

## 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, 9 October 2024.

PRESENT: Mrs R Binks (Chairman), Ms C Black, Mr A Brady, Mr T Bond, Mr N J D Chard, Mr P C Cooper, Dr D Horne, Mr M A J Hood, Mrs S Hudson, Mr C Passmore (Vice-Chairman), Mr O Richardson and Mr M Whiting

ALSO PRESENT: Mr D Watkins, Mr H Rayner, Mr D Jeffrey and Mr R C Love, OBE

IN ATTENDANCE: Mrs C Head (Head of Finance Operations), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr M Scrivener (Head of Risk and Delivery Assurance), Mr Paul Dossett, Miss K Reynolds (Governance Advisor), Ms C Maynard (Head of Commercial and Procurement), Ms P Blackburn-Clarke (Delivery Manager - Engagement & Consultation), Mr M Bridger (Commissioning Standards Programme Manager), Ms R Emberley (Democratic Services Officer), Mr J Betts (Interim Corporate Director Finance), Mr R Smith (Corporate Director Adult Social Care and Health), Mr R Ellis (Director of Integrated Commissioning), Mrs S Hammond (Corporate Director Children, Young People and Education), Mrs A Beer (Chief Executive), Ms Hayley Jordan (Principal Auditor), Ms R Rhodes (Commercial Ethics and Sustainability Lead) and Ms C Staite (Grant Thornton)

### UNRESTRICTED ITEMS

#### **227. Apologies and Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr S Webb.

#### **228. Declarations of Interest in items on the agenda for this meeting**

*(Item 3)*

There were no declarations of interest.

#### **229. Minutes of the meeting held on 23 July 2024**

*(Item 4)*

RESOLVED that the minutes of the meeting held on 23 July 2024 were a correct record and that a paper copy be signed by the Chairman.

#### **230. Update on Progress against Internal Audit Recommendations**

*(Item 5)*

1. The Chief Executive Officer provided Members with an update on the Progress against Internal Audit Recommendations. It was confirmed that there were 36 overdue actions in July 2024 and engagement with internal auditors had been good. 9 Actions had been implemented and 1 had been closed with Management accepting risk.
2. In answer to a question from Members, the Cabinet Member for Adult Social Care confirmed that the Adult Social Care (ASC) budget savings for 2024/25 were on track for delivery in specific areas.
3. The General Counsel clarified that a report setting out an end of year picture of implementation of the recommendations would be provided to Members in March 2025 (being the end of the administrative cycle). Members would receive additional updates via Microsoft Teams in the interim.
4. Members raised concerns about progress updates and general clarity of the Management compliance procedure for actions from Internal Audit reports and felt that further information should be provided. It was explained to Members that after each audit review case, an audit action was created and it was the *compliance* of timeliness that was reported to the Committee, not necessarily the action.
5. Members asked questions about the outstanding actions. It was confirmed that the majority of outstanding actions fell within the Chief Executive Department and this was proportionate to the number of audits conducted.
6. Members referred to a previously discussed item of a live dashboard that clearly set out the recommendation, implementation dates and progress and commented that it would be helpful. It was raised by several Members that they wanted this to be created as soon as possible and Microsoft Teams was identified as a convenient method. The General Counsel confirmed that this would be looked into as part of ongoing work to improve the Committee's Teams site.
7. RESOLVED to:
  - a. Note the update on Progress against Internal Audit Recommendations.
  - b. Agree the receipt of compliance updates through reporting via a Microsoft Teams Site.
  - c. Agree the provision of a further update report before the end of the administrative cycle.

**231. Annual Customer Feedback Report 2023/24**  
(Item 6)

1. The Customer Experience and Engagement Manager presented the Annual Customer Feedback Report 2023/24 to Members and highlighted the transportation backlog and Special Education Needs Development (SEND) as specific areas of focus.
2. In response to questions and comments from Members it was said that:

- a) The Ombudsman had changed the way complaints were managed and this had impacted the figures, as evident from Table 18 of the report. The LGSCO will now only investigate if they believe that there is a case to answer or there is likely to be a wider impact.
- b) The high level of SEND complaints investigated by the Ombudsman was not exclusive to Kent, but a national issue.
- c) Members were assured that significant progress had been made over the last 13 months to address the backlog in issuing EHCP within the statutory timescales
- d) The Ombudsman filed in favour of many Applicants when reviewing applications for Educational Health and Care Plans was down to the fact that an answer from the Council had not been supplied within a 20-week timeframe; this was not a reflection of any judgment error. Kent currently was 27% over and above the national average for dealing and issuing Educational Health and Care Plans.
- e) An extra £2 million had been invested in building SEND capacity during this year's budget to deal with the backlog to get back on to sustainable footing.
- f) The Corporate Director for Children, Young People and Education confirmed that during 2024, the complaints backlog in their directorate had reduced from impacting 618 individuals to 213 as additional funding allowed the number to reduced.
- g) The Corporate Director for Adult Social Care confirmed that Adult Social Care Teams remained under resourced locally and Social Workers were dealing with complaints in addition to providing urgent care and attention to vulnerable adults.
- h) The contrast between years 2022 and 2024 shown on page 23 table 8 was due to the insufficient resource issues for Highways and Transportation which resulted in recruitment.
- i) Blue Badges were confirmed to be a significant part of Adult Social Care (ASC) complaint backlog. This was due to a 30% increase in applications for Blue Badges, attributed to a change in the eligibility criteria: hidden disabilities now qualified applicants for a Blue Badge. To address the backlog, two additional hires had been authorised to assess complex applications.
- j) For complaints surrounding ASC, there had been a slight change in the way these had been approached; some stage 1 complaints had been logged as stage 2 complaints as this allowed for any instance where further questions were raised about the original complaint and/or any subsequent complaints, in a more streamlined resolution process.
- k) More feedback and comments from service users had been logged as part of the learning process (even though no response was required). GED (Growth, Economic Development and Communities) started logging more responses from members of the public who used the online household recycling site in to learn from the comments. This accounted for the large spike in figures.

- l) Work had been carried out around staff training, systems and technology, expectation of frontline staff to work on both quality of response and timeliness of response. Effective leadership had worked on the basis that performing a professional job and dealing with complaints are one in the same.
- m) Legal costs for Ombudsman cases were low and the KCC legal team did not often get involved as the Customer Engagement and Experience Manager (and team) dealt with them. The complaints which brought a compensatory element were often due to a civil claims for items such as negligence or a breach of a statutory duty. These were sometimes dealt with by insurers and other times via KCC.
3. RESOLVED to note the contents of the Annual Customer Feedback Report 2023/24.

### **232. Customer Feedback Policy Updates** *(Item 7)*

1. The Customer Experience and Engagement Manager introduced the report which outlined the changes to the Customer Feedback Policy and the key reasons for the Council not adopting the LGSCO's Code for Complaints Handling timescales. The following reasons for this were specified:
- Based on the current performance of the Council not achieving and coupled with the potential future decisions made by the Council, it would not be feasible.
  - In practical terms the LGSO suggested that 15 days was the specified time frame in which stage 1 complaints were to be addressed (this encompassed acknowledge and response) and stage 2 the LGSO allowed 25 days, however KCC policy maintained these would be addressed within 20 days.
  - The Code excluded complaints which the Council currently addressed, being Adult Social Care and Children Act complaints (although these are governed by separate legislation).
  - There will be a change in the way some aspects of complaints are reported to reflect the Ombudsman Code of Complaints, this will be covered in the 2025 Governance and Audit report.
2. In answer to questions and comments raised by Members, it was said that:
- a) Allowance had been given to the self assessment form which provided an opportunity for Councils to state their reasons for noncompliance of the code.
  - b) Noncompliance with the Code is permitted; however, the Ombudsman would likely penalise the Council for noncompliance with its own designed policies.
  - c) For the remainder of this year and the next, the focus was to address complaints within 20 days and then focus on the impact on front line resources. The Ombudsman code of conduct covered SEND cases

which are some of the most complex, hence why it was difficult to resolve them within the specified 20 days.

- d) Going forwards, it was confirmed that the item will feature in the Annual Governance Statement and be monitored as such.
  - e) There had been a lot of change in the SEND Team which made it difficult to address complaints in a shorter period of time. Evidence gathering took time and therefore it was stated that the available resources did not match the Ombudsman's policy.
  - f) In response to a question raised regarding staffing issues, it was confirmed that the Apprenticeship levy still required employment and currently there was not the available resource.
  - g) Front line staff were completing the assessments which meant that the amount of funding and resources required for new hires was currently unknown.
  - h) At a corporate level, the primary focus was on reducing backlog and the long term goal was to 'get back to business' as usual. The next step was to work towards the reduction of time spent on addressing complaints. The self assessment form will return every year and this will be used to monitor the readiness of adopting the Ombudsman Code.
  - i) The Chief Executive Officer confirmed that an overall sense of direction would be provided at a future meeting, which would set out progress and provide Corporate assurance that steps towards compliance are being taken.
3. RESOLVED to note the and comment on the updated policy and Ombudsman's code.
4. RESOLVED to comment and acknowledge the self assessment form (Appendix A).

### **233. Update to Spending the Council's Money**

*(Item 8)*

- 1. The Update to the Spending the Council's Money report was introduced by the Head of Commercial and Procurement Division, with additional input from the Commercial Standards and Improvement Manager.
- 2. In response to questions and comments from Members it was said that:
  - a) There was no specific review date, rather the paper would be regularly looked at to ensure that it remained relevant. To address the difficulties referenced in the paper, all members of the team had completed training and development, which was dependent on level of seniority. Various parts of the council would also be affected by the National Procurement Policy Statement and would be offered training, as well as those responsible for spending the Council's money.

- b) In terms of waivers, a new process was set up which provided an automated request that would not allow them to progress without the approval of the Head of Commercial and Procurement Division, for the sum of up to £1 million. Anything above must be approved by the Section 151 Officer and Monitoring Officer. This included retrospective waivers.
  - c) The acquisition and disposal of property were outside the framework of the Procurement policy, although the same principles applied, a different set of rules was applicable.
  - d) Social value was written into all aspects of the division as well as being one of the team's KPIs (Key Performance Indicator). The Deputy Cabinet Member wanted it recorded that Social Value was built into all contracts in an enforceable way, where appropriate.
  - e) The KCC payment record to suppliers was published on the Kent Website. The Council is required to report on all undisputed invoices annually.
3. RESOLVED that Members will support the changes proposed in sections 2 – 8 and recommend to the County Council that these changes be approved.
  4. RESOLVED that Members agree that the Head of Commercial and Procurement and Section 151 Officer shall update the Committee on any further changes, due to the new National Procurement Policy Statement.

### **234. Progress Update on the Grant Thornton Value For Money Recommendations**

*(Item 9)*

1. The General Council introduced the progress update report on the Grant Thornton value for money recommendations. It was highlighted that a table for items completed would be made available for all Members to see on the task tracker, contained in Microsoft Teams and a report would be contained in the Annual Government Statement.
2. Auditors from Grant Thornton confirmed that they were pleased with the quantum of response to date.
3. The General Council confirmed that the report would be prepared before March 2025.

RESOLVED Members noted the progress update on the Grant Thornton value for money recommendations and agreed that a final report would be provided before the end of the current administrative cycle

### **235. Audit Risk Assessment**

*(Item 10)*

1. The Interim Corporate Director presented the Audit Risk Assessment. It was confirmed that the principle financial risks would be reflected in the Annual Government Statement.

2. In response to questions and comments from Members it was said that:
- a) When the Authority disposes of an asset of the organisation, there were various considerations taken into account, such as value for money and the potential to gain the maximum possible capital receipt. The valuation of the asset is recorded as part of the Governance structure.
  - b) There was an agreement in place with the Department of Education that in return for undertaking a set of actions they will release a set amount of funds, which the Council is currently on track with and so the funds are being released. This agreement is covered in the Cabinet report. If all actions which could be undertaken, were completed, there would still be a likely deficit of around £220 Million by the end of 2027/28. The arrangement with the Department of Education was that the Council would find up to £80 Million of this from reserves or further reductions.
  - c) The Council is not permitted to subsidise SEND funding beyond the grant the department is currently in receipt of, without the express permission of the Secretary of State. This left two options of either making service reductions or reaching an agreement that repayments can be made over a longer period.
  - d) An explanation of high needs deficit was given to all Members by the Interim Corporate Director.
  - e) In relation to ASC, in some areas financial saving had been successful, but not in others and consequently these areas had not met the budget during the current financial year. It had been agreed that the department would contract to bring in a third party to assist with bringing the areas not meeting the budgetary target into line, within the current financial year.
  - f) The Authority was aware of the impact of inflation and the risks of inflammatory increase going forwards. Over 70% of revenue budget was allocated to Adult Social Services and Children Social Services being the statutory services due to inflation of these budget heads.
  - g) Grant Thornton confirmed that they were satisfied with the comprehensive nature of the responses from the Council and recognise some of the challenges reflected in this.
  - h) The position of the Authority's high level deficit for the current financial year was around £49 Million although the fund paid by the Department of Education needed to be subtracted and therefore this was not an accurate figure. A figure of where the deficit was forecast to be at the end of the year would be provided in due course.
  - i) It was explained that there was a specific fraud risk associated with the Libraries, Registration and Archive services as they were more often met with cash payments and so more likely to lend opportunities for fraud.
  - j) A statutory duty in one area could result in a breach of a statutory duty in another area, by way of example: Libraries and the 1964 Libraries Act. A discretionary service can also have a statutory basis.
3. RESOLVED considered and agreed the responses to Grant Thornton.

**236. Financial Management Code of Practice - Compliance Assessment**  
(Item 11)

1. The Interim Corporate Director of Finance introduced the Financial Management code of Practice and Compliance Assessment and addressed questions from the Members regarding endorsement.
2. In response to questions and comments from the Members the following was said:
  - a) The GRIP at present was a collection of the recommendations that appeared on the Microsoft Teams site but going forwards but will encompass every action, from every meeting and the progress of such.
  - b) Financial irregularities should be reported to Governance and Audit Committee although it was dependant on the irregularity.
  - c) The current rating of 'green' was an assessment based on what accurate reserves could be available. The Council does not have 5% of general reserves in place at present, but the management team can demonstrate a plan to meet this target. The purpose of the Code was to ensure those plans were in place and being enacted.
3. RESOLVED Members commented and endorsed the assessment of compliance against Financial Management Code for 2024/25

**237. Audit Backstop and Revised Date**  
(Item 12)

1. The Head of Financial Operations introduced the Audit Backstop and Revised Date item. The following was stated:
  - a) Backstop dates should not impact Kent County Council.
  - b) It was noted that Authorities had an additional month to prepare draft accounts for 2024/25. Members requested the opportunity to review the accounts before publication on the public website.
  - c) Members requested reassurance around the impact of any national delays on the accounts being completed and signed off. Pension fund arrangements may also be affected by any delays.
  - d) It was noted that the accounts published on the 31 May 2024 were a result of hard work by various officers and teams and this was recognised.
2. RESOLVED Members noted the changes proposed and the general timetable.

**238. External Audit Progress Report and Sector Update**  
(Item 13)

1. Mr Paul Dossett presented the update for the External Audit Progress Report and Sector update. The following points were highlighted:



- a) Good progress had been made and Grant Thornton were in the process of reviewing all detailed work and were on schedule to produce a report on the audit during the next few weeks.
- b) It was anticipated that a full report would be produced in December 2024 and the accounts would be signed off which closed any risks associated with the backstop.
- c) Teachers' Pension was a legacy provider issue with Kent County Council and the Council were in dialogue with the DFE (Department of Education) about this.
- d) In relation to the internal audit, the Committee were recommended to review Evaluation of the Health of Internal Audit featured on page 262.
- e) The implementation of new internal audit standards was the primary focus and would be brought to the Committee's attention over the coming months.

2. RESOLVED Members noted the progress report prepared by Grant Thornton.

**239. Other items which the Chairman decides are urgent**  
*(Item 14)*

There were no other items arising.