sets out clearly what it does and does not do in relation to risk and where it draws assurance from the work of another committee or body.

- Is purposeful in its risk work, focusing on the material outcome of risk management rather than the nuts and bolts of the process. At times, the focus seemed to be on political risks rather than on ones that are material to the organisation, which is not the role of an audit committee.
- Invites risk owners to discuss their risks rather than relying on the risk portfolio holder and officers who are routinely in Governance and Audit Committee meetings to answer questions.

**(Recommendations 1 and 5)**

## Working with internal audit

External audit attends almost every Governance and Audit Committee meeting. We have no observations to make in relation to external audit other than a suggestion about meeting the auditors which is included below.

Internal audit currently includes summaries of all its reports on the Committee agenda, including those with no or minimal issues. This increases the size of the Committee's agenda with items that both do and do not require the Committee's attention, making it harder to identify the material items. While it is appropriate for the Governance and Audit Committee to be aware of the outcome of all internal audit reports, only those with low assurance and/or a number of recommendations should be taken to the meeting. The remainder could be placed on the member's section of KNet for members to read if they wish.

**(Recommendations 2 and 6)**

It is recommended good practice for the audit committee to meet both internal and external audit separately, privately and formally at least once a year. This sends the important message that the audit committee takes both of these services seriously and listens to what they have to say. These meetings could take the form of a short session before the open part of the meeting starts, with only internal or external audit and the committee members present so that they can formally raise any matters of concern.

**(Recommendation 7)**

The Committee's terms of reference lacks detail regarding its relationship with its auditors, internal and external, and should be expanded to cover the areas included in the CIPFA recommended terms of reference.

**(Recommendation 1)**

## Making an impact

The audit committee is there to make a difference and to help the engine of the council function better. While the Committee has engaged with these core roles, it has also been used for political point scoring and there is a general sense that it isn't heard by senior members and doesn't make a difference. Ensuring that the committee focusses on its key purpose, looks for improvements and towards the future will help it make an impact. Developing the Committee's terms of reference to make this emphasis clear and to highlight its monitoring and assurance role will be a useful starting point. In addition, committee members should both raise Governance and Audit Committee matters elsewhere and bring information from other committees to the Governance and Audit Committee as the occasion

arises. We also suggest that the role of the audit committee should be set out in induction training for new councillors to improve the general awareness of the committee.<sup>3</sup>

**(Recommendation 1)**

The Committee does not produce an annual report from the chair to the Council, something that CIPFA has recommended in its guidance since 2013 and something that would help to raise its profile within the Council. The focus of these reports should be both on the Committee's activities in delivering its terms of reference and on the difference that it has made in doing so<sup>4</sup>. We suggest that the Committee chair could also produce a short briefing note at the end of each meeting, summarising the key points raised, to be shared with all councillors, thus demonstrating the Committee's impact. These summaries could also form the basis of the annual report.

**(Recommendation 8)**

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<sup>3</sup> Some useful FAQs are included here <https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

<sup>4</sup> CIPFA's Position Statement (2022) says that the committee should report annually on how it 'has complied with the position statement, discharged its responsibilities, and include an assessment of its performance ..... The committee should evaluate its impact and identify areas for improvement'

## Annex 1: recommendations and action plan

	Recommendation	Response	Reponsible person and date
1	Update the Governance and Audit Committee's terms of reference to set out its purpose, role and position within the governance arrangements at Kent County Council and its activities in relation to risk management.		
2	Once the Committee's terms of reference has been revised, look for ways to reduce the length of the agenda, including identifying items that could be dealt with outside the committee cycle and reporting only those matters where audit committee input is needed.		
3	Develop a training programme for committee members, both to support those who are new to the Committee and as a refresher for more experienced members. It may be best to take a 'just in time' approach to training and training should support members to discuss and agree how the Committee is going to address the subject. Training should be both to share knowledge and to develop an appropriate culture for the Committee.		
4	Consider revising the independent member's terms of appointment to extend the term of office and ensure that it crosses the electoral cycle.		
5	Maintain a strategic approach to risk, focussing on the material matters. Taking deep dives into individual corporate risks may be helpful. Invite risk owners to present their risks, to enable a more informed discussion and to increase risk accountability.		
6	Focus internal audit reporting on material matters, where the Governance and Audit Committee can make a difference.		
7	Meet internal and external audit separately, formally and in private (Part 2 meeting) at least once a year.		
8	Produce an annual report to the Council from the Governance and Audit Committee Chair. Also consider producing a short briefing note from the Chair after each meeting, summarising the key points to be shared with all members.		

## Annex 2: interviewees

Name	Role
Cllr Rosalind Binks	Chair of Governance and Audit Committee
Cllr Alistair Brady	Governance and Audit Committee member
Cllr Nick Chard	Governance and Audit Committee member
Joel Cook	Democratic Service Manager
Zena Cooke	S151 Officer
Emma Feakins	Chief Accountant
Cath Head	Head of Finance Operations
Cllr Mark Hood	Governance and Audit Committee member
Dr David Horne	Independent member, Governance and Audit Committee
Jonathan Idle	Head of Internal Audit and Counter Fraud
Cllr Dylan Jeffrey	Governance and Audit Committee member
Cllr Harry Rayner	Governance and Audit Committee member
Mark Scrivener	Corporate Risk Manager
Andy Tait	Committee Secretary
Cllr Robert Thomas	Governance and Audit Committee member
Ben Watts	Monitoring Officer and Returning Officer
Cllr Simon Webb	Governance and Audit Committee member



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From: Ben Watts, General Counsel  
To: Governance and Audit Committee, 21 July 2022  
Subject: Annual Governance Statement  
Status: Unrestricted

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## Recommendation

The Governance and Audit Committee is asked to:

- a) **NOTE** the update on governance activity; and
  - b) **APPROVE** the updated timetable for the Annual Governance Statement
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## 1. Introduction

- a) The final version of the Annual Governance Statement for 2020/21 was approved on 30 November 2021 and work has been progressing against the activities and actions identified therein. This report provides an update on some of the ongoing activity that is currently being progressed.
- b) The report also brings Members up to date on the current work on the Annual Governance Statement for 2021/22.

## 2. Annual Governance Statement Timetable 2021/22

- a) At the last meeting, Members approved a timetable for the Committee in relation to the Annual Governance Statement for 2021/22. The draft version of the last year's Annual Governance Statement came to the Committee in July 2021 alongside the Annual Audit Opinion. This was the first time that it had come to Committee in draft. It has been recommended by officers that the Annual Governance Statement is once again brought to the Committee in draft. Involvement and observations from the Committee were helpful in defining and agreeing the final version of the document.
- b) Members will be aware of the continuing work by Internal Audit in relation to the Lessons Learned Review regarding SEND Transport which is addressed elsewhere on this agenda. As a reasonable result, the annual audit opinion will be brought to the next meeting of the Committee. Members will recall that the formal draft AGS includes reference to the annual audit opinion and draws on content in the annual report.

- c) Members will also be aware of the change to the Council operating model through the introduction of a Chief Executive Officer model by the County Council in May 2022. This has an impact on the planned activity, concerns and governance risks which will result in further papers to County Council in September and October and which are linked to the AGS actions.
- d) It is therefore recommended that the draft Annual Governance Statement is discussed substantively at the next meeting so that Members are sighted on a more developed draft.
- e) As will be discussed elsewhere on the agenda, there is once again likely to be a need for additional meetings in the autumn to transact the business ahead of the Committee. As such, it is not intended that this delay will impact on the timescale for the final version.
- f) As such the proposed timetable would be:
  - a. Initial Discussion of the Draft Annual Governance Statement 2021/22 – September 2022
  - b. Discussion of final draft of Annual Governance Statement 2021/22 – October 2022

### **3. Annual Governance Statement – Actions Arising Update**

- a) The Annual Governance Statement for 2020/21 included a range of activity to be undertaken by the Monitoring Officer and other colleagues. Further to the update provided at the last meeting in April 2022, the proceeding paragraphs include some of the ongoing and recent activity.
- b) **Delegations** – As identified at the last meeting, work has been ongoing to review and check all of the current delegations with services. This action has been compounded by the need to carry out a further review in support of changes occasioned through the introduction of the Chief Executive Officer model. Where necessary, any changes will need the approval of County Council in September, failing which the Monitoring Officer will be able to provide assurance (or identification of non-compliance) as part of the closeout of actions by October 2022.
- c) **Decision Making Deep Dive** – The analysis and work in relation to this have been concluded and a paper will be taken to Selection and Member Services in September 2022. Members of this Committee will be provided with a copy of the paper for completeness.
- d) **Financial Regulations** – The first phase of the work was completed in the updated version of the regulations brought to this Committee in January 2022. Over the summer, the Interim Corporate Director of Finance and the General Counsel will be working on an updated set of regulations to reflect the challenges identified, operating environment and the new governance regime. This will come to the Committee no later than the October meeting.

- e) **Informal Member Groups** – Some initial changes were made to the Constitution in May 2022 but a review of these groups and clarity around their terms of reference, attendance, composition and support will be expressly provided for in paper to County Council in the autumn.
- f) **Information Governance Activity** – Additional reporting is being developed around information governance and will be brought to the Governance and Audit Committee by the General Counsel in his capacity as Data Protection Officer in the autumn given the materiality.
- g) All remaining activity remains on track to be delivered within the agreed time envelope (ie by end October 2022).

#### **4. Annual Governance Statement 2021/22 – Update**

- a) Notwithstanding the above comments regarding the draft AGS, the General Counsel (in discussion with the Chief Executive Officer and Corporate Director of Finance) has completed the usual survey and accountability statements for senior officers. The outcome of this will be included in the draft AGS.
- b) At the same time, the General Counsel has conducted an informal governance survey to understand the experience and expertise of officers operating at levels below senior officers. This has proven to be an extremely useful exercise and provides greater granularity than in previous years.
- c) It is important that surveys like this are answered honestly as they provide a window and an opportunity for improvements to be made. As such, and in alignment with the Annual Governance Statement generally, the information will be used to create improvements and changes from a learning perspective.
- d) This year's AGS will follow the direct and candid approach of those in recent years and will reflect the ever more challenging operating and financial environment.
- e) It is important to trail that as with much of the sector, the organisation continues to run very hot and that will be explicitly referenced in the AGS along with the consequences.
- f) The AGS will reference events during 2021/22, including the SEND Transport Re-Tender and the implications for the Council's governance.
- g) Members are invited to make any comments in relation to governance to inform the preparation of the draft AGS ahead of discussion and agreement in the autumn.

#### **5. Recommendations**

The Governance and Audit Committee is asked to:

- a) **NOTE** the update on governance activity; and
- b) **APPROVE** the updated timetable for the Annual Governance Statement

## **6. Report Author and Relevant Director**

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