

GOVERNANCE AND AUDIT COMMITTEE

Wednesday, 26th November, 2025

10.00 am

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





AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Wednesday, 26th November, 2025, at 10.00 am Ask for: **Ruth Emberley**
Council Chamber, Sessions House, County Telephone: **03000 410690**
Hall, Maidstone

Membership (15)

Reform (8):	Mr M Brown (Chairman), Mr A Cecil, Mr R Palmer, Mr M Paul (Vice-Chair), Mr J Finch and Mr A Kibble <i>plus two vacancies</i>
Liberal Democrat (2):	Mr M Munday and Mr G R Samme
Conservative (1):	Mr H Rayner
Labour (1):	Mr A Brady
Green (1):	Mr M A J Hood
Independent Members (2):	Ms C Black and Dr D A Horne

UNRESTRICTED ITEMS

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

1. Introduction/Webcasting
2. Apologies and Substitutes
3. Declarations of Interest in items on the agenda for this meeting
4. Minutes of the meeting held on 30 October 2025 (Pages 1 - 10)
5. Verbal Update on Committee Business (Pages 11 - 26)

6. External Auditor Verbal Update
7. Treasury Update Report (Appendix 1 and 2 to follow) (Pages 27 - 38)
8. Customer Feedback Annual Report (Pages 39 - 74)
9. Counter Fraud Report (Pages 75 - 106)
10. Lessons Learned from Other Councils (Pages 107 - 112)

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
Deputy Chief Executive
03000 416814

Tuesday, 18 November 2025

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

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 30 October 2025.

PRESENT: Ms C Black, Dr D Horne, Mr A Brady, Mr M Brown (Chairman), Mr A Cecil, Mr R Palmer, Mr M Paul (Vice-Chair), Mr J Finch, Mr M Munday, Mr G R Samme, Mr H Rayner and Mr M A J Hood

ALSO PRESENT: Mr B Collins

IN ATTENDANCE: Amanda Beer (Chief Executive), Ben Watts (Deputy Chief Executive), John Betts (Interim Corporate Director of Finance), Cath Head (Head of Finance Operations) Joe McKay (Acting Chief Accountant), Hayley Breathwick (Budget & Technical Accounting Manager), Mark Scrivener (Head of Risk and Delivery Assurance), Katy Reynolds (Governance Advisor), Paul Dossett (Grant Thornton), Lucy Nutley (Grant Thornton), Parris Williams (Grant Thornton) and Ruth Emberley (Democratic Services).

UNRESTRICTED ITEMS

336. Apologies and Substitutes (Item 2)

There were no Member apologies or substitutions.

337. Declarations of Interest in items on the agenda for this meeting (Item 3)

There were no Member declarations of interest in any items on the agenda.

338. Minutes of the meeting held on 24 September 2025 (Item 4)

RESOLVED that the minutes of the meeting held on the 24 September 2025 were true and accurate record and a paper copy be signed by the Chair.

339. Verbal Update on Committee Business (Item 5)

1. The Verbal Update on Committee Business was delivered by Governance Advisor, Katy Reynolds. Some of key points included:
 - a) Since publication of the Committee agenda for October, specific action points had been progressed as follows:

- i) Members had been provided with information which related to the Internal Audit Progress Report (GA035), that addressed questions raised at the previous Committee meeting in September. The information had been provided via the Microsoft Team Governance and Audit site, however, further information would be provided in due course.
 - ii) Governance and Audit Committee Members had been provided with a briefing on Kent County Council's Wholly Owned Companies. This would continue to progress and an action would be included in the Action Plan to reflect Member comments, particularly those in relation finance, which arose during the briefing.
 - iii) It was confirmed that Councillors would have the opportunity to speak about their role and purpose as Governance and Audit Committee Members. Whilst this was not currently included on the Action Plan, it would be followed up.
- 2. The Deputy Chief Executive, Mr Ben Watts clarified that the Lessons from 2023-2024 External Auditor's Report had been shared with the Corporate Management Team and discussion would take place as part of the Annual Governance Statement follow up actions.
- 3. In answer to a Member's comment, Mr Watts confirmed that he was committed to ensuring that future agendas would include detailed performance and finance updates in relation to the Kent County Council Wholly Owned Companies, the shareholder board subcommittee of the Cabinet and the financial information relating to the board of companies, previously requested by a Member at a previous Committee meeting.
- 4. RESOLVED that the Committee noted the verbal update on Committee Business.

340. 2024 / 2025 Draft Statement of Accounts and Annual Governance Statement
(Item 6)

- 1. The item was introduced by the Interim Corporate Director Finance, Mr John Betts.
- 2. Mr Betts explained that the Draft Statement of Accounts, the Annual Governance Statement and the External Auditor's Findings Report were intrinsically linked and needed to be approved, pending overall consideration, and suggested that the Committee that consider the recommendations separately, once all the items had been presented, before signing the Letters of Recommendation.
- 3. Sincere thanks were expressed to the Acting Chief Accountant, Mr Joe McKay, the Head of Finance Operations, Ms Cath Head and the Pension Fund and Treasury Investments Manager, Ms Sangeeta Surana, as well as all the officers involved in the preparation of accounts for their extensive work.
- 4. Acting Chief Accountant, Mr Joe McKay, clarified that Mr Betts' proposed way of dealing with the agenda items would enable the official documentation to be completed in relation to signing off the accounts for 2024/25 and explained the recommendation was for the Committee to approve the accounts, note Grant Thornton's Audit Findings Report and then both Letters of Representation would be

signed the Chair and Section 151 Officer for both the Kent County Council and Kent Pension Fund accounts.

5. Mr McKay confirmed that the publication deadline for the draft accounts for 2024/25 was met on the 30 June 2025 (inclusive of group accounts) as well as the inspection of the accounts window, which ran from 1 July 2025 to 11 August 2025, and the audit work has been completed well in advance of the audit backstop date of the end of February 2026.
6. It was confirmed that an all Member Training session on the statement of accounts process was held on Thursday 16 October 2025 and thanks was given to all who attended. The recording of the session has been shared on the Member Development site for anyone who was not able to attend.
7. Mr McKay explained to Members that the major accounting change was the implementation of IFRS 16 Leases which meant the recognition of right of use assets and lease liabilities on the balance sheet. After thorough testing, Grant Thornton concluded that the implementation was successful.
8. It was explained to Members that there were a few recommendations which require work between now and the closedown period for 2025/26.
9. Several Members raised concerns that the Cabinet Member for Finance was not present at the meeting in order to take questions. Mr Betts indicated that any technical questions relating to the statement of accounts would be best answered by senior finance officers, all of whom were present.
10. Some Members remarked that they found the absence of a responsible Member of the Administration to address questions unacceptable. It was proposed, and seconded, that the meeting be adjourned until such time that a competent Member of the Administration was present in order to answer questions on behalf of the Executive and decision making.
11. Members voted in favour of the motion and the Governance and Audit Committee was temporarily adjourned.
12. RESOLVED that the meeting was adjourned until such time that a competent Member of the Administration was present in order to answer questions on behalf of the Executive and decision making.

The Deputy Leader and Cabinet Member for Finance, Mr Brian Collins, was in attendance for this segment of the meeting.

13. Mr Collins explained to Members that he had attended previous Governance and Audit meetings and whilst he had been on hold to attend today, he was subsequently informed that he was not required. Mr Collins confirmed he had limited availability for the meeting but was content to take Member questions.
14. In answer to some Member questions, the following was said:
 - a) Mr Betts confirmed that the Council was within the boundaries set as part of the Treasury Management Strategy when the long term debt was of £50 million was paid off.

- b) Mr Collins confirmed that, currently, there was no indication of changing the formal scrutiny and decision making process of the Council.
 - c) It was confirmed that Kent County Council had a good relationship with the Commercial Services Group (CGS) and regular meetings and updates were provided to the Cabinet Member for Finance. A written response would be provided in relation to a Member's question around the acquisition details of WF Education, the WF Education Group Holdings Limited and WF Education Group Limited and the expansion of CSG.
 - d) It was confirmed that the accounts reflected the current financial position of Kent County Council and therefore any lease with a particular value, or at a peppercorn rate rent, would be reflected at the rate they current were (at the time of preparing the accounts).
 - e) It was confirmed that the 2024/25 reserves fund which was designed to aid the implementation of economic development and tourism initiatives still existed. Mr Collins commented that he was aware of the reserves however they were not available to assist the Visit Kent scheme, as very little notice was given when the scheme ended. A new brand and joint venture with Medway were being examined and funds were being discussed.
 - f) Mr McKay confirmed that the special funds balance was still in existence and currently earmarked for a particular building in Northfleet and therefore was not available for any other purposes.
 - g) Total reserves were reviewed as part of the budget setting process; general reserves form part of the Section 25 Statement which focuses on the adequacy of the Council's reserves and the analysis of these figures was yet to be finalised for the 2026/27 budget. Once this had been completed, it would be highlighted as part of the budget setting papers in February 2026.
 - h) It was explained that the salaries for both the Acting Corporate Director Finance and the Corporate Director Finance featured in the 2023/24 accounts because two individuals covered this statutory post in the same financial year.
 - i) Mr Watts confirmed that all previous financial decisions were taken in accordance with governance and in conversation with the external auditors. Mr Watts reminded the Committee that it was not appropriate to discuss employees who were no longer employed by Kent County Council.
 - j) Mr McKay confirmed that employee benefit expenses were staffing costs in from 2023/24 and 2024/25; this covered both payroll and agency costs. Any fluctuation in these figures related to the increases in pay between 2023/24 and 2024/25. A further break down of these figures could be provided, if Members found this helpful. Any questions relating to specific accounting adjustments would be dealt with outside of the Committee.
15. RESOLVED the Members APPROVED the Annual Governance Statement (AGS) FOR 2024/25;
- RESOLVED that Members CONSIDERED and APPROVED the Statement of Accounts for 2024/25.

341. 2024/2025 External Auditor's Auditor's Findings Report (Item 7)

The Deputy Leader and Cabinet Member for Finance was in attendance for this item

1. The item was introduced by Lucy Nutley, from Grant Thornton. Ms Nutley confirmed that the audit was complete and the opinion would be unmodified. No adjustment to the accounts other than disclosure errors had been identified.
2. Ms Nutley confirmed that the Value for Money was complete and significant weaknesses in the arrangements for ensuring financial sustainability arising from the high spends in Adult Social Care had been identified. No special auditor powers had been used during the audit year.
3. Materiality had been assessed at £55.5 million for the Council based benchmark of gross revenue expenditure. This figure did not change on receipt of the draft financial statements.
4. Significant risks identified as part of the audit work included:
 - a) Management override of controls (a standard risk in every audit and not specific to Kent) and nothing had been identified by the external auditors which required reporting.
 - b) The risk of fraud and error and revenue recognition (another standard risk) but auditors were about to rebut the risk where it was considered the inherent risk to be low. Grant Thornton rebutted the risk at the planning stage and nothing had been identified to change this conclusion.
 - c) The risk of fraud and error and expenditure recognition was purely focused in the public sector and nothing had been identified by the auditors.
 - d) Land building and investment property valuation was primarily assessed as a significant risk due to being subject to a high estimation. No issues arose from this.
 - e) Pensions accounting is also a risk due to the high values involved and management engaged the services of an Actuary to provide an evaluation of the Council's share of the Kent Pension Fund. Expert advice was obtained from Pricewaterhouse Coopers (PwC) to provide assurance over the assumptions used by the Actuary and there were no issues arising from the work and value of the pension liability.
 - f) In relation to IFRS 16, auditors identified good processes in place for the implementation of the new standard. It was previously identified as a significant risk but as the value was not material to the financial statement (as previously anticipated) this would drop off as a significant risk for the next year.
5. Ms Nutley confirmed that as part of the 2025/26 work, there could be a detailed review of the aged debt listing of the Adult Social Care debts taken in conjunction with the Authority.

6. It had been agreed by both management and Grant Thornton that the unadjusted misstatements were immaterial, and the decision had been made not to adjust the financial statements for these figures. The differences were drawn to Members' attention and included in the Letters of Representation, which would be signed.
7. In answer to Member questions and comments the following was said:
 - a) It had been agreed between Grant Thornton and Finance that the Adult Social Care debt would be reviewed in detail.
 - b) Ms Nutley explained that Grant Thornton used benchmark figures to calculate the Adult Social Care debt. These figures were based on a range of local authorities providing Adult Social Care and the figures used by the Finance team were more Kent specific. The aim was to go through the data to establish historically what had, and had not, been recovered to determine whether the percentage was reasonable.
 - c) The Head of Finance Operations, Mrs Cath Head, confirmed that the Council looked at default rates across different data points, which showed consistency over the past 3 to 4 years at approximately 7%. Bad debt write offs were also reviewed and equated to around 3% of bad debt provision. Although annual reviews were conducted, Grant Thornton and the Finance team would work together to resolve the difference as part of the 2025/26 audit work.
 - d) In connection with school finances and bank reconciliations whilst this had been raised in previous years, Ms Nutley confirmed that there had been a huge improvement, and the adjusted difference was lower this financial year due to the timing of the instructions sent out to schools.
 - e) In relation to the Dedicated Schools Grant, it was explained to Members that as part of Grant Thornton's assessment, all audited Councils were placed into 1 of 3 "boxes" (or informal categories):
 - i) Box 1 where the deficit was so low, it was almost immaterial.
 - ii) Box 2 which recognised that the Council had measures in place to mitigate their situation.
 - iii) Box 3 where the auditors had taken statutory action as the Authority had not taken any form of appropriate action.
 - f) Kent, like most of the Local Authorities audited by Grant Thornton, was in box 2. Mr Dossett commented that it was difficult to advise Kent on the next steps due to the national position and it was recognised that Central Government was yet to provide a solution, however the efforts Kent County Council had made in 2024/25 and 2025/26 were recognised. It was confirmed that the auditors were not minded to take any further action, at this juncture.
 - g) Mr Dossett explained that, in relation to the Adult Social Care debt, a statutory recommendation would be issued if the debt started to

impact the financial sustainability of the Council. Approximately half a dozen statutory recommendations were either issued, or in progress nationally, for the 2024/25 round of audits, many of which were around historical debts although some were around the Authority's inability to manage the in-year financial position and the threat to reserves. It was explained to Members that when the Adult Social Care debt started to threaten reserves in a material way, the auditors would consider the use of statutory powers.

- h) Members were reminded that the auditors could exercise statutory powers at any point and were not restricted to an annual process. The monitoring of the Council's financial performance was ongoing work and Grant Thornton would continue to offer commentary, as they saw appropriate.
8. RESOLVED that Members NOTED the Audit Findings Report (AFR) for Kent County Council and the Kent Pension Fund.

342. 2024/2025 External Auditor's Letters of Representation (Item 8)

1. The item was introduced by the Interim Corporate Director Finance, Mr John Betts.
2. Mr Betts explained to Members that by approving the recommendations set out under items 6 and 7 of the agenda, being the Statement of Accounts for the Local Authority and Kent Pension Fund, as well the Annual Governance Statement, the Committee were approving the Letters of Representation to be signed.
3. RESOLVED the Committee approved the recommendations set out under agenda items 6 and 7 and approved the signing of the Letters of Representation by the Chair and Corporate Director of Finance.

343. 2024/2025 External Auditor's Annual Report (Item 9)

1. The item was introduced by Mr Paul Dossett of Grant Thornton.
2. Mr Dossett reminded Members that the item previously came before the Committee in September 2025, when the summary of accounts was yet to be finalised. It was confirmed that no new material was contained within the report, other than an update on the accounts.
3. Mr Dossett confirmed that he would be presenting the report to all Kent County Council Members on 6 November 2025, at the Full Council meeting.
4. In answer to Member comments and questions, the following was said:
 - a) Mr Betts confirmed that as part of budget setting report, the movement of reserves from one area to another had been considered. Although it was highlighted by the Auditor's that a level of detail was missing, in the interests of transparency, the risks associated with moving funds from one reserve to another would be highlighted and form part of the budget papers. It was

confirmed that it could also be reviewed by the Governance and Audit Committee also.

- b) It was confirmed that the Outturn Report identified the ramification details of moving resources.
 - c) Mr Dossett confirmed that Local Government Reorganisation was the highest profile risk area for the counties involved and there was a regular forum for considering the activity of all councils in Kent. It was explained that, if Central Government made a decision, in accordance with the scheduled timetable, it would be delivered within approximately 2 years. During this period, Grant Thornton would focus on all risks for all Councils, including issues such as funding and spending reserves.
 - d) It was confirmed that Central Government was looking at a way forward for Special Education Needs and escalating costs, although an announcement had been made which confirmed these plans had been deferred. Consequently, engagement with the Safety Valve programme and other Department of Education (DfE) interventions had reduced, pending this change. Kent was in the same position, as other Authorities in that they had to resolve funding issues without support.
 - e) Mr Betts confirmed that Safety Value Authorities often liaised with one another to review progress; Kent was not alone in their frustrations around the lack of provisions for Special Educational Needs Schools which had been agreed as part of the Safety Value Agreement but then paused.
5. RESOLVED Members noted the External Auditor's Annual Report for assurance.

344. 2024/2025 External Audit Progress Report for Kent Pension Fund (Item 10)

The Pensions and Treasury Investment Manager Ms Sangeeta Surana was in virtual attendance for this item, via Microsoft Teams.

- 1. The Audit Progress report was presented by Mr Parris Williams from Grant Thornton. Mr Williams reminded Members that the report had already been presented to the Committee in September 2025, although since this time some small residual procedures had been completed. Mr Williams confirmed that the external auditors were able to issue an unqualified opinion.
- 2. Mr Williams provided some further context in relation to the extrapolated difference in relation to benefits payable. It was clarified that an analytical review and a sample test had taken place; the test was conducted by going back to the original award of the pension and then set an expectation based on PI rates, then looked at what the difference was between what paid and the figured calculated during the sample test. It was confirmed that in all cases the difference between these rates was small, around 2 to 3%.
- 3. When this percentage was projected against the entire balance of the fund, it equated to around £8.4 million, which was not material for the pension fund. It was highlighted to Members that the differences were due to items such as Guaranteed

Minimum Pension (GMP) equalisation. The test showed there were no material errors on the accounts.

4. Mr Williams confirmed that the general processes of the pension fund were good and commented that the accounts could have been signed off on 30 September 2025; if the accounts had been de-coupled, they could have been signed earlier.
5. In answer to Member questions and comments, the following was said:
 - a) Grant Thornton's views of journal and management override of controls were shared transparently, particularly where areas could be improved for best practice. Mr Williams stated that he was not concerned about the control environment, as it was consistent with other local Authorities.
 - b) It was confirmed that Management would need to have a system solution, rather than a manual process. With the implementation of the new Oracle system, the possibility of using this to resolve the issue would be one for management consideration.
 - c) Mr Betts confirmed that management was looking for a control mechanism as part of the system of the Oracle Cloud programme, however it was uncertain whether one could be easily incorporated.
6. RESOLVED Members noted the External Audit Kent Pensions Finding report and Draft Audit Opinion

345. Verbal Risk Management Update *(Item 11)*

1. The report was presented by the Head of Risk and Delivery Assurance, Mr Mark Scrivener.
2. Mr Scrivener highlighted the following points to Members:
 - a) Corporate Risk Register item CRR0065 - the Implementation of a fit for purpose of the Oracle Cloud System: Phase 1 had gone live. The implementation had gone well, although inevitably with some issues to work through, such as the capacity stretch on finance and other colleagues involved. Mr Scrivener explained the importance of keeping live to these risks and issues, as well as ensuring any temporary workarounds were being actioned effectively all the time that they are required. It was confirmed that this Corporate Risk would remain on the Risk Register, as phase 2 was approaching, which will impact the whole organisation
 - b) Corporate Risk Register item CRR0042 - Border Fluidity, Infrastructure and Resilience (in relation to the introduction of the EU's Entry-Exit System). KCC has been working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios. It had previously been highlighted to the Committee that the risk rating, which at one point was at its maximum rating, had been reduced once it was clear that a phased approach would be employed by the EU, and further modelling at national level conducted. EES checks were due to commence at a 10% level starting with freight traffic and increase to 100% checks for all traffic over the

following 6 months. The current risk rating is applicable for day one of implementation and will be reviewed as the percentage of checks increases. The risk will stay on the register until that point has passed.

- c) The Authority's significant financial challenges needed to be raised as part of the risk update; it was acknowledged that discussions had taken place during the meeting which sought assurances around the mitigations in place (with an emphasis on Adult Social Care). It was expected that through Cabinet reporting and the budget process, these would be addressed.
 - d) Key upcoming events and external factors which could impact the Authority's corporate risks included the Chancellor's budget on the 26 November 2025 and subsequent Local Government Finance Settlement. In addition, several key elements of the outcome of the Fair Funding Review 2.0 would feed into the corporate risk profile.
 - e) The School's White Paper had been delayed until early 2026 to enable more consultation with stakeholders and will include information on planned reforms to the SEND system.
 - f) The risks and opportunities associated with Local Government Reorganisation were scheduled to be debated at the Devolution and Local Government Re-organisation Cabinet Committee on Monday 3 November 2025 and again at Full Council on 6 November 2025.
3. It was agreed that it would be useful for Members to be provided with some brief written details about the changes in the risk profile in future, to enable them to ask specific questions should they wish.
4. RESOLVED Members noted the verbal risk management update.

Governance and Audit Committee Action Tracker

G&A Reference Number	Meeting Date	Minute No.	Agenda Item/Subject	Action	Responsible Officer/Area	Status
GA001	23 July 2024	222.6.a	Internal Audit Annual Report 2023-24	A progress report from management on the implementation of the agreed management actions would be presented at the next meeting.	Ben Watts	This report was considered by Members at the 9 October 2024 meeting of the Governance and Audit Committee.
GA002	23 July 2024	223.4	Risk Management Verbal Update	Committee's tracking of the risk relating to the Council's financial position would be considered as part of the agenda setting process.	Mark Scrivener John Betts	Completed: This was discussed at the agenda setting meeting for 12 November 2024. It was agreed that further discussions were required to determine what information could be shared and the most appropriate way to share the information to Members. This was subsequently resolved through the Section 25 statement

						that was considered by all Members as part of budget setting, as that set out the key financial risks, how they were being mitigated and the resultant cover from general and earmarked reserves.
GA003	23 July 2024	225.2.b	External Audit Progress Report and Sector Update	Members would receive an update on the Council's progress towards addressing the recommendations outlined in the previous year's VFM findings.	Ben Watts John Betts	Completed. This report was considered by Members at the 9 October 2024 meeting of the Governance and Audit Committee.
GA004	23 July 2024	225.2.c	External Audit Progress Report and Sector Update	The Committee's role in relation to the Council's productivity plans would be considered as part of a review of the Committee's Terms of Reference.	Ben Watts Katy Reynolds	Completed: This was reviewed as part of the Review of Effectiveness and Proposed Updated Terms of Reference, due for consideration at Governance and Audit Committee on 23 January 2025.
GA005	23 July 2024	222.6.b	Internal Audit	Following a request for	Ben Watts	Completed: This was

			Annual Report 2023-24	clarification regarding contract management (and the Council's governance in relation to wholly owned companies), it was agreed that a paper providing further information would be considered as part of the agenda setting process.		added to the Governance and Audit Committee agenda for 12 December 2024. A visit to the companies would be arranged for Members in early 2025.
GA006	23 July 2024	222.6.c	Internal Audit Annual Report 2023-24	Further clarification regarding the Internal Audit process in relation to advisory and follow-up audits would be provided to the Committee.	Jonathan Idle	Completed: Further information provided to the Governance and Audit Committee via email on 13 August 2024.
GA007	9 October 2024	230.7.c	Internal Audit Management Actions Update	It was agreed that a final report be provided before the end of the current administrative cycle (before end of March 2025)	Ben Watts Amanda Beer	Completed: This item has been added to the 23 January 2025 Governance and Audit Committee agenda. A further report would be brought to the March 2025 meeting.
GA008	9 October 2024	230.7.b	Internal Audit Management Actions Update	The latest compliance figures will be uploaded to the Teams site before the Governance and Audit	Ben Watts Amanda Beer	Completed: Compliance figures uploaded to Teams site on 8 November

				Committee meeting on 12 November 2024.		2024. An updated position will be added to the Teams site once available and reported to GAC in January.
GA009	9 October 2024	230.4	Internal Audit Management Actions Update	Training on the audit process and how audits are built will be developed for Committee Members as part of the revised induction programme to be launched in 2025.	Jonathan Idle Katy Reynolds	This has been built into the new Member induction programme, launched in May 2025.
GA010	9 October 2024	230.7.b	Internal Audit Management Actions Update	A detailed version of Appendix 1 would be circulated to the Committee via the Teams site ahead of the Governance and Audit Committee on 12 November 2024.	Ben Watts Amanda Beer	Completed: Detailed version of Appendix 1 circulated to the Governance and Audit Committee via email on 8 November 2024
GA011	9 October 2024	234	Progress Update on the Grant Thornton Value For Money Recommendations	It was agreed that a final report be provided before the end of the current administrative cycle (before end of March 2025)	Ben Watts John Betts	Completed: An update was presented to the Committee in October 2025 as part of the AGS for 2024/25.

GA012	9 October 2024	231.2.m	Annual Customer Feedback Report 2023/24	The Committee would be provided with further details regarding the legal costs of complaints for 2023/24	Ben Watts	Completed: This was discussed with the Committee during the Legal Update Item on 12 November 2024.
GA013	9 October 2024	237.1.b	Audit Backstop and Revised Date	Ahead of the Committee's consideration of the accounts, training would be provided to the Committee on how to effectively read the accounts.	John Betts Cath Head	Ongoing: training on the accounts is provided as part of the 'just-in-time' training offer. In 2024 this was provided in July.
GA014	12 November 2024	244.2.h	Verbal Update on Corporate Risk Register	The Chair suggested that Members receive a briefing on two of the risk areas highlighted during the item. The Chair would discuss this further with the Head of Risk and Delivery Assurance	Mark Scrivener/ Chair	This was discussed as part of the agenda setting process. One of the two items was Oracle Cloud Programme, for which a specific Member briefing has taken place.
GA015	12 November 2024	251.2.e	Internal Audit Progress Report – Exempt Report	School Loans Information: A comprehensive suite of documents referred to by Internal Audit in the key strengths section, and further information on current loans would be	David Adams	Completed: This information was provided to Members via Teams on 19 November 2024.

				provided to Members outside of the meeting.		
GA016	12 November 2024	251.2.c	Internal Audit Progress Report – Exempt Report	RB18-2024 – Loans to Schools: The Corporate Director for Children, Young People and Education, confirmed that policy had been updated and amended. The areas for development which had been identified were historic cases but will be revisited and an update to the Committee would be provided.	The Corporate Director for Children, Young People and Education	Schools Financial Services will be reviewing the other loans and then Internal Audit will review a sample of these as part of our Follow Up and report back to Committee accordingly.
GA017	12 December 2024	258.2.d	Annual Governance Statement	The Selection and Member Services and Sub Committees had been working on Member induction and information would be provided via the Governance and Audit Internal Teams site. How the induction takes place will be included.	Ben Watts	This was provided to Members.
GA018	12 December 2024	258.2.c	Annual Governance Statement	The Annual Governance Statement had 3 key areas for improvement and actions for the year ahead.	Katy Reynolds	Completed: The actions have been integrated into the Governance

				All actions would be moved into the individual task tracker on the internal Teams site, so the Committee could monitor the progress.		Recommendations Improvement Plan.
GA019	12 December 2024	264.1.b	Verbal Update on Committee Business	A report on the effectiveness of the Governance and Audit Committee would be provided in the new year.	Katy Reynolds	Completed: This item has been added to the 23 January 2025 Governance and Audit Committee agenda.
GA020	12 December 2024	266.4	Kent County Council Statement of Accounts	In relation to the Draft Statement of Accounts 2023/24, the Acting Chief Accountant confirmed that further information could be provided to the Committee regarding the payment of £1.5m to Tunbridge Wells Borough Council.	Joe McKay	Completed: This information was provided to Members via the Teams site on 24 December 2024.
GA021	23 January 2025	277.6.I	Corporate Risk Register	Mr Scrivener confirmed that he would ascertain the date in which the Kent Design Guide would be submitted to a Cabinet Committee and inform Members accordingly.	Mark Scrivener	Completed: this information was provided to the Committee via the Teams site on 10 March 2025.

GA022	23 January 2025	278.2.g	External Auditor's Audit Progress Report and Sector Updates	It was confirmed that the questions set out on page 9 of the report would be responded to in writing and then provided to Members.	John Betts	Completed: A comprehensive update on the impact of leases (and other issues relating to the 2023/24 Statement of Accounts and planning for 2024/25) is contained in a report on March 2025's agenda.
GA023	23 January 2025	281.4	Internal Audit Progress Report	Mr Jones confirmed that if Members created a list of questions concerning the Oracle Cloud Programme he would be content to respond to them.	Simon Jones	Completed: This was resolved via an in-person briefing for Members on 6 March 2025.
GA024	20 March 2025	293.3.c	Verbal Update on Management Actions	The Learning Organisation Panel Terms of Reference would be shared with the Committee when complete.	Pascale Blackburn-Clarke	This is in progress. The first meeting of the Learning Organisation Panel is in December 2025.
GA025	20 March 2025	296.7.c	2023 - 2024 Accounts Update, Accounting Policies Update including IFRS 16	In response to a Member's question regarding Peppercorn Leases and specific reserve amounts, Mr McKay confirmed he	Joe McKay	Completed: This information is appended to the Committee Update provided at the 24

			Implementation and External Audit Timetable	would note the questions and provide the responses to the enquiries in a future Committee.		September 2025 meeting.
GA026	20 March 2025	301.2.c	Counter Fraud Update	Further information would be sought from colleagues in the District Council and raised at the Kent Intelligence Network, in order to address a Member's question regarding an automated completion process between building enforcement and Council tax Revenue officers.	James Flannery	The Kent Intelligence Network Board meeting took place in August 2025 and this was raised for discussion.
GA027	3 July 2025	312.4.b	Corporate Risk Register	It was discussed and confirmed that interim updates on the progress of the Oracle Cloud implementation could be delivered to the Committee ahead of the next scheduled meeting in September, by way of an informal briefing.	Simon Jones	Completed: An informal briefing has been arranged for Committee Members on Friday 12 September 2025.
GA028	3 July 2025	314.2.b	2024/2025 External Audit Plan for Kent	Mr Watts commented that a briefing on Governance Structure, as part of the	Ben Watts	Completed: A briefing from the Chief Executive of the

			County Council	new Member medium-term induction plan could be arranged		Commercial Services Group was arranged for the Committee Members on 30 October 2025. A follow up action is included in the action tracker.
GA029	3 July 2025	319.3	Treasury Update Report	In answer to a Member's question, Mr Betts confirmed that he would be content to bring to Committee a review of the strategy for Money Market Funds and Investment Funds.	John Betts	In progress: this has been added to the Work Programme as a future item and will be considered as part of the agenda setting process.
GA030	3 July 2025	312.4.h	Corporate Risk Register	Mr Scrivener confirmed he would liaise with ICT Compliance and Risk Team in relation to CyberEssential Plus external accreditation for larger supply chains.	Mark Scrivener	Completed: This information was circulated to Committee Members via email on 18 August 2025.
GA031	3 July 2025	318.3.a	Internal Audit Plan 2025-26	The number of audits to be completed within the 2025 – 2026 timeframe was accounted for in the	Russell Smith	Completed: This information was circulated to Committee Members

				resource projections section of the report and it was confirmed that no slippage of any audits should occur. Mr Smith stated that he would be content provide detailed workings of the viability of delivery, outside of the meeting.		via email on 18 August 2025.
GA032	24 September 2025	327.5	Verbal Update on Committee Business	It was agreed that arrangements for checking the value of matters covered by earmarked reserves would be included in the Work Programme so the item could feature in future committee meetings	John Betts/Ruth Emberly	In progress: this has been added to the Work Programme as a future item and will be considered as part of the agenda setting process.
GA033	24 September 2025	327.6	Verbal Update on Committee Business	In relation to a question regarding peppercorn rents, contact would be made with the relevant Corporate Director and the Deputy Leader to ensure all relevant questions were covered. It was	Ben Watts	This is currently in progress.

				commented that a list of properties that held a peppercorn rent would be helpful to Members and Mr Watts confirmed that he would reflect with the relevant senior officers to examine how best to present this information to the committee.		
GA034	24 September 2025	329.2.b	Lessons from 2023 / 2024 External Auditor's Annual Report	Mr Watts confirmed that he would take the questions featured on pages 81 and 82 of the Grant Thornton report to the next Corporate Management Team meeting for consideration, alongside other audit issues.	Ben Watts	Completed: The report was circulated to the Corporate Management Team on 30 October 2025
GA035	24 September 2025	330.3	External Auditor's Progress Report	Members unanimously agreed to ask the relevant officers to review and answer the model questions set out in the Grant Thornton report (pages 102 onwards) and if answers were not available, officers would	Katy Reynolds	In progress: This information was provided in part to the Committee ahead of the meeting on 30 October 2025. The remaining answers will be provided to the Committee when

				provide these at the next Committee meeting		available.
GA036	24 September 2025	331.6.i	2024/2025 Kent County Council Auditor's Annual Report	Members unanimously agreed that a midterm review covering the effectiveness of the committee would be helpful. Mr Watts confirmed that one would be added to the Governance Recommendations Improvement Plan (GRIP) and presented to the Committee in January 2026.	Ben Watts/Katy Reynolds	In progress: This has been added to the Work Programme for the January 2026 meeting
GA037	24 September 2025	335.3.a	Internal Audit Annual Report	Mr Smith confirmed that he would review the discrepancies in the number of audits reflected in the report presented on the 3 July and the two reports presented at the current Committee meeting and provide a response to Members in due course.	Russell Smith	Completed: This information has been provided as a post-meeting note in the minutes of the meeting held on 24 September 2025.
GA038	24 September	335.3.b	Internal Audit Annual Report	Mr Smith acknowledged that Members sought	Russell Smith	Completed: This information has been

	2025			assurance that the Audit Plan, set out at the July 2025 Committee, would be delivered. He confirmed that he would provide a more substantial response to Member questions and observations regarding the presentation of data and the amount of audits carried out and the length of time taken to conduct them.		provided as a post-meeting note in the minutes of the meeting held on 24 September 2025.
GA039	30 October 2025	339.3	Verbal Update on Committee Business	Mr Watts confirmed that he was committed to ensuring that future agendas would include detailed performance and finance updates in relation to the Kent County Council Wholly Owned Companies, the shareholder board subcommittee of the Cabinet and the financial information relating to the board of companies, previously requested by a Member at a previous	Ben Watts	In progress: the performance of KCC wholly owned companies has been added as an agenda item to the November meeting of the Committee.

				Committee meeting.		
GA040	30 October 2025	340.13.c	2024 / 2025 Draft Statement of Accounts and Annual Governance Statement	A written response would be provided in relation to a Member's question around the acquisition details of WF Education, the WF Education Group Holdings Limited and WF Education Group Limited and the expansion of CSG.	John Betts	

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From:	Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services Interim Corporate Director – Finance
To:	Governance and Audit Committee – 26 November 2025
Subject:	Treasury Management Mid-Year Update
Classification:	Unrestricted
Future Pathway of report	County Council

Summary: This report provides an overview of Treasury Management activity to the end of September 2025.

Recommendation: The Committee is asked to endorse this report and recommend that it is submitted to County Council.

1. Introduction

- 1.1 This report covers Treasury Management activity up to the end of September 2025 and developments in 2025-26 up to the date of this report.
- 1.2 The Council's Treasury Management Strategy for 2025-26 was approved by the County Council on 13 February 2025.
- 1.3 The Council has both borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy. This report covers treasury activity and the associated monitoring and control of risk.
- 1.4 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.
- 1.5 The Council has nominated the Governance & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. External context

- 2.1 **Economic Update:** The following economic commentary has been provided by the Council's treasury advisor. It does not necessarily reflect the views of officers or the

County Council as a whole and some of it is quite technical in nature. However, it should be helpful in providing some context for considering borrowing and short-term investment strategies.

2.2 “The first half of 2025/26 (April to September) saw:

- A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
- The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
- CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
- The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
- The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.

2.3 From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July will have caused some concern, with the hikes in taxes for businesses that took place in April this year undoubtedly playing a part in restraining growth. The weak overseas environment is also likely to have contributed to the 1.3% m/m fall in manufacturing output in July. That was the second large fall in three months and left the 3m/3m rate at a 20-month low of -1.1%. The 0.1% m/m rise in services output kept its 3m/3m rate at 0.4%, supported by stronger output in the health and arts/entertainment sectors. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.

2.4 Sticking with future economic sentiment, the composite Purchasing Manager Index¹ for the UK fell from 53.5 in August to 51.0 in September. The decline was mostly driven by a fall in the services PMI, which declined from 54.2 to 51.9. The manufacturing PMI output balance also fell, from 49.3 to 45.4. That was due to both weak overseas demand (the new exports orders balance fell for the fourth month in a row) and the cyber-attack-induced shutdown at Jaguar Land Rover since 1 September reducing car production across the automotive supply chain. The PMIs suggest tepid growth is the best that can be expected when the Q3 GDP numbers are released.

2.5 Turning to retail sales, and the 0.5% m/m rise in volumes in August was the third such rise in a row and was driven by gains in all the major categories except fuel sales, which fell by 2.0% m/m. Sales may have been supported by the warmer-than-

¹ This is a UK set of economic indicators based on business surveys, that summarises whether market conditions are expanding, staying the same, or contracting, as viewed by purchasing managers.

usual weather. If sales were just flat in September, then in Q3 sales volumes would be up 0.7% q/q compared to the 0.2% q/q gain in Q2.

- 2.6 With the November Budget edging nearer, the public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the OBR forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshoot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what very much matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.
- 2.7 The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.
- 2.8 A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.8% in July. The rate for the private sector slipped from 5.5% to 4.7%, putting it on track to be in line with the Bank of England's Q3 forecast (4.6% for September).
- 2.9 CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although the recent upward march in CPI inflation did pause for breath in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. So, we finish the half year in a similar position to where we started, although with food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.

- 2.10 *An ever-present issue throughout the past six months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the “Liberation Day” tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%.*
- 2.11 *More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves’ future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK’s fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated over 4.70%.*
- 2.12 *The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed Q3 at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors’ global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings.*

3. Local context

- 3.1 The treasury management position on 31 March 2025 and the change over the 6 months to 30 September 2025 is shown in the following table.

	31-Mar-25	2025-26	30-Sep-25	30-Sep-25
	Balance £m	Movement £m	Balance £m	Average Rate %
Long-term borrowing	732.6	-68.1	664.5	4.3
Total borrowing	732.6	-68.1	664.5	4.3
Long-term investments	304.1	6.0	310.2	4.7
Short-term investments	37.9	7.3	45.1	4.0
Cash and cash equivalents	133.0	-5.1	127.9	4.1
Total investments	475.0	8.2	483.2	4.4
Net borrowing	257.6	-76.3	181.3	

4. Borrowing update

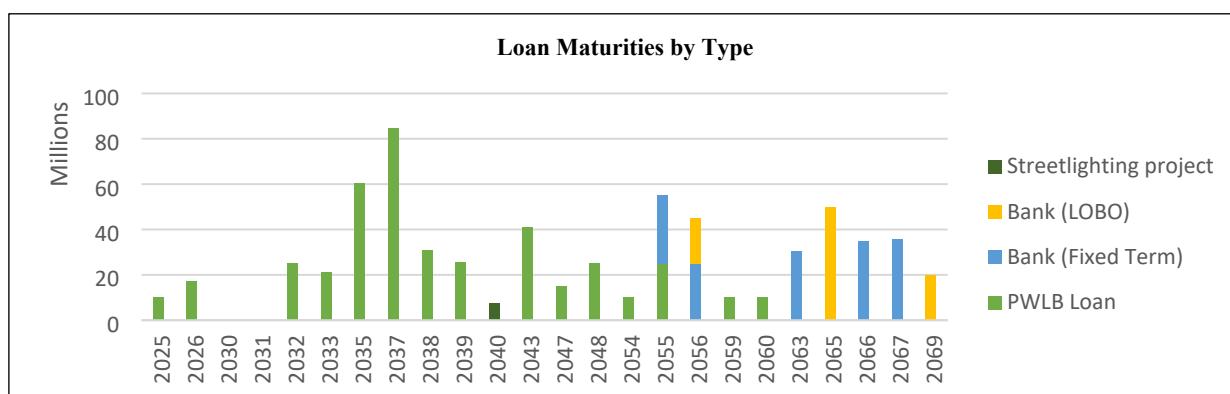
- 4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

5. Borrowing Strategy during the period

- 5.1 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 5.2 At 30 September 2025, the Council held £664.5m of loans as part of its strategy for funding previous capital programmes. No net new borrowing was undertaken in the half-year and £68.1m of existing loans were allowed to mature/ be repaid without replacement.
- 5.3 Interest rates showed mixed movements over the first half of the financial year. Short term rates decreased by 0.46% - 0.50%, whilst long term rates increased by 0.15% - 0.25% between the beginning of April and end of September 2025. The PWLB 10-year maturity certainty rate stood at 5.57% at 30 September 2025, 20 years at 6.14% and 30 years at 6.25%.
- 5.4 The Council continues to hold LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Rising interest rates increases the likelihood of a lender exercising their option although no banks exercised their option during the period.
- 5.5 The Council's borrowing activity in the 6 months to 30 September 2025 is as follows:

	31/03/2025	2025-26	30/09/2025	30/09/2025	30/09/2025
	Balance	Movement	Balance	Average Rate	Value Weighted Average Life
	£m	£m	£m	%	yrs
PWLB Loans	428.5	-17.9	410.7	4.3%	14.7
Banks (LOBO)	90.0	0.0	90.0	4.1%	38.4
Banks (Fixed Term)	206.1	-50.0	156.1	4.5%	36.6
Streetlighting project	7.9	-0.3	7.7	2.9%	15.0
Total borrowing	732.6	-68.1	664.5	4.3%	23.0

5.6 The maturity profile of the Council's outstanding debt at 30 September 2025 was as follows:



6. Treasury investment activity

- 6.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that represents balances that need to be invested until the cash is required for use in the course of business.
- 6.2 The Council holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During the period, the Council's investment balance ranged between £457.7m and £705m due to timing differences between income and expenditure.
- 6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 6.4 Bank Rate decreased from 4.5% at the beginning of the year to 4% at the end of September 2025. Short-dated cash rates, which had ranged between 4.39% - 4.50% at the beginning of April, dropped by around 0.44% for overnight/7-day maturities and 0.33% for 3/6-month maturities.

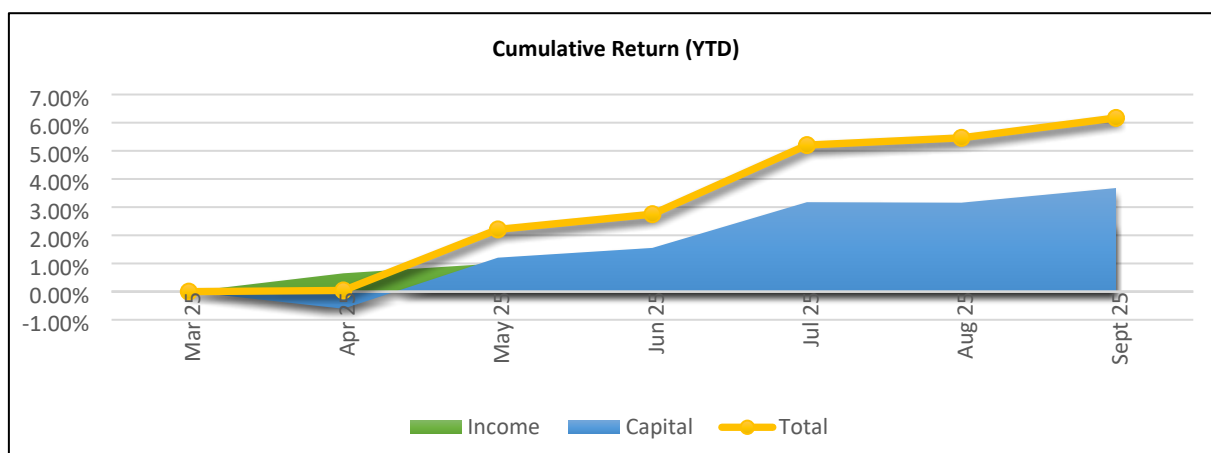
- 6.5 The Council continues to hold significant cash balances in money market funds as well as in bank call accounts which have same day availability. This liquid cash is diversified over several counterparties and money market funds to manage both credit and liquidity risks.
- 6.6 During the 6 months to 30 September 2025, the Council advanced £5.3m in new loans to the No Use Empty loans programme, while £5.8m of existing loans were repaid. At 30 September 2025, the Council had outstanding loans totalling £21.5m to the programme now achieving a return of 3.7% which is available to fund general services. With increase nor decrease in covered bonds in the 6 months, the total bond portfolio remains at £103.3m. These instruments are negotiable and have the benefit of collateral cover.
- 6.7 The Council's investments during the 6 months to the end of September 2025 are summarised in the table below and a detailed schedule of investments as at 30 September 2025 is in Appendix 1.

	31-Mar-25	2025-26	30-Sep-25	30-Sep-25	30-Sep-25
	Balance	Movement	Balance	Rate of Return	Average Credit Rating
	£m	£m	£m	%	
Call Deposits (Banks)	10.0	-1.0	9.0	3.7	A+
Money Market Funds	133.0	-5.1	127.9	4.1	AAA
Covered Bonds	103.3	-0.0	103.3	4.4	AAA
DMADF Deposits (DMO)	27.9	-21.2	6.7	4.0	AA-
Treasury Bills (UK Government)	0.0	29.5	29.5	4.1	AA-
No Use Empty Loans	22.0	-0.5	21.5	3.7	
Equity	1.3	0.0	1.3		
Internally Managed Cash	297.5	1.6	299.1	4.1	AA+
Strategic Pooled Funds	177.5	6.5	184.1	5.0	
Total	475.0	8.2	483.2	4.4	

7. Externally managed investments

- 7.1 The Council is invested in equity, multi-asset and property funds. Because the pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed.
- 7.2 Although expected returns are higher over the long term than comparable short-term cash instruments, returns on pooled fund investments can be volatile from one year to the next, and therefore the Council only holds long term (strategic) cash balances in the strategic pooled funds' portfolio.
- 7.3 **Performance YTD** The value of our holdings increased to £184.1m at the end of September 2025, showing an unrealised gain of £6.5m (3.7%) over the period since

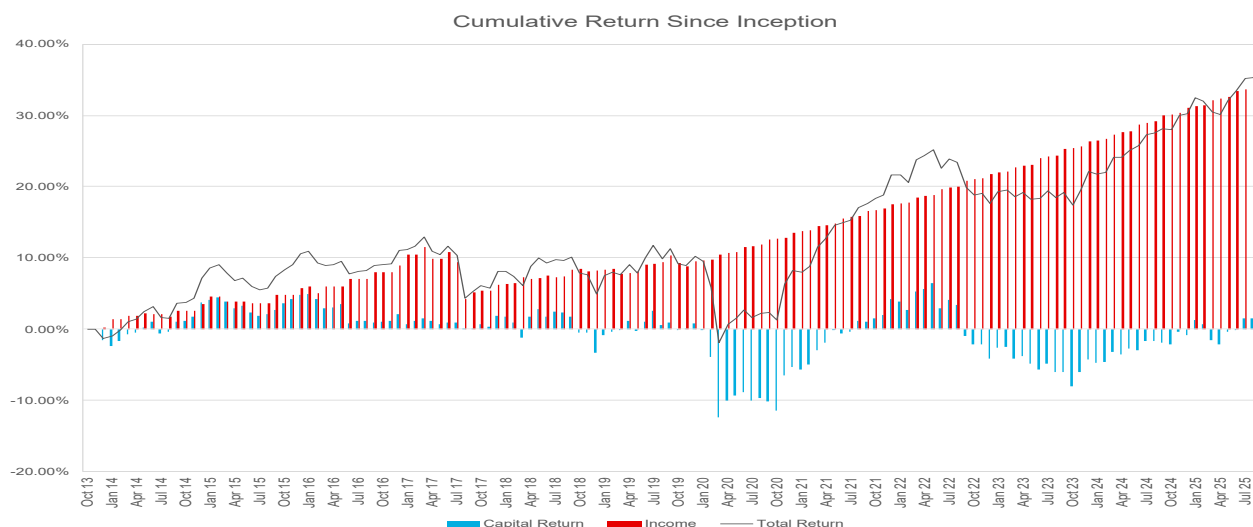
the end of March 2025. The total return (comprised of both income and capital returns) on the pooled fund investments over the 6 months since 31 March 2025 is £11m (6.2%), as shown in the table below.



7.4 The market value of the pooled fund investments as at 30 September 2025 compared to the position as at 31 March 2025 is shown in the table below.

		31-Mar-25	2025-26	30-Sep-25	30-Sep-25	
Investment Fund	Book cost	Market Value	Movement	Market Value	6 months return	
					Income	Total
	£m	£m	£m	£m	%	%
CCLA LAMIT Property Fund	60.0	55.3	0.1	55.4	2.3	2.5
CCLA Diversified Income Fund	5.0	4.7	-0.0	4.7	1.8	1.2
Pyrford Global Total Return Sterling Fund	5.0	5.5	0.1	5.6	1.6	4.2
Fidelity Global Multi Asset Income Fund	25.0	22.4	0.3	22.6	2.6	3.9
Ninety-One (Investec) Diversified Income Fund	10.0	9.1	0.2	9.3	2.4	4.7
Aegon (KAMES) Diversified Monthly Income Fund	20.0	18.6	1.0	19.6	3.2	8.7
M&G Global Dividend Fund	10.0	16.3	1.3	17.6	2.0	10.1
Schroders Income Maximiser Fund	25.0	21.9	1.5	23.4	3.80	10.7
Threadneedle Global Equity Fund	10.0	12.8	1.1	13.8	1.5	9.9
Threadneedle UK Equity Income Fund L	10.0	11.2	0.9	12.1	1.9	9.9
Total Externally Managed Investments	180.0	177.5	6.5	184.1	2.5	6.2

7.5 Performance since inception: KCC initially invested in pooled funds in 2013. By the end of September 2025 they had achieved a total income return of £62.5m, 34.6%, with an increase in the capital value of the portfolio of £4m, 2.2%. Total returns since inception have been far in excess of the returns available from cash and these instruments are an effective way of managing the Council's longer term cash balances. The following chart tracks the returns earned on the pooled funds over the period from inception.



7.6 IFRS 9 Statutory Override: Under the current accounting requirements governing local authorities, movements in the fair value of pooled fund investments are removed from the general fund and recognised on the Council's balance sheet. This effectively ensures the impact of volatility in the capital value of such investments does not affect the annual revenue outturn. However, the relevant accounting provision (known as the "IFRS 9 statutory override") is temporary in nature and is due to expire on 31 March 2029 (for legacy investments only) and therefore (in the absence of any future regulatory changes), the Council will begin to recognise movements in the fair value of pooled fund investments from 2029/30, including the cumulative position to date (whilst any new investments would be subject to compliance immediately). Given the uncertainty surrounding the impact of the expiry of the override, the Council recognises this risk on the Budget Risk Register.

8. Actual and forecast outturn (Half-Year)

8.1 Forecast net debt costs are lower than budget; early redemption of £50m loan principal in September reduces borrowing interest costs, and yields from short-term and variable long-term cash investments have remained higher than originally forecast. However, the reduced cash available for investment as a consequence of the early debt repayments negatively impacts the forecast interest return (but by less than the savings on borrowing).

9. Compliance

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

10. Treasury Management Indicators

- 10.1 The Council measures and manages its exposures to treasury management risks using the following indicators:

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

Credit risk indicator	Actual 30/09/2025	Minimum
Portfolio average credit rating	AA+	AA-

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

Liquidity risk indicator	Actual 30/09/2025	Minimum
Total cash available within 3 months	£193.1m	£100m

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

Interest rate risk indicator	Actual 30/09/2025	Upper Limit
One-year revenue impact of a 1% <u>rise</u> in interest rates	£1.9m	£10m
One-year revenue impact of a 1% <u>fall</u> in interest rates	-£1.9m	-£10m

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

	Actual 30/09/2025	Upper limit	Lower limit
Under 12 months	1.5%	100%	0%

12 months and within 5 years	2.6%	50%	0%
5 years and within 10 years	16.1%	50%	0%
10 years and within 20 years	28.6%	50%	0%
20 years and within 40 years	36.2%	50%	0%
40 years and longer	15.1%	50%	0%

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

- 10.6 **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:

Price risk indicator	2025/26	2026/27	2027/28	No Fixed Date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m
Actual as at 30 September 2025	£74m	£17.3m	£10.3m	£206.9m

11. Recommendation

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

Appendices

Appendix 1 – Investments as at 30 September 2025
Appendix 2 – Glossary of Terms

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10 November 2025

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KCC Annual Customer Feedback Report 2024/25

By: Amanda Beer – Deputy Chief Executive
To: Governance and Audit Committee
Date: 26 November 2025
Subject: KCC Annual Customer Feedback Report 2024/25
Classification: Unrestricted

Summary: This report provides a summary of the compliments, comments and complaints recorded by the Council. The report includes statistics relating to customer feedback received by the Council and a sample of complaints considered by the Ombudsman.

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

1. Introduction

- 1.1 This is the Council's annual report on compliments, comments and complaints.
- 1.2 Overall complaints volumes at stage one are down 3% on the previous year, however there is an increase in stage two complaints (up 49%) which was expected following a concerted effort to reduce the backlog within SEN.
- 1.3 For the purposes of this report customer feedback only relates to those comments, compliments and complaints received from members of the public and our external customers. It does not include internal feedback between departments or contractors.

2. Progress in refining practices within KCC

- 2.1 The council uses a customer feedback system enabling us to breakdown data easily, understand trends and react to evolving issues.
- 2.2 Following centralisation in the previous year of complaints handling, the focus has been on supporting directorates and services in reducing their backlogs. The team have been looking at streamlining processes to support this activity, in addition the team have also rolled out training where need has been identified by services. In the next year the team's focus will be on supporting directorates in improving timeliness, consistency and providing robust responses to our residents and service users.

3. Overview of Customer Feedback Received

- 2.1 A compliment is an expression of thanks or congratulations or any other positive remark. (Internal compliments are excluded from this process).

- 2.2 A comment is a general statement about policies, practices or a service as a whole, which has an impact on everyone and not just one individual. A comment can be positive or negative in nature. Comments may question policies and practices, make suggestions for new services or for improving existing services.
- 2.3 A complaint is an expression of dissatisfaction, whether justified or not and however made, about the standard or the delivery of a service, the actions or lack of action by the Council or its staff which affects an individual service user or group of users. This is consistent with the definitions used by other local authorities.
- 2.4 The following table gives an overview of the feedback received by KCC as a whole compared with the previous year.

Table 1 – Feedback received by KCC compared with previous year

Year	Complaints (Stage 1)	Comment	Compliments	Local Government and Social Care Ombudsman complaints
2024/25	5392	3557	1609	291
2023/24	5537	1797	1324	304
Difference	145	1760	285	-13
% difference	-3%	98%	22%	-4%

- 2.5 This year saw a slight decrease in volumes of cases received on the previous year but broadly complaint numbers are similar to the previous year.
- 2.6 The increase in comments can be attributed to more robust logging of these types of feedback, the most common were those received via GovMetrics on our website and those relating to the Booking System for Household Recycling and Waste Centres (HWRC)
- 2.7 Significant efforts were made in this year to reduce the SEN backlog with a dedicated team in SEN investigating cases and with support given through the customer feedback team to draft responses.

Table 2 - Complaints received at stage 1 (local resolution)

Stage 1	Adults Social Care and Health	Children, Young People and Education	Growth, Environment & Transport	CED & DCED	Total
2024/25	1064	1266	2932	130	5392
2023/24	992	1164	3157	224	5537
Difference	72	102	-225	-94	-145
% difference	7%	9%	-7%	-42%	-3%

- 2.8 Adult Social Care and Health (ASCH), saw an increase of 7% from the previous year. ASCH saw increases across the board all of which contributed to the general rise in this directorate.
- 2.9 Children, Young People and Education (CYPE) saw the largest increase in complaints overall. The impact of the improvements within SEN service should start to be seen in the coming year. However, we may see an increase in those complaints that relate to the Council decisions. Work is continuing to reduce the backlog of complaints awaiting responses in this area.
- 2.10 Within Chief Executive's (CED) and Deputy Chief Executive's Departments (DECD), there was a decrease in the number of complaints received for these departments. This is largely due to topical complaints received in the previous year, which accounted for an increase in that year.
- 2.11 The majority of complaints in CED & DCED were logged regarding the Contact Centre (48% of cases), and Finance (23%)
- 2.12 Where customers complain about the Contact Centre, calls are listened to, where fault is found, training is carried out with staff members. The number of complaints is low in comparison to the hundreds of thousands of calls responded to on an annual basis.
- 2.13 Overall, we have seen a 3% decrease in the number of complaints received at stage one. A breakdown of complaints received by division/service can be found in Appendix A.

Table 3 – Feedback received at Stage 2 compared with the previous year

Stage 2	Adult Social Care and Health	Children, Young People and Education	Growth, Environment and Transport	CED & DCED	Total
2024/25	55	314	300	12	681
2023/24	41	167	231	19	458
Difference	14	147	69	-7	223
% difference	34%	88%	30%	-37%	49%

2.14 ASCH have started to log additional issues raised following stage 1 informally as stage 2. Usually a 2-stage process with the Local Government Ombudsman acting as the second stage is employed for ASCH complaints, however there are times when it is appropriate to respond to additional queries raised following our stage 1 response. We therefore log these as an escalation but not in a formal stage 2 format.

2.15 We have seen an increase in complaints escalating to stage 2 within CYPE, this is largely due to issues relating to SEN complaints (55% of all cases). 24% of cases relate to children's social work. This increase can be attributed to the movement of cases in the backlog, this was expected activity as a significant number of stage one cases were responded to in this period.

2.16 We have seen a further steady increase in complaints escalating to stage 2 within GET, these mainly relate to Highway Manager cases. The service have been more proactive in encouraging cases to be escalated, rather than engaging in protracted conversations where customers disagree with decisions made.

2.17 Annual comparison of comments, complaints and compliments

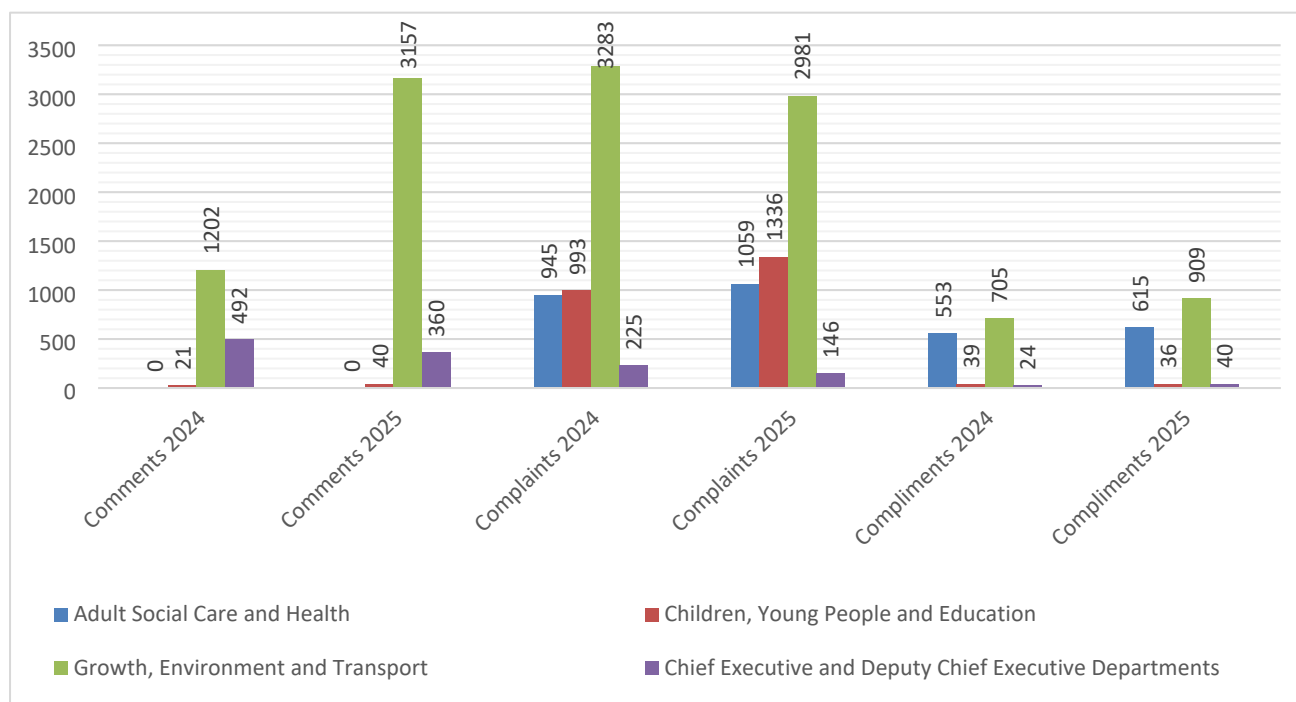


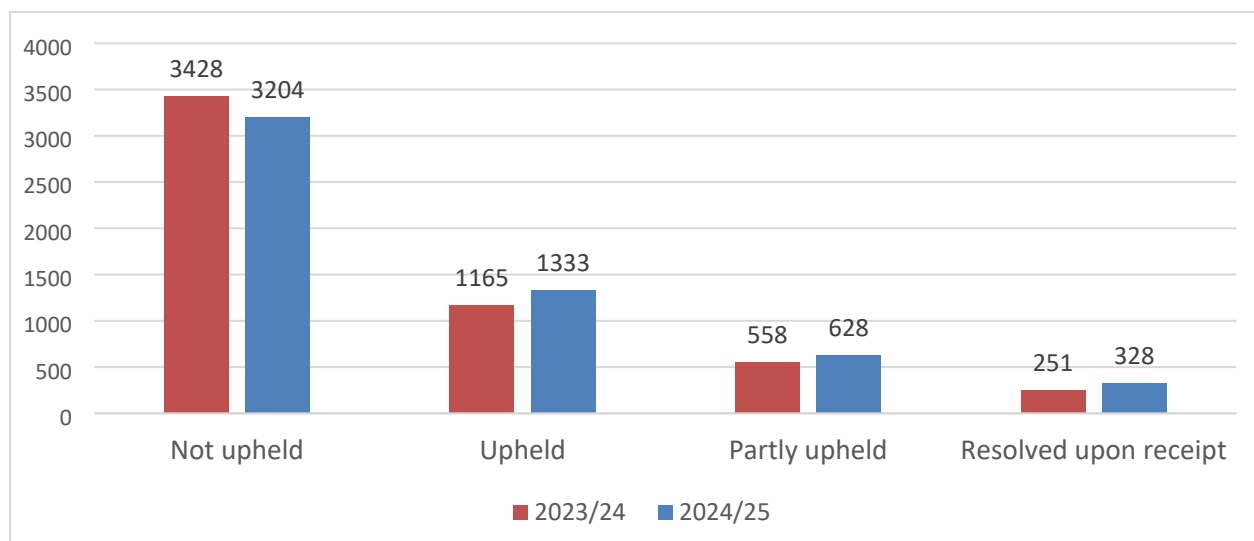
Table 4 - Cases closed by Directorate at Stage 1

	Comment	Complaint	Compliment	Total
Adult Social Care and Health	0	1059	615	1674
Children, Young People and Education	40	1336	36	1412
Growth, Environment and Transport	3194	2981	909	7084
CED & DCED	378	146	40	564
Total for 2024/25	3612	5522	1600	10734
Total for 2023/24	1715	5446	1321	8482
<i>Difference</i>	<i>1897</i>	<i>76</i>	<i>279</i>	<i>2252</i>
<i>% Difference</i>	<i>111%</i>	<i>1%</i>	<i>21%</i>	<i>27%</i>

*ASCH log informal concerns and feedback of this nature under other categories

2.18 The rise in comments under GET relate to booking system comments. To capture all comments, the service are logging all cases relating to the booking system to review themes, this includes comments left on GovMetric on our website. 80% of cases (2,507) relate to the waste booking system.

Case outcomes at Stage 1*



*Number of cases closed will not equal the number received

Table 5 – Stage one - cases not upheld, upheld, partly upheld and resolved upon receipt

Stage 1	Not upheld	Upheld	Partly upheld	Resolved upon receipt
2024/25	3204	1333	628	328
%	58%	24%	11%	6%
2023/24	3428	1165	558	251
%	63%	21%	10%	5%

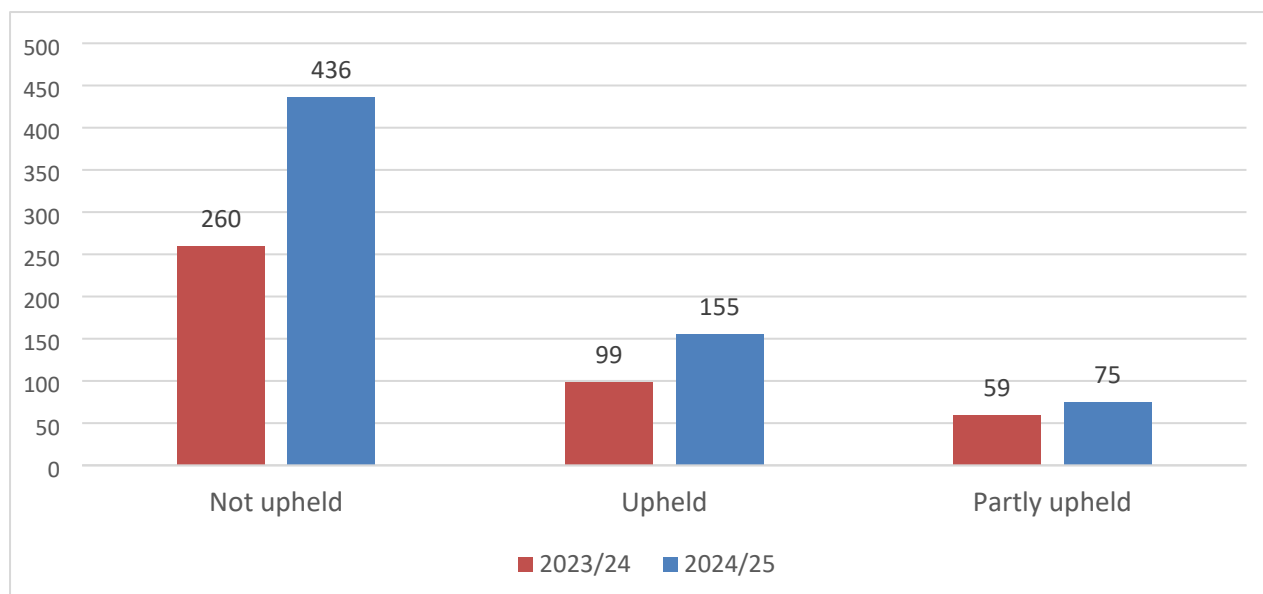
2.19 We are seeing a small increase in the volume of cases being upheld/partly held. There was a 5% decrease in not upheld complaints last year. 33 cases were withdrawn.

2.20 An example of a not upheld and partially upheld case.

A not upheld example may include where a resident complains about KCC policy, but that policy had been through consultation, comments had been considered at committee meetings and a key decision had been made to implement the policy.

Partially upheld cases will be where some elements of the complaint were not upheld, as in the example above but other elements, for example if they had cause to complain about staff behaviour and this was found to be upheld, then this would cause the overall complaint to be partially upheld.

2.21 Case outcomes at Stage 2*



*Number of cases closed will not equal the number received

Table 6 – Stage two – Not upheld, upheld, partly upheld.

Stage 2	Not upheld	Upheld	Partly upheld
2024/25	436	155	75
%	64%	23%	11%
2023/24	260	99	59
%	56%	21%	13%

2.22 While there is a marked increase in the volume of cases progressing to stage 2, the split between outcomes remains broadly consistent with the previous year.

2.23 The majority of cases are not upheld at stage 2 (64%).

2.24 Table 7 below tracks the other types of feedback received by the Council including Member and MP enquiries and informal concerns compared with the previous year. Enquiries include Ask a Kent Librarian service requests which account for a significant proportion of the volumes received below.

Table 7 – Volumes received for other types of feedback.

	Member/MP enquiry	Enquiry (includes Ask a Kent Librarian)	Informal Concerns	Representation
2024/25	2319	15375	175	0
2023/24	2619	16158	286	0
Difference	-300	-783	-111	0

2.25 All other feedback types have reduced slightly compared to the volumes last year. MP & Member Enquiries are down 11% on the previous year. This may be attributed to the general election held in this year, meaning that during pre-election period we are unable to accept MP enquiries.

2.26 A representation is a procedure for cases where a complainant wishes to complain about something eligible for progression through the statutory Children Act complaints procedure, but there is something else in progress which prevents them from having it accepted. This would include a Section 47 child protection enquiries, legal proceedings, a Child and Family Assessment, Tribunal, disciplinary etc.

Table 8 - Reasons for complaints this year

	2024		2025	
Primary cause	Total	%	Total	%
Quality of service	2764	50%	2848	49%
Policy and Procedure	746	13%	884	15%
Communications	797	14%	828	14%
Service not provided	601	11%	634	11%
Staff Conduct	252	5%	313	5%
Equalities and regulatory	199	4%	207	4%
Not for KCC	126	2%	41	1%
Value for money	28	1%	13	0%
Comment/Enquiry use only	26	0%	16	0%
Blank	7	0%	4	0%
Issues with service	3	0%	n/a	
Impact of major incident	1	0%	n/a	
Service failure	0	0%	n/a	
Total	5550		5788	

*Some cases will have more than one reason for the complaint

- 3.21 The biggest topic was 'quality of service' which accounted for 49% of cases. This figure is down from 50% last year, but it remains the most complained about issue. Policy and Procedure and Communications swapped places from last year, with Policy & Procedure now second with 15%.
- 3.22 Of the 2,848 cases recorded against Quality of Service, 692 (24%) were upheld. Upheld figures are demonstrated in table 9 below.
- 3.23 The categories of Issues with service and Service failure have now dropped from reporting as these are now shown across wider subject options
- 3.24 Impact of major incident was not required last year, this was introduced during Covid to measure the impact on service delivery or decisions.

Table 9 – Breakdown of reasons for upheld* complaints by Directorate Stage one and two**

Complaint reason	Adults Social Care Services & Health	Children Young People & Education	Growth Environment & Transport	Strategic & Corporate Services	Total	%
Communications or Information	88	167	47	9	311	20%
Equalities & regulatory	7	9	16	4	36	2%
Policy and procedure	76	34	42	4	156	10%
Quality of service	92	338	247	15	692	45%
Service not provided	24	144	63	8	239	16%
Staff Conduct cause	9	28	45	6	88	6%
Value for money	0	3	0	0	3	0%
Total	296	723	460	46	1525	100%
%	19%	47%	30%	3%	100%	

*table only includes upheld complaints and not those partially upheld

**some complaints may have multiple reasons as to why they were upheld

4. Compliance with KCC standards and LGSCO Code

- 4.1 KCC is committed to acknowledging any complaints received within 3 working days and to provide the customer with a response within 20 working days. As a whole KCC **responded to 70%** of complaints within corporate timescales which compares to **61%** the previous year. The KPI for complaints responses is 85%.
- 4.2 The LGSCO has introduced a Complaints Handling Code, this will come into effect in April 2026.
- 4.3 The code, whilst not mandatory, will be used to review Council performance. Councils are asked to complete annual self-assessment forms, stating their compliance with the code. This can be found in Appendix C.
- 4.4 Compliance with Local Government Complaints Handling Code. The Code does not replace any existing statutory complaint processes such as The Children Act 1989 Representations Procedure (England) Regulations 2006 or Local Authority Social Services and National Health Service Complaints (England) Regulations 2009.
- 4.5 With the exception of the time to respond to stage one complaints (in which the LGSCO allows for 15 days), the Council broadly is in line with the Ombudsman's ambitions under the code.
- 4.6 In view of the code's exclusion of Adults and Children Act complaints, the Council's compliance with the code at stage one in **15 days is 60%**
- 4.7 With the removal of SEN, where there are ongoing backlogs, this is at **70%**.

KCC compliance at Stage One:	
20 working days	70%
15 working days	60%
15 working days (excl. SEND)	70%

- 4.8 For stage two, the Council's policy allows for 20 days against the LGSCO's 25 days. **65%** were responded to within 25 days.
- 4.9 With the removal of SEN cases this is at **84%**.

KCC compliance at Stage Two:	
25 working days	65%
25 working days (excl. SEND)	84%

- 4.10 The increase in timeliness for the year is reflected in the delay reasons and in the reduction of those selecting 'workload' as the reason for delay. It is hoped that this trend will continue as backlogs reduce.

4.11 This year, workload was again cited as the main reason for late responses. While the volume of cases has reduced, it is still far and above the most seen reason for delays in customer responses. This reason significantly increases in those services where there is already pressure, for example SEN. However, there has been progress in reducing the backlog over the last year.

Table 10 - Delay reasons

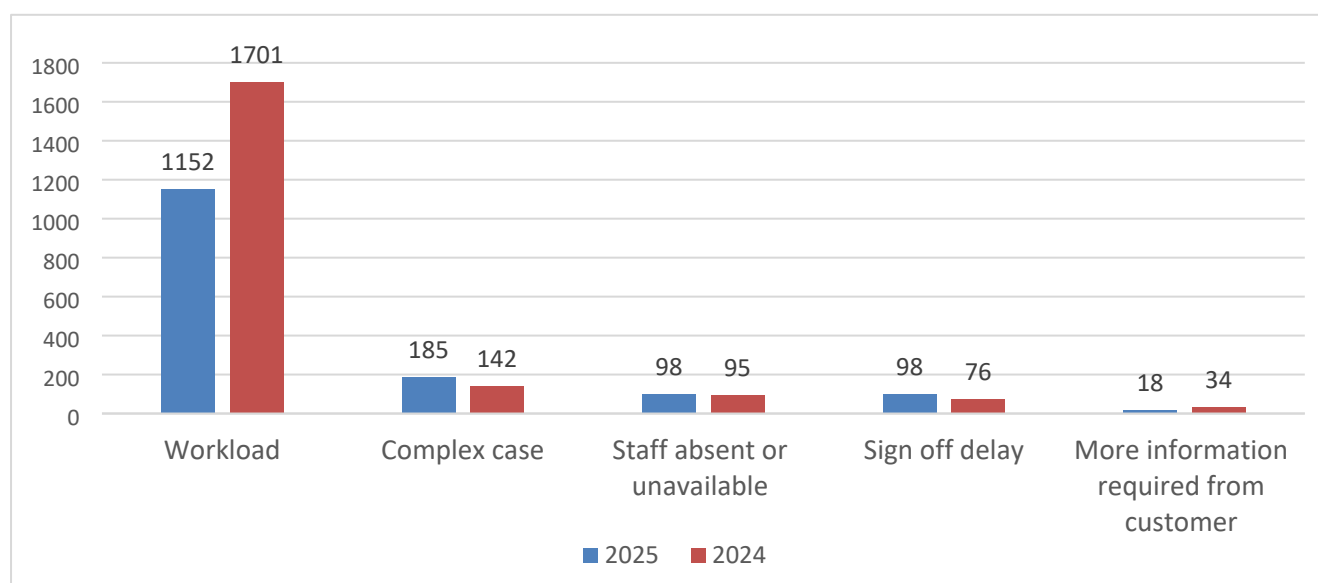


Table 11 - Top five overall delay reasons

	Workload	Complex case	Sign off delay	Staff absent or unavailable	More information required from customer
2024/25	1152	185	98	98	18
2023/24	1701	142	76	95	34
% of total complaints closed	72%	3%	2%	2%	<1%

4.12 Table 11 above shows the top five delay reasons cited for the organisation as a whole. It's important to note that when workload is cited, this is the workload of the service, impacting on their ability to respond to the complaints team, that is highlighted, not the workload of the complaints team itself. Other reasons (all with under 1% of the total) included third party delay, customer unavailable, joint response delay and waiting on legal advice.

- 4.13 The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 makes provision for customers and the complaints team to set the timescales for responding. This can be up to 6 months for the most complex of cases and means that complaints will often not meet the 20-working day KCC standard. This is because an agreement with the customer has been formed to allow for more time to investigate and respond.
- 4.14 Whilst the legislation allows for longer, ASCH complaints are measured against a 20-working day timeline in line with KCC's policy. Here 60% were responded to in timescale.
- 4.15 Any joint working complaints with health, have an agreed 30 working day response time.

Table 12 – Adult Social Care Complaints time to respond.

Days to respond (working)	Adults Social Care Services and Health	%
Within 20 working days	641	60%
Within 4-6 weeks	149	14%
Within 6-8 weeks	112	11%
Over 8 weeks	161	15%
Total	1063	

- 4.16 The following tables below show the breakdown of delay reasons by Directorate.
- 4.17 In Adult Social Care the top 3 reasons remain unchanged from the previous year, with workload being cited for 50% of late cases. The team continues to work with the service to reduce the number of complaint responses that are delayed.
- 4.18 Within CYPE workload continues to be the significant reason cited for late responses. This is particularly evident in areas already under significant pressure such as SEN, which accounts for 70% of the total number of cases closed late for the directorate. The complaints team continues to work with the service and the backlog of older cases has reduced significantly.
- 4.19 In GET, following work to reduce the complaints backlog, the number of late responses has significantly reduced. However, as with other directorates, when cases are late, the workload of the services is the most common reason cited.

4.20 **Table 13** - Top three delay reasons by directorate**Adults Social Care and Health**

	Complex case	Workload	Sign off delay
2024/25	123	180	32
2023/24	108	215	27
% of complaints closed late	50%	34%	9%

*Top 3 reasons remain unchanged

Children Young People and Education

	Workload	Sign off delay	Staff absent or unavailable
2024/25	750	46	30
2023/24	577	28	5
% of complaints closed late	87%	5%	3%

*Top 2 reasons remain unchanged

Growth Environment and Transport

	Workload	Staff absent or unavailable	Complex Case
2024/25	211	48	37
2023/24	880	80	20
% of complaints closed late	62%	14%	11%

*Top 3 reasons remain unchanged

CED & DCED

	Workload	Staff absent or unavailable	Complex Case
2024/25	11	8	4
2023/24	26	6	5
% of complaints closed late	34%	25%	13%

*Top reason remains unchanged

5. Customer communications channels

- 5.1 Information on 'How to complain' is available on our website. The public can provide feedback to the Council through a number of different channels including via our online form, phone, email and through Social Media.
- 5.2 The breakdown below indicates by percentage which channel customers have chosen to communicate feedback (compliments, comments & complaints).

Table 14 - Channels used to communicate compliments, comments, informal concerns and complaints

	Phone	Letter	Email	Comment card/ Face to Face	Online	Contact via Corporate Director, Member or MP	Govmetric	Other
2024/25	8%	1%	25%	2%	29%	1%	34%	1%
Volume	843	118	2715	191	3075	<1%	3641	21
2023/24	10%	2%	27%	2%	42%	<1%	16%	1%
Volume	868	183	2452	171	3758	10	1465	36

- 5.3 A significant proportion of complaints are submitted via digital methods. 89% of feedback received arrived digitally, up from 69% the previous year. While we maintain accessible channels, we are seeing the majority of customers contacting us online.
- 5.4 There was a significant increase in GovMetric feedback now being recorded on the system. GovMetric captures feedback on our website and after phone calls in the Contact Centre. The majority related to issues with booking Household Waste and Recycling Centre slots.

6. Compensation across all complaints received by KCC

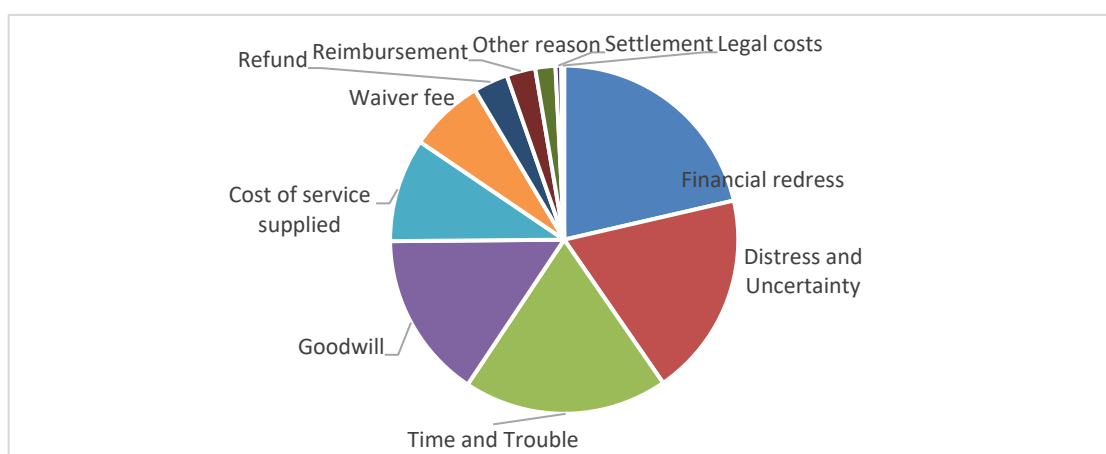
- 6.1 In 2024/25 £669,604.11 was paid in compensation, settlements, changes to the amount we charge and waived charges as a result of complaints to the organisation this includes;
- £239,680.60 has been paid or waived as part of local resolution in Adult Social Care and Health. This figure also includes the adjustments to the cost of care provided. The service has adapted their processes to ensure that this information is consistently calculated and recorded as part of the complaint outcome. This figure also includes one payment of £114,721.36 agreed with the LGSCO in respect of reimbursement of fees. (23 012 780)
 - £649.10 has been paid out for Growth, Environment and Transport.

- £429,274.41 has been paid out for Children, Young People and Education Directorate including Community Learning and Skills and Children Social Work Services
- Nothing was paid last year under CED & DCED
- £302,117.68 of the payments above were made following Local Government and Social Care Ombudsman Decisions found against KCC.

6.2 This is an increase of £193,618.44 from 2023/24 when £108,499.24 was paid out in settlements or through waived charges.

6.3 These figures include the substantial reimbursement that was awarded during 23/24 but was not closed until this financial year, as previously advised.

Table 15 - Compensation complaint reason chart



Reason	Volume	%
Financial redress	80	21%
Distress and Uncertainty	71	19%
Time and Trouble	71	19%
Goodwill	58	16%
Cost of service supplied	36	10%
Waiver fee	26	7%
Refund	12	3%
Reimbursement	10	3%
Other reason	7	2%
Settlement	2	1%
Legal costs	1	0%
Total	374	

- 6.4 It is important to note that monies paid out during the 2023/24 financial year may relate to complaints recorded in previous years. This is due to the time that elapses between the date the complaint was lodged and achieving resolution. This is particularly true of Ombudsman complaints.

7. Levels of complaints to the standards committee (Member complaints)

Complaints recorded in 2024/25

- 7.1 During 2024/25 the Monitoring Officer has responded to 2 complaints of alleged misconduct of the breach of the Elected Member Code of Conduct. A further 11 cases are currently open and pending a decision.

Table 16

Number of Complaints				
2024/25	2023/24	2022/23	2021/22	Outcome
2	0	2	9	No Action or resolved upon receipt. Dismissed by the Monitoring Officer
0	1	0	0	Action taken by party
11	0	0	0	Awaiting Outcome (Cases still open with the Monitoring Officer)

8. The Local Government and Social Care Ombudsman complaints review 2024/25

Overview of Ombudsman

- 8.1 In cases where a customer is unhappy with the responses received about their complaint from the Council they can exercise their right to involve the Local Government and Social Care Ombudsman (LGSCO). The Ombudsman will investigate cases where a customer has exhausted the Council's own complaints policy and feel that their case has not been appropriately heard or resolved.
- 8.2 Each year, the Ombudsman issues an annual review to each local authority regarding their performance. This year the LGSCO have release stats pertaining to the volume of cases received and investigated in May.
- 8.3 The annual review statistics are publicly available, allowing councils to compare their performance on complaints against their peers; copies of the Annual Review letter as

well as any published Ombudsman complaints are issued to the Leader of the Council and Chief Executive to encourage more democratic scrutiny of local complaint handling and local accountability of public services.

- 8.4 Decision statements made are published on the Ombudsman's website six weeks after the date of the final decision. The information published will not name the complainant or any individual involved with the complaint. Cases in which the complainant, despite redaction of names, can be easily identified are not published.

9. KCC Performance – Ombudsman complaints

- 8.1 It should be noted that there will be discrepancies between the volume recorded by the Ombudsman and the authority. This is due to the Ombudsman recording complaints that it does not progress to Kent County Council, as it is able to resolve the issue at first point of contact, either through referring the customer to the Council or it is identified as out of jurisdiction.
- 8.2 The LGSCO prioritises investigations, in which there is public interest to investigate. This has meant that the change in upheld rates over the last two years has increased as they are less likely to carry out investigations on 'borderline issues'.
- 8.3 During 2024/25 KCC received a total of **291** decisions from the Ombudsman this included **87** referred back for local resolution or closed. The full letter and Ombudsman statistics can be found in Appendix B.
- 8.4 Each complaint provides an opportunity to learn from our customers and improve our systems and we need to focus on those complaints that are upheld to ensure that lessons are learned.
- 8.5 The Ombudsman's report noted that the national average upheld in County Councils is **89%** of complaints they investigated.
- 8.6 The Kent County Council's average is 83%; this was an increase from last year's 81% upheld.
- 8.7 Adjusted for Kent County Council's population, this is **3.9% upheld** decisions per 100,000 residents. The average for authorities of this type is **5.3% upheld** decisions per 100,000 residents.
- 8.8 In **6%** of upheld cases the Council had provided a satisfactory remedy before the complaint reached the Ombudsman. This is an increase from 3% last year. This compares to an average of 10% in similar authorities.
- 8.9** The Ombudsman found the highest proportion of complaints upheld nationally to be in Education and Children's services, of 291 cases received by the LGSCO for Kent, 195 were about Education and Children Services. 50 cases were upheld and 4 were not upheld, 88% of KCC cases in this area were upheld. Nationally 91% of cases heard by the LGSCO in this area are upheld.

8.10 There was one instance in which the Council did not carry out agreed actions, which meant that the Council complied with the Ombudsman's recommendations in 98% of cases. This was raised in the LGSCO's letter to the Council.

8.11 The Ombudsman raised that timeliness is still an ongoing issue for the Council. As such a review will be undertaken where backlogs still remain, with a view to improving timeliness.

10. Public Report

10.1 No Public Reports were issued against Kent County Council in 2024/2025.

11. Local authority report – Kent County Council

11.1 For further information on interpretation of statistics click on this link to go to [Interpreting our complaints data - Local Government and Social Care Ombudsman](#)

Complaints and enquiries received

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

Table 17

	Adult care Services	Benefits and Tax	Corporate and other services	Education and children's services	Environmental services	Highways and transport	Housing	Planning and Development	Other	Total
<u>2024/25</u>	47	0	8	195	3	36	1	1	0	291
<u>2023/24</u>	75	0	6	186	10	22	1	1	3	304
<u>2022/23</u>	67	1	4	146	5	19	0	0	1	243

Decisions made

11.3 The following table examines the number of complaints decided by the Ombudsman over the last three years and decision category given by the LGSCO.

11.4 There has been a small decrease in the number of cases needing the Council's input and response in the last year, however, even those closed after initial enquiries can represent a significant workload for both the Customer Feedback team and the services it supports.

Table 18 – LGSCO complaint decisions

	<u>Detailed investigation carried out</u>		Advice given	Closed after initial enquiries	Incomplete / Invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
2024/25	63	13	3	128	9	75	291
2023/24	76	18	2	101	16	91	304
2022/23	53	8	7	91	8	62	229

12. Ombudsman Complaints – Themes and Outcomes

12.1 The following section examines the statistics for LGSCO complaint investigations by Directorate.

Table 19 - Children, Young People and Education

	Upheld	Not upheld	Closed: out of jurisdiction/ no further action or withdrawn	Premature	Total
Children Social Work Services	6	1	30	8	45
Kent Test/ School Admission appeals	0	1	5	0	6
Home to School Transport/ Free School Meals	3	1	4	0	8
Special Educational Needs	41	4	19	36	100
The Education People	0	0	0	1	1
Community Learning and Skills	0	0	0	0	0
Closed by LGSCO – not sent to KCC	0	0	2	29	22
Closed under CYPE but not CYPE services	0	0	4	0	4
Total	50	7	64	74	195

Table 20 - Growth, Environment and Transport

	Upheld	Not upheld	Closed: out of jurisdiction/no further action or withdrawn	Premature	Total
Environment & Waste	0	0	2	1	3
Growth and Communities (inc LRA)	0	0	0	0	0
Highways & Transportation	0	1	34	1	36
Closed by LGSCO – not sent to KCC	0	0	1	0	1
Total	0	1	37	2	40

Table 21 – Chief Executive and Deputy Chief Executive Departments

Upheld	Not upheld	Closed: out of jurisdiction/no further action or withdrawn	Premature	Total
0	0	7	2	9

Table 22 - Adult Social Care and Health

Upheld	Not upheld	Closed: out of jurisdiction/no further action or withdrawn	Premature	Total
13	5	23	6	47

13. LESSONS LEARNED

13.1 Where the Ombudsman has made a decision against the Council, steps are taken by officers in the service to ensure that any lessons learned are applied across the service to improve the customer experience and avoid any further complaints of a similar nature.

13.2 With regards to lessons learned across the Council, the following table shows a list of actions that have been recorded where they exceed 100 complaints.

Table 23 - Top remedy actions

Action	Total	%
Formal apology	891	33%
Explanation	565	21%
Financial remedy	282	10%
Provided service requested	281	10%
Arrange staff training or guidance	241	9%
Discuss at team meeting	156	6%
Change or review communications	102	4%

12.1 Below are summaries of the most common actions taken as a result of complaints;

1. **Apologies and Acknowledgements:** issuing apologies for various issues such as delays, errors, and poor service. These apologies are often accompanied by acknowledgements of the inconvenience or distress caused to the customers.
2. **Improving Communication:** A number of actions focus on improving communication with customers. This includes ensuring timely updates, clarifying processes, and providing clear information to avoid misunderstandings.
3. **Conducting Assessments:** actions taken here include the scheduling and completion of various assessments, including care needs assessments, financial assessments, and mental capacity assessments. These actions aim to ensure that customers receive appropriate support based on their needs.
4. **Providing Training:** Training is often taken to address issues raised by customers. This includes refresher training for staff, training on specific policies, and training to improve customer service skills.
5. **Reviewing Processes:** Many actions in these instances involve reviewing and improving existing processes to prevent future issues. This includes reviewing communication methods, assessment procedures, and service delivery standards.

12.2 An Organisational Learning Panel has been established and will meet for the first time in October 2025. This group will review cases which may have organisational wide learning opportunities. Representatives from across KCC will attend.

14. RECOMMENDATIONS

13.1 The Committee is asked to note the contents of this report for assurance.

13.2 The Committee is asked to review the self-assessment form in appendix C and comment on the Council's commitment with regards to the LGSCO's code of complaint handling.

Report Author:

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Relevant Corporate Director:

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Appendix A – Directorate overview of Customer Feedback Received

Children, Young People and Education

All Feedback Reported

	Complaints (Stage One)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2024/25	1266	40	36	195
2023/24	1164	21	40	186
2022/23	1240	38	39	121

The below table compares the number of complaints received in 2024/25 with those received in 2022/23 and 2023/24

Service	2022/23	2023/24	2024/25
Integrated Children's Services	991	397	452
Education (includes Community Learning & Skills)	236	145	150
SEN & Disabled Children's Services	n/a	608	464
Corporate Directors Office (includes The Education People)	13	15	18
Total Complaints	1240	1164	1266

Growth, Environment and Transport**All Feedback Reported**

	Complaints (Stage one)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2024/25	2932	3194	909	40
2023/24	3157	1233	702	33
2022/23	3231	196	662	26

The below table compares the number of complaints received in 2024/25 with those received in 2022/23 and 2023/24

Service	2022/23	2023/24	2024/25
Environment (<i>was Environment, Planning and Enforcement</i>)	145	73	103
Growth & Communities (<i>was Economic Development</i>)	4	96	68
Highways and Transportation	2822	2565	2267
Waste	n/a	235	323
Libraries, Registrations and Archives	260	187	171
GET Corporate Directors Office	n/a	1	0
Total Complaints	3231	3157	2932

Adult Social Care and Health

All Feedback Reported

	Complaints (Stage One)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2024/25	1064	0	615	47
2023/24	992	0	553	75
2022/23	958	0	375	48

The below table compares the number of complaints received in 2024/25 with those received in 2022/23 and 2023/24

Service	2022/23	2023/24	2024/25
Adult Social Care and Health	958	992	1064
Total Complaints	958	992	1064

Strategic and Corporate Services**All Feedback Recorded**

	Complaints (Stage One)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2024/25	130	378	40	9
2023/24	173	514	23	7
2022/23	151	39	22	4

The below table compares the number of complaints received in 2024/25 with those received in 2022/23 and 2023/24

Service	2022/23	2023/24	2024/25
Finance (includes Insurance)	26	47	30
Governance, Law and Democracy (<i>was FOI</i>)	15	31	15
Marketing and Resident Experience	41	36	63
Strategy, Policy, Relationships and Corporate Assurance	34	3	5
Infrastructure	11	32	16
Strategic Commissioning (includes Public Health)	1	6	1
Other including HR	10	18	0
Total Complaints	138	173	130

Appendix B

Ombudsman Letter

Appendix – C – Self Assessment

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9 July 2025

By email

Ms Beer
Chief Executive
Kent County Council

Dear Ms Beer

Annual Review letter 2024-25

I wrote to you in May with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2025. In that letter I explained that where we had concerns about your organisation's complaint handling or to highlight exceptional performance I would write again, and I have set out our experience of your organisation's complaint handling below.

As a reminder, [your annual statistics are available here](#).

In addition, you can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

This letter will be published on our website on 16 July 2025.

Your organisation's performance

It is disappointing that, in one case and for the second year in succession, the Council failed to evidence compliance with recommendations it had agreed to. We recommended actions to resolve issues with a complainant's direct payment package. Despite raising no concerns during the investigation process about its ability to comply and being given several opportunities to evidence compliance, the Council failed to do so. In response, we opened a new case which resulted in us recommending a further financial remedy.

As you will be aware, we take non-compliance extremely seriously. It is very disappointing to see a further instance during this year and suggests any action the Council has taken previously to address this has been ineffective. I ask this is looked at as a matter of urgency to prevent any reoccurrence of the issues.

Beyond this case, I welcome that your Council agreed to the recommendations we made in 64 cases during the year. However, it is disappointing that in 17 of those cases recommendations were not completed within the agreed timescales. It is particularly disappointing that this is the third consecutive year we have had to raise such concerns with your Council.

We have also noted concerns with delay in responding to our investigation enquiries, with 38 out of 67 responses received late. Our records show there were also cases where you asked for more time to respond but only did so within a day of the deadline or after it had passed. It is particularly troubling to note there were two cases during the year where we had to take the exceptional action of threatening to

issue a witness summons in order to receive information we had requested as part of an investigation. That is not a step we take lightly. Such delays often result in additional work for both our organisations and further frustration for complainants.

We have also noted complaints that receive no response or an ambiguous response from your Council. This leads to an increased number of contacts to our service, the majority of which we cannot help with. This creates a very unsatisfactory situation for complainants, and I would urge you to continue to focus on reducing delays in your own complaint handling processes.

Supporting complaint and service improvement

In February we published [good practice guides](#) to support councils to adopt our [Complaint Handling Code](#). The guides were developed in consultation with councils that have been piloting the Code and are based on the real-life, front-line experience of people handling complaints day-to-day, including their experience of reporting to senior leaders and elected members. We issued the guides alongside free [training resources](#) councils can use to make sure front line staff understand what to do when someone raises a complaint. We will be applying the Code in our casework from April 2026 and we know a large number of councils have already adopted it into their local policies with positive results.

This year we relaunched our popular [complaint handling training](#) programme. The training is now more interactive than ever, providing delegates with an opportunity to consider a complaint from receipt to resolution. Early feedback has been extremely positive with delegates reporting an increase in confidence in handling complaints after completing the training. To find out more contact training@lgo.org.uk.

Yours sincerely,



Amerdeep Somal
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Self-assessment against the requirements of the Code

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
1: Definition of a service request and complaint	We recognise the difference between a service request and a complaint, and these are defined in our policies and procedures.	Yes	
2: Exclusions	Our complaints policy sets out circumstances where we would not consider a complaint. These are reasonable and do not deny individuals access to redress.	Yes	
3: Accessibility and awareness	We provide different channels through which individuals can make complaints. These are accessible and we can make reasonable adjustments where necessary	Yes	
4: Complaint handling resources	We have designated, sufficient resource assigned to take responsibility for complaint handling. Complaints are viewed as a core service and resourced accordingly.	Yes	Under the Council's current 20-day stage one complaints it considers it has sufficient resource with dedicated teams to support Directorates in handling complaints.

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
5: The complaint handling process	We have a single policy for dealing with complaints covered by the Code and individuals are given the option of raising a complaint where they express dissatisfaction that meets the definition of the complaint in our policy.	Yes	
6: Complaints stages (Stage 1)	We process stage 1 complaints in line with timescales and processes set out in the Code.	No	The Council responds to 'corporate' complaints within 20 working days. The Council starts the time from day of receipt, not from acknowledgement of the complaint. The code allows for time to start from acknowledgement. Resulting in 15 day timescales in total.
6: Complaints stages (Stage 2)	We process stage 2 complaints in line with timescales and processes set out in the Code.	Yes	The council starts timescales from day of receipt and not from acknowledgement. This allows for 25 days in total. The Council will continue to start from date of receipt and work to 20 days.
7: Putting things right	When something has gone wrong we take action to put things right.	Yes	
8: Performance reporting and self-assessment	We produce an annual complaints performance and service improvement report for scrutiny and challenge which includes a self-assessment against the Code.	Yes	An Annual Report is presented to Governance and Audit Committee.

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
9: Scrutiny & Oversight	We have appropriate senior leadership and governance oversight of the complaints process and performance.	Yes	<p>The person responsible for managing the complaints teams, has access to both the Chief Executive and the Council's Monitoring Officer and a regular slot at CMT.</p> <p>Key performance and activity indicators are presented quarterly to Policy and Resources Committee and an Annual Report is presented to Governance and Audit Committee.</p>

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COUNTER FRAUD

PROGRESS REPORT 2025-26

April 2025 to September 2025

Introduction

The roles of the Counter Fraud function are to:

- Receive, track and, where required, investigate financial irregularities (fraud and error) that occur within Kent County Council;
- Provide advice and support to management in mitigating the risk of financial irregularities occurring within their area; and
- Provide awareness and assess the risk of financial irregularities with management and front-line staff.

The Counter Fraud team (CFT) work alongside Internal Audit as one function to support work in providing an 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 Governance and Audit Committee are asked to:

- Note the Counter Fraud progress report including reported irregularities from 01 April 2025 to 30th September 2025;
- Note the progress of the Counter Fraud Action Plan for 2025/26 (Appendix B);

Key Messages

- Kent Intelligence Network (KIN) outcome for quarter 1 for 2025/ 2026 has identified **£1,455,104** of savings, with KCC benefiting **£398,923 (Net) (0.07% of revenue spend)** from this activity;
- Identified irregularities for quarter 1 & 2 amount to **£179k** of savings identified subject to full financial recovery;
- Counter Fraud Plan: Updates on progression against the Counter Fraud Plan can be found within the report and at **Appendix B**.
- The biennial National Fraud Initiative is in progress with the outputs of this work in **Appendix C**, this has identified savings of £5,538 (actual)

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Proactive Work – April 2025 to September 2025

Awareness Campaigns – April 2025 to September 2025.

Four of the five Department Management Teams (DMT) have received a fraud risk update and reminder of financial managerial responsibilities. Fraud awareness training has been offered as well as Fraud Risk Assessment for any area of service. Children Young People and Education DMT to receive this input in November 2025.

The Counter Fraud Team have delivered the following key proactive work through the first half of 2025/26:

- 15 fraud related training sessions delivered to 423 individuals;
- Delivered training and assistance to Tunbridge Wells Parking team by holding a Blue Badge Enforcement Day. Two other Council Parking Teams have now requested their own training day;
- Creation of a Desk Top Fraud Risk Assessment tool, to provide control recommendations to services and projects;
- Imbedded within major project teams for the tendering of residential care, supported living, home care, financial service support for direct payments;

The Counter Fraud Team have been shortlisted for the Public Finance Awards 2025 in the outstanding fraud prevention, detection and recovery category. The announcements for the awards will be made on the 28th November 2025

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Irregularity Referrals – April 2025 to September 2025 Overview

288 irregularity referrals were received from April 2025 to September 2025. This is an increase of 22 referrals **(8.3%)** against the number of referrals received against the same period in 2024/ 2025. An increase in referrals is a good indication of awareness of the need to report irregularities to Internal Audit and Counter Fraud to assess where an investigation is required, ensure risks are assessed and mitigated, identifying lessons to be learnt and financial recovery occurs.

As shown in the subsequent slides and **Appendix A**, there has been increases in irregularities relating to:

- Contract Management – Invoice of services not delivered/ overpayments due to data inputting errors;
- Blue Badge misuse – Use of stolen and deceased badges in particular, as well as reports of forged Kent issued badge;
- Theft – related to IT equipment belonging to KCC

The types and volumes of irregularities reported are shown in **Appendix A**

National Fraud Initiative

The National Fraud Initiative (NFI) is operated by the Cabinet Office, and it mandates that Local Authorities provide data to detect fraud and error, with fines being imposed for non-compliance. The NFI is run every two years and requires specific data sets to be provided for this purpose. The Counter Fraud Team have engaged with relevant system owners who have extracted and submitted this data to the NFI, this was completed in October 2024.

Work has started to clear the matches with details of each match and savings identified in **Appendix C**. This has identified savings of £5,538 (actual) & £1,140,853.02 in estimated savings to date. There has been an identified loss of £1,426 due to 26 concessionary bus passes being used after the date of death.

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Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health

There has been a further 32 irregularities (excluding blue badges) reported to Internal Audit and Counter Fraud between April 2025 to September 2025.

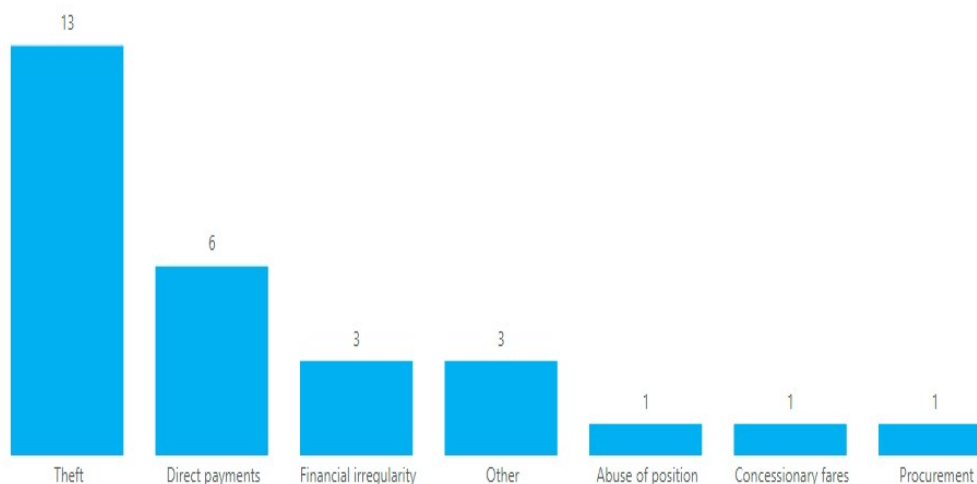
Direct Payments

- There have been 6 cases relating to irregularities within direct payments. Total savings amount to £141,313.95 (actual). Just one of these cases amounts to a saving of £133,259.65, which is 94% of the total savings attributed to direct payments during this period. All amounts are subject to full financial recovery.

Theft

- 11 laptops have been reported to the Counter Fraud Team, as part of the escalation process to ensure KCC recovers assets belonging to them. Following engagement by the Counter Fraud Team 9 laptops have been successfully recovered.
- KCC has in the region of 8,000 laptops in circulation at any one time.

Adult Social Care and Health



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Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health - Continued

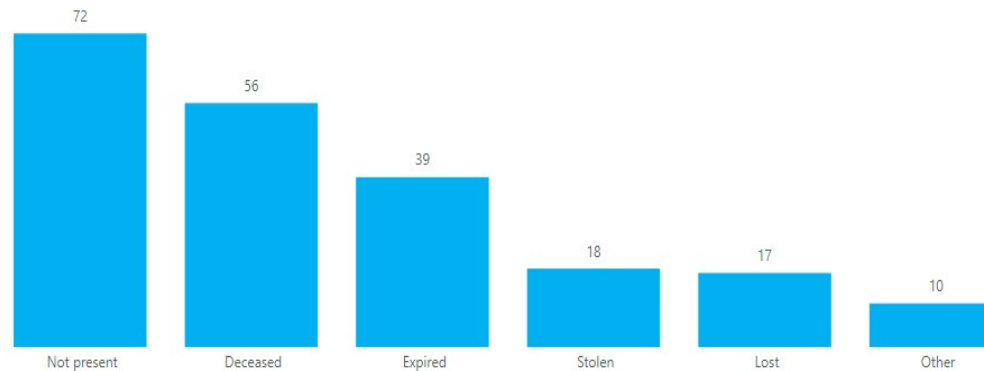
Blue badges:

There have been 212 referrals relating to blue badges received from April 2025 to September 2025, which is 54 (a 34% increase) in referrals received in the same period for 2024/ 2025. The outcomes of these referrals are:

- 168 Penalty Charge Notices being issued across Kent resulting in an estimated £5,040 of additional parking revenue.
- 178 Warning Letters to reminder users of the appropriate use.
- 46 badges removed from being misused again.

There has been an increase in referrals from Swale Borough Council over this period, showing more enforcement activity occurring in this area.

Adult Social Care and Health - Blue Badge



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Irregularity Referrals by Directorate and Fraud Type – Children Young People and Education

Direct Payments:

There has been five referrals relating to direct payment irregularities from April 2025 to September 2025, with savings amounting to £7k. All amounts are subject to full financial recovery.

Home to School Transport (included in 'other'):

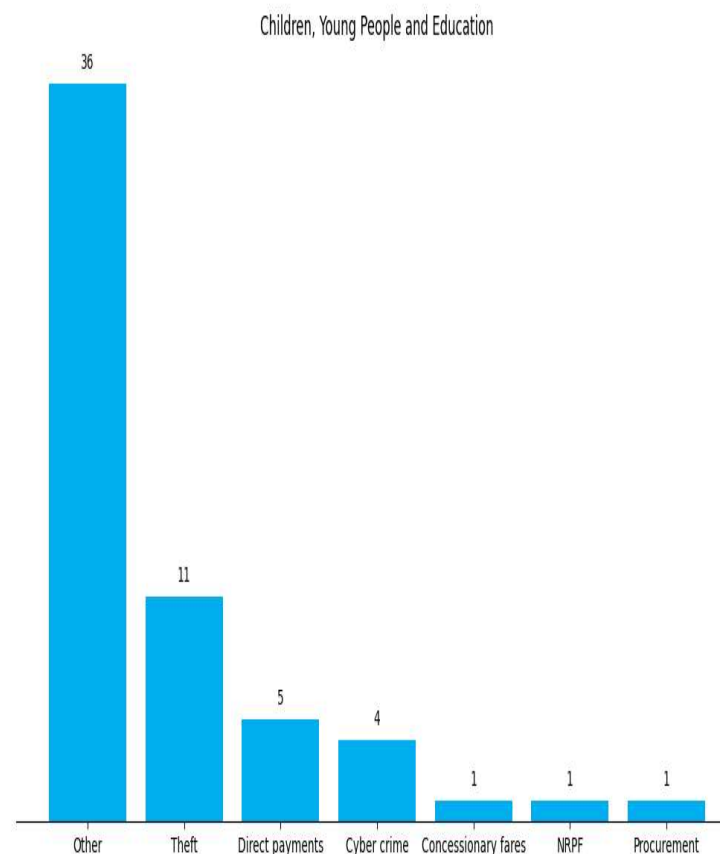
A further 30 irregularities relating to home to school transport invoicing have been reported, with a savings of £36,459 identified.

Cyber Crime:

The Counter Fraud Team have received 4 referrals relating to cyber crime, from April 2025 to September 2025. The 4 referrals have been received from schools in Kent, who continue to be targeted with spear-phishing attempts. There has been an actual loss of £14,302. Alerts have been issued to Kent Schools.

Theft:

11 laptops have been reported to the Counter Fraud Team, as part of the escalation process to ensure KCC recovers assets belonging to them. Following engagement by the Counter Fraud Team 7 laptops have been successfully recovered. Further action is being taken to recover the remaining 4 laptops.



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Irregularity Referrals by Directorate and Fraud Type – Growth, Environment and Transport

Avoidance of charges (other):

One case of avoidance of charges at a household waste centre has been referred to management for investigation.

Blue Badges:

Although the Blue Badge scheme is administered by ASCH, the majority of misuse occurs within on-street parking bays, thus having an impact on the amount District/ Borough Councils receive from this income and in turn the amount they could potentially return to KCC.

Home to School Transport:

Although a risk for CYPE as budget holders, the Public Transport department as part of a verification process identify irregularities.

Invoices are reconciled against school attendance and other information. Any overclaims are netted off against future payments or via invoice if this is not possible.

Warnings are issued to suppliers and contracts are terminated where appropriate. Suppliers may be prevented from engaging in further contracts if subsequent instances are identified.

Growth, Environmental and Transport



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Irregularity Referrals by Directorate and Fraud Type – Chief Executive/ Deputy Chief Executive Departments

Other:

One case of brand takeover has been reported, where representations have been made that an organisation is working in partnership with KCC, when they are not. Reports are made to the National Cyber Security Centre to get the website taken down.

One case of alleged grant fraud has been resolved with no case to answer.

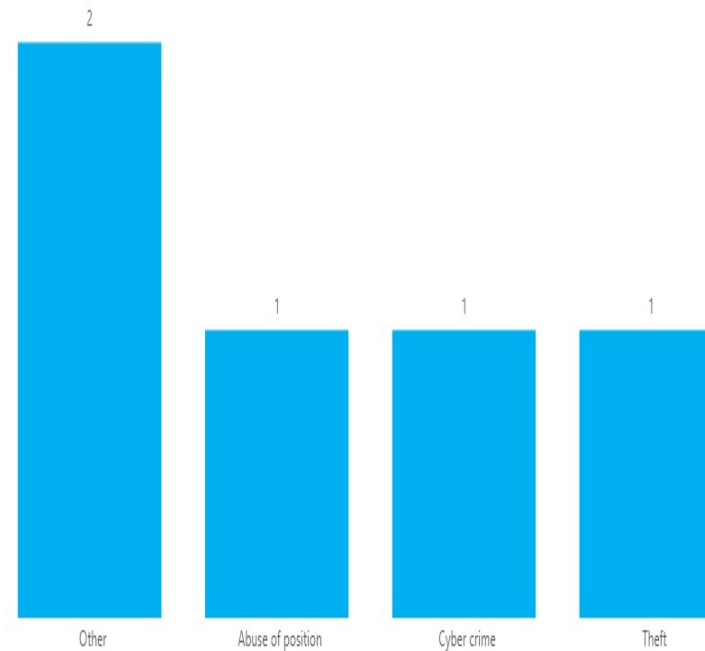
Cyber crime

KCC have been targeted by a phishing attempt, with a potential loss of £26,148.76. The officer identified it as a spoofed email purporting to be from a senior KCC officer.

Theft:

One laptop has been reported as lost/ stolen, attempts to recover the laptop has not been possible.

Chief Executive's & Deputy Chief Executive's Department



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Kent Intelligence Network (KIN) Overview – 01 April 2025 to 30 September 2025

The KIN continues to provide valuable financial support to KCC, Police, Fire Authority and District Councils and the outcomes for the period 1 April 2025 to 30 September 2025, set out below, show the results and financial returns achieved.

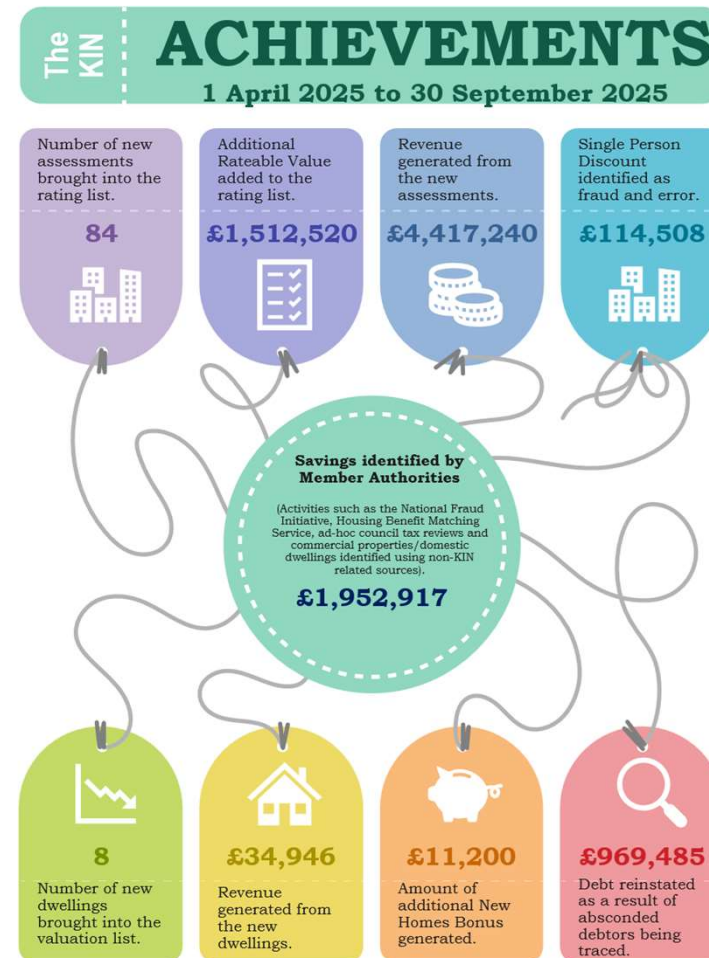
Business Rates:

84 commercial properties, amassing a combined rateable value of £940,470 (£1,512,520 including Medway), 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 (VOA) and consequently, the businesses occupying these properties are now liable for business rates.

The additional business rates revenue generated from the identification of these missing properties is £2,763,056 (£4,417,240 including Medway), of which broadly 9% (£248,675) comes to KCC, once collected, is a combination of the following:

- The total amount of business rates billed for both the current financial year and previous financial years of £1,227,733 (£1,975,662 including Medway); and
- A 'future loss prevention' provision of 3 years of £1,535,323 (£2,441,578 including Medway). This represents the amount of additional income that would have been lost if the respective properties had not been identified by the KIN.

It is also pertinent to highlight that on 30 September there were 107 cases with the VOA awaiting assessment/valuation, none of which are included in the figures stated above, and a further 198 cases which are currently under investigation by billing authorities.



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Kent Intelligence Network (KIN) Overview – 01 April 2024 to 30 September 2025

Council Tax

The KIN also helped to identify dwellings missing from the valuation list and an additional 8 dwellings have been identified in this financial year.

The additional council tax revenue generated from the identification of these missing properties is £34,946, of which broadly 73% (£25,510) comes to KCC, once collected, is a combination of the following:

- The total amount of council tax billed for both the current financial year, and previous financial years is £6,545; and
- A 'future loss prevention' provision of 3 years of £28,401. This represents the amount of additional income that would have been lost if the respective dwellings had not been identified by the KIN.

It is also pertinent to highlight that on 30 September there were 54 cases with the VOA awaiting assessment/valuation, none of which are included in the figures stated above, and a further 255 cases which are currently under investigation by billing authorities.

Dwellings added to the valuation list also help to generate additional New Homes Bonus (NHB) for both Districts and KCC. It is estimated that the 8 dwellings identified will generate £11,200, of which 20% (£2,240) comes to KCC.

In respect of the £969,485 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 £678,639, once collected, and this would amount to £495,406.

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Kent Intelligence Network (KIN) Overview – 01 April 2024 to 30 September 2025

It is also important to highlight the investment made by KCC to help billing authorities achieve these outcomes. This investment is by way of an annual grant given to the respective billing authorities, the components for which are broken down as follows:

- A grant of £432,334 for the provision of additional resources to help carry out KIN related work, and also to assist with non-KIN related initiatives that help to increase the tax base and rates base.
- A grant of £24,164 towards a product that helps to trace absconded council tax debtors.

In total, the financial benefit to KCC from the KIN related initiatives and successes detailed above amounts to £855,241. Solely in respect of KIN-related work, the financial investment of £456,498 made by KCC in 2025/26 has, in the first 6 months, already provided a return-on-investment of nearly 2:1 return.

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Counter Fraud Action Plan 2024/2025

Updates to the 2024/25 Counter Fraud Action Plan are set out in Appendix B.

The balance between pro-active and re-active work continues to be a challenge within resource levels. Resource levels below include staff working within the shared service with Tonbridge and Malling Council (0.2 FTE Counter Fraud Manager, 1 FTE Counter Fraud Technician & 0.8 FTE Intelligence Officer).

The Action Plan is being delivered for 2025/ 26 with an increase of awareness being seen through more irregularities being reported, this helps inform areas of risk and where needed inform audits in these areas.

Counter Fraud Resources

Position	Current number of employees
Interim Head of Counter Fraud	1
Interim Deputy Counter Fraud Manager	2
Counter Fraud Specialists	1
Counter Fraud Technician	2
Intelligence Officer	0.8
Intelligence Assistant	1

Two of the team are on maternity leave, with one position being filled through another member of the team acting up (with their position being backfilled with a temporary contract) and temporary contract for the other position.

There have also been some changes since quarter 4, with the former Head of Internal Audit and Counter Fraud stepping down. This has resulted in changes within the Counter Fraud Team’s structure, as set out.

This also includes 2.2 FTE staff providing services to Tonbridge and Malling Borough Council under a shared services provision. As well as resources to provide services to Global Commercial Services Group and Kent Fire and Rescue.

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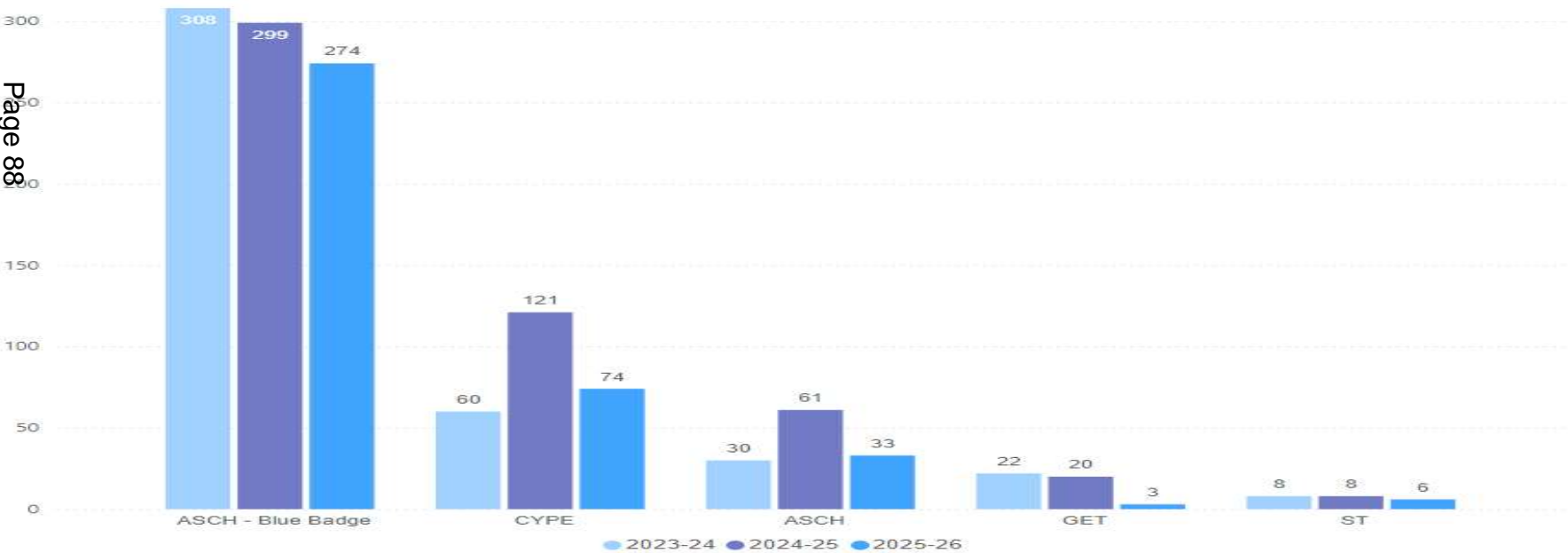
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Appendix A - Year on Year Comparison – by Directorate

Blue Badge cases still represent the largest number of referrals the Counter Fraud service receives. However, there has been a decrease of referrals in relation to CYPE, compared with this time last year. During the same period in 2024/25 there were just over 50 referrals from CYPE, compared to around 40 this year. This is a 20% decrease, which can be attributed to destitution checks previously undertaken by Counter Fraud relating to No Recourse to Public Funds now the responsibility of CYPE. Nonetheless, ASCH and CYPE represent the highest proportion of our caseload.

Directorate Year on Year



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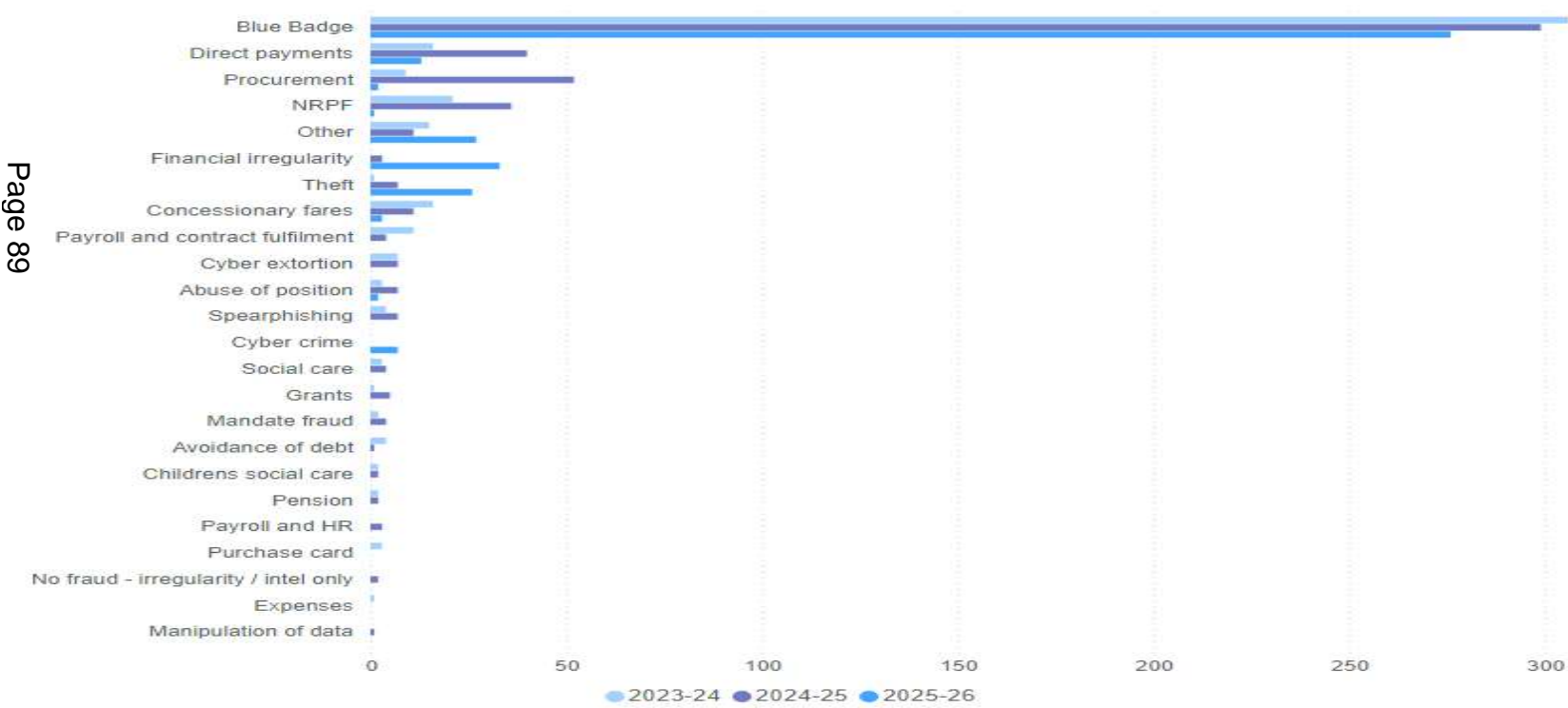
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Appendix A - Year on Year Comparison – by Fraud Type

This slide demonstrates that Direct Payments have historically been the biggest risk of fraud after blue badges. This year however, the number of theft and ‘other’ related referrals received has a greater financial risk to KCC.

Fraud Type Year on Year



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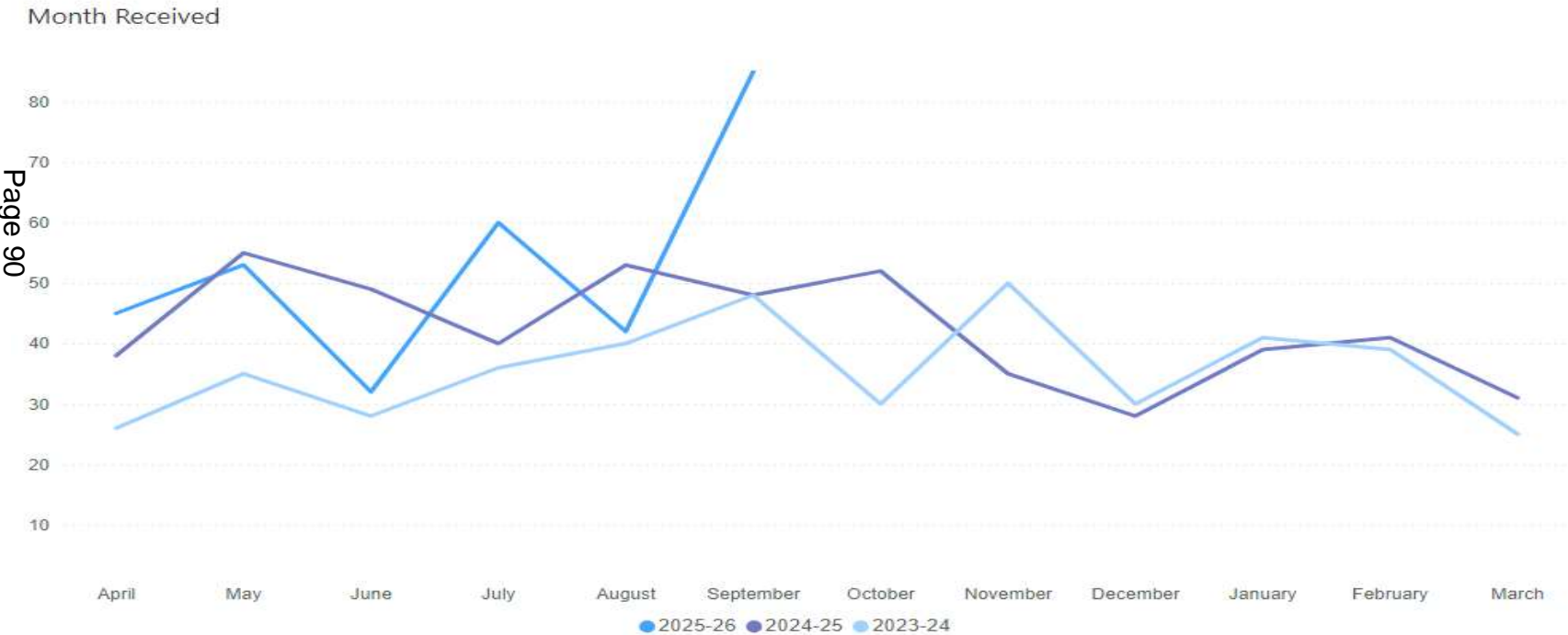
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Appendix A - Year on year comparison – by Month Received

Referrals from April 2025 to September 2025 are averaging over 48 per month, compared to 47 for the same period in 2024/25 and 36 in 2023/24. This amounts to an increase in referrals received by 2% compared to last year, and 33% to the year before. The increase in referrals received by Counter Fraud is indicative of greater awareness of financial irregularities within KCC and the efficacy of proactive fraud work.



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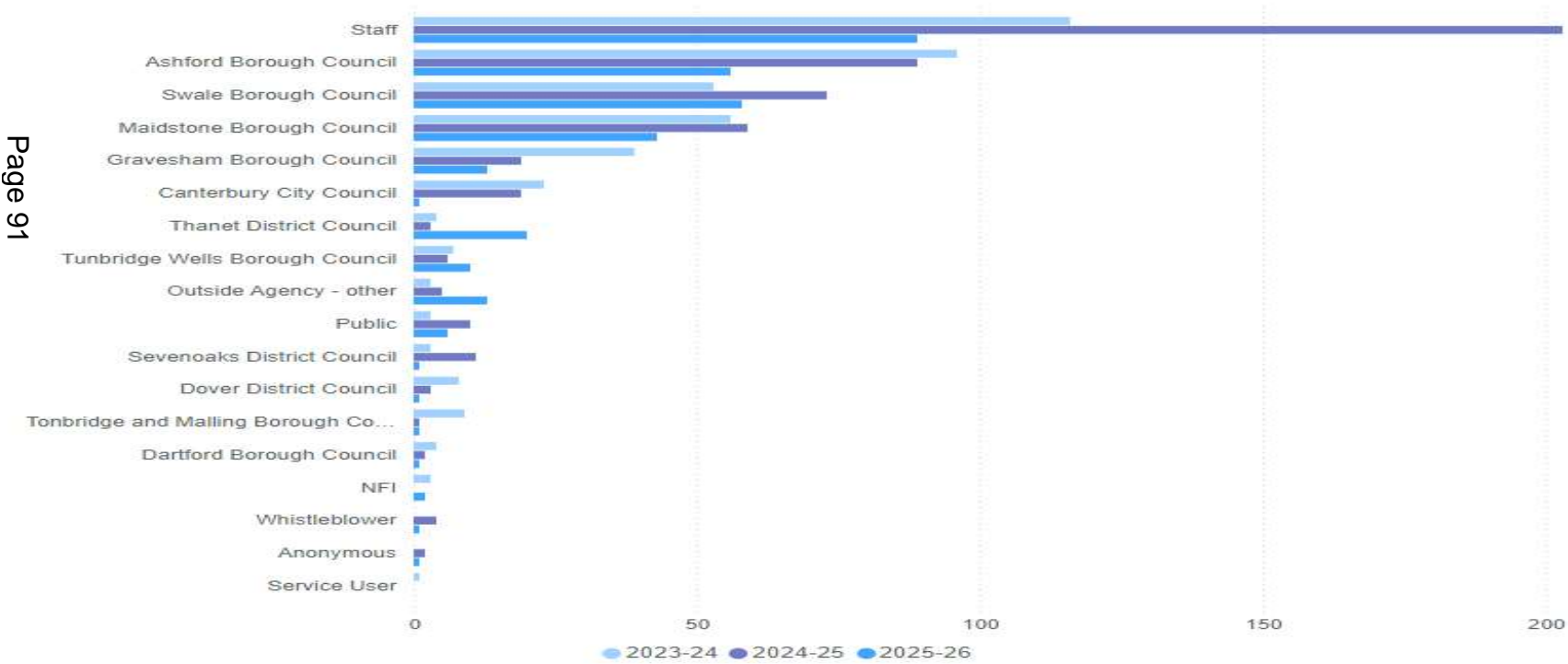
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Appendix A - Year on Year Comparison – by Source of Referral

Relationship management/ awareness continues to work, as in most cases, the number of referrals received from KCC staff and Parking Enforcement Officers is increasing.

Source Year on Year



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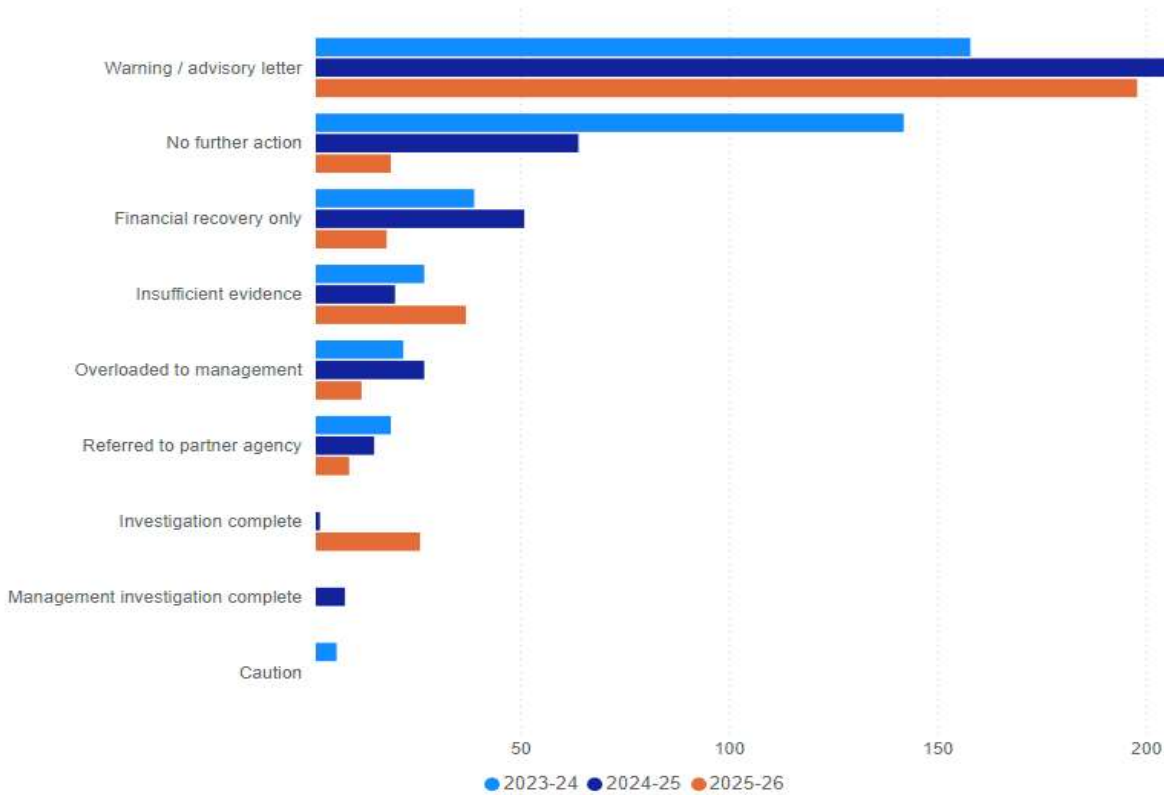
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Appendix A - Year on year comparison – by outcome

The increase in the number of referrals, in particular blue badge referrals, has resulted in some referrals not being progressed due to work on more complex cases taking priority.

Outcomes Year on Year



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Blue Badge Referrals – By type and Referring Parking Team

Swale Borough Council is detecting the highest number of blue badge misuse compared with other District/Borough Councils. We have seen marked increases in detection from: Maidstone Borough Council, Swale Borough Council and Thanet District Council.

Overall, the total number of referrals for blue badges has increase by 54 (34%) compared to the same period, in the last financial year.

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Blue Badge Misuse Type	Referrals
Not present	72
Deceased	56
Expired	39
Stolen	18
Lost	17
Other	10
Total	212

Parking Enforcement Area	Referrals
Swale Borough Council	58
Ashford Borough Council	56
Maidstone Borough Council	43
Thanet District Council	20
Gravesham Borough Council	13
Tunbridge Wells Borough Council	10
Public	3
Staff	2
NFI	1
Canterbury City Council	1
Dartford Borough Council	1
Dover District Council	1
Outside Agency - other	1
Sevenoaks District Council	1
Tonbridge and Malling Borough Council	1

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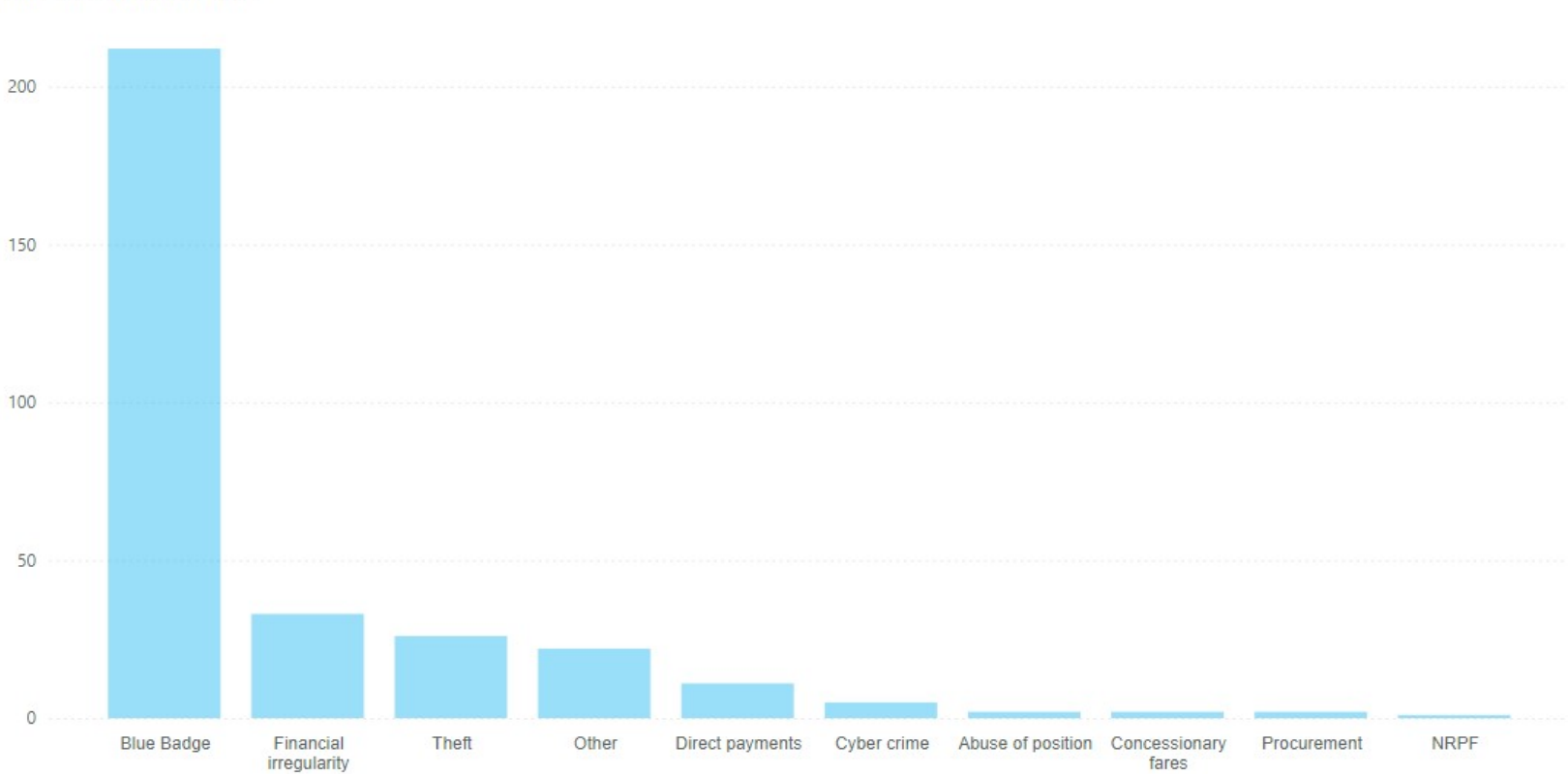
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Appendix A: Fraud and Irregularity Referrals by Fraud Type April 2025 to September 2025

Referrals by Fraud Type



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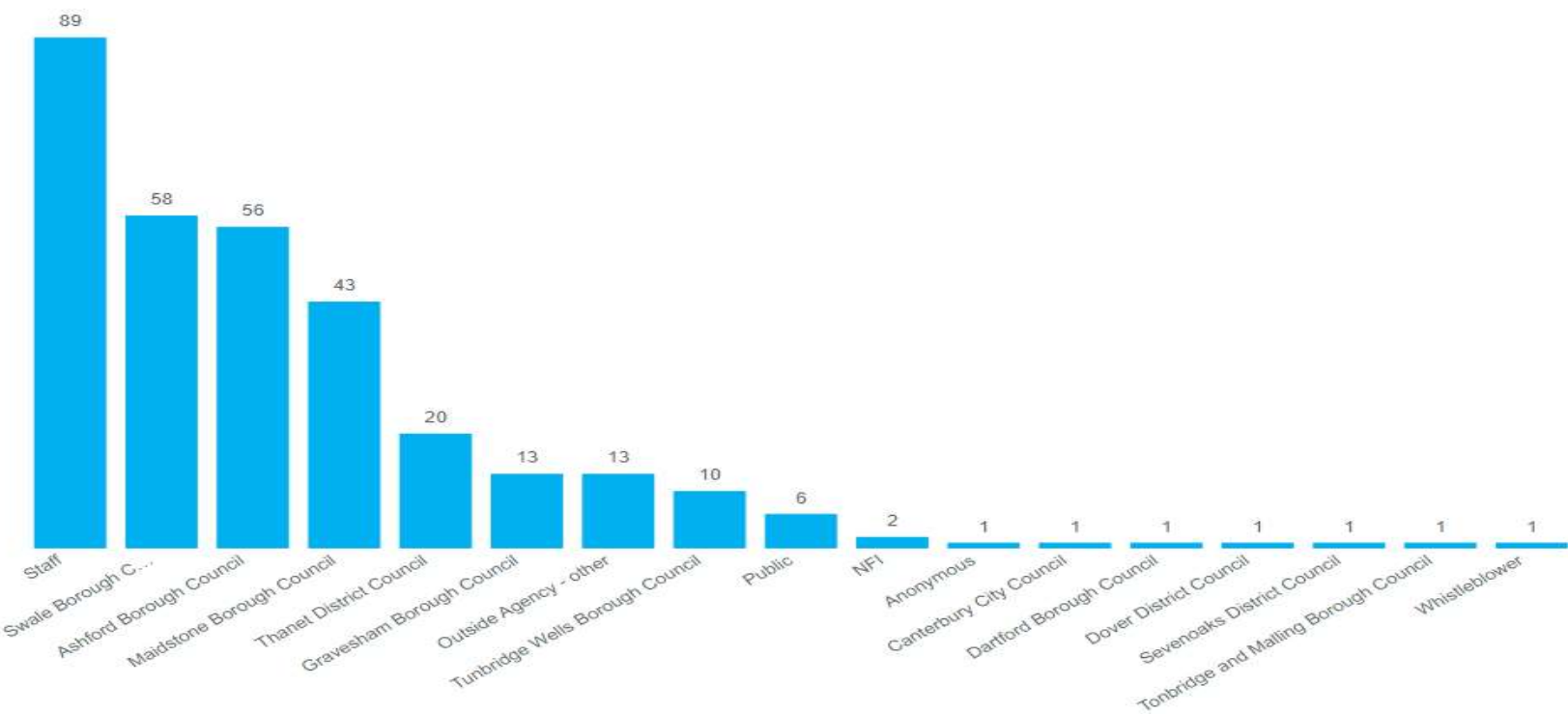
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Referrals by Source



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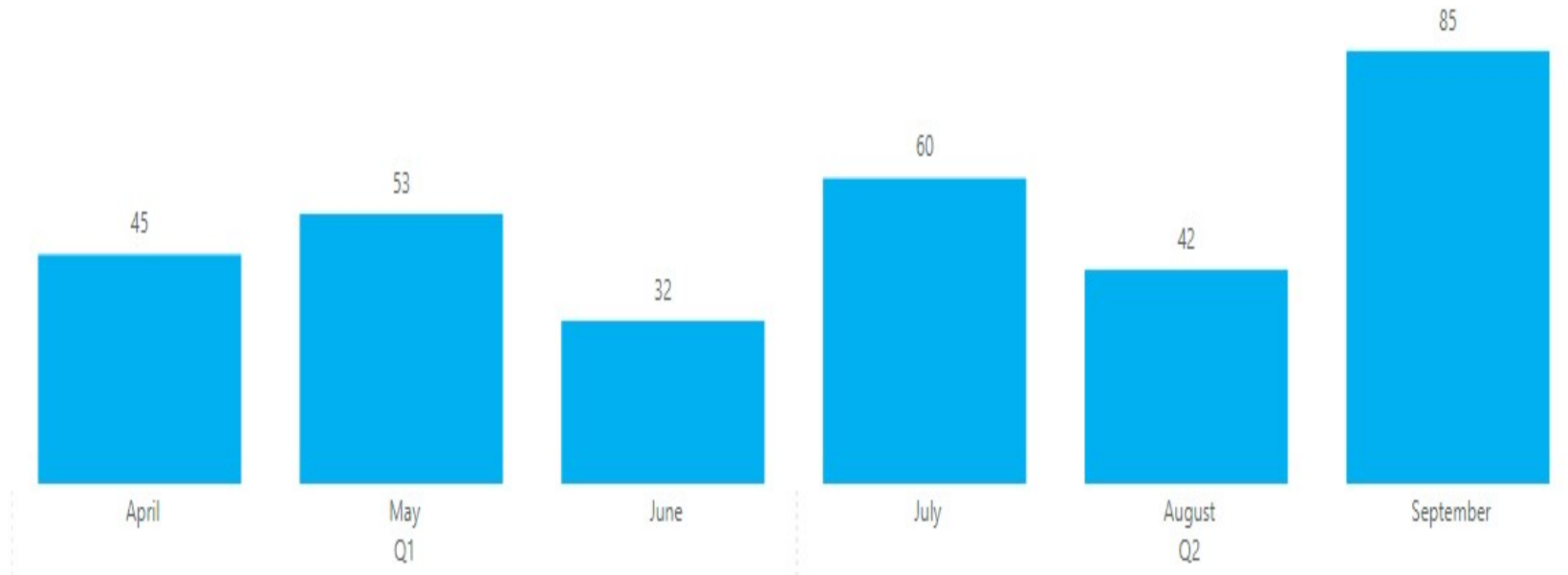
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New Referrals

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Appendix B: Fraud Action Plan 2025/26

Pillar	Activity	Detail	Update
Govern - Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Counter Fraud Update, Audit Committee	A quarterly Counter Fraud update will be provided to Corporate Management Team and the Audit Committee to demonstrate the activities undertaken by the Counter Fraud Team against the plan to prevent and detect Fraud, Bribery and Corruption.	November 2025 Governance and Audit Committee provided with activity for Quarter 1 & 2.
Acknowledge - An organisation must acknowledge and understand fraud risks and demonstrate this by having the right support and appropriate resource to tackle fraud.	Fighting Fraud and Corruption Locally Checklist	The Counter Fraud Team to undertake an assessment of the authority against the Fight Fraud and Corruption Locally Checklist.	Due in January 2026
	Fraud Risk Assessments	The Counter Fraud Team to undertake an assessment of current risk registers across the Council to identify if fraud risks have been identified and controls are in place to mitigate the risk. Including risks associated to the Economic Crime and Corporate Transparency Act (failure to prevent fraud). To work with Governance and Law to embed fraud risk assessments within the Key Decision process.	On- going – part of the relationship management meetings with DMT's
	Relationship Management	Strengthening the anti-fraud culture within the organisation requires Counter Fraud to continue with relationship management meetings to report on emerging and current fraud risks identified through investigations.	Ongoing – see proactive work
	Whistleblowing Hotline and log	The Counter Fraud Team manage the Councils Central Whistleblowing Log and the Whistleblowing helpline.	On-going

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Appendix B: Fraud Action Plan 2025/26

Pillar	Activity	Detail	Update
Prevent - Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture	Fraud Awareness	Deliver fraud awareness training to teams to ensure that sessions delivered to officers on a risk- based approach. The training will seek to raise awareness about new emerging fraud risks and current risks, continue to strengthen the anti-fraud culture (including failure to prevent fraud) and deliver messages about the standards expected of staff and the reporting of fraud and financial irregularities.	In progress – See proactive update
	Internal Audit	The Counter Fraud Team will review draft engagement plans to ensure any issues identified through investigations or relationship management meetings help inform the scope of any audits.	In Progress – Draft Engagement Plans are review by Counter Fraud to inform fraud and error risks
	International Fraud Awareness Week Campaign	To deliver an internal campaign to officers during International Fraud Awareness week.	In Progress – KNET campaign planned
	National Fraud Initiative	The Counter Fraud Team will lead on the NFI exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. A nominated person from each of the data sets will be identified and liaised with through the project to ensure matches are cleared.	In Progress – See NFI updated in Appendix C.
	Kent Intelligence Network	The Counter Fraud Team will support the Kent Intelligence Network on activities that benefit KCC and the wider Kent Residents.	In progress – See KIN update
	Artificial intelligence – Counterfeit/ Forgery	To explore the use of AI as a directional tool to identify counterfeit/ forged documents used to access services.	To be completed
	Anti – Corruption Audit	To support on the Group of States against Corruption (GRECO) audit on Anti-Corruption controls at KCC.	In progress - Initial evidence submitted, field work expected January 2026.

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Appendix B: Fraud Action Plan 2025/26

Pillar	Activity	Detail	Update
Pursue Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders. Collaborating across geographical and sectoral boundaries. Learning lessons and closing the gaps	Investigations	The Counter Fraud Team will apply a risk-based approach to investigating all instances of actual, attempted and suspected fraud and financial irregularities. The Counter Fraud Team will ensure; <ul style="list-style-type: none"> that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice the Council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council employee Appropriate sanctions are applied. 	In progress – Peer review is underway to assess the Counter Fraud Teams processes against the Government Counter Fraud Professional Standards.
	Partnership Working	To maintain and develop working with key partner agencies in the prevention and detection of fraud such as the Kent Intelligence Network, Local Authorities, Kent Police as well as internal teams within KCC.	In progress – KIN meetings progressing, liaison with Kent Police established and on-going, Southern Investigators Groups attended.

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Type	Match name	Purpose of match	Total number of matches	Cleared	Overpayments	Total Savings
Pensions	Pensions/Pension Gratuity to DWP Deceased	The purpose of the match is to identify instances where an occupational pensioner has died but the pension is still being paid.	250	248	£0	£5,538.66 (actual) /£130,597.02 (estimated)
	Deferred Pensions to DWP Deceased	The purpose of the match is to identify instances where the former employee has passed away, but payment of any widow/dependant entitlement may not have commenced.	45	19	£0	£0
	Pensions to Payroll	To identify pensioners who may have gone back into employment that could result in an abatement of their pension. Generally, abatements apply in instances where the pay from the new employment plus the pension exceeds the level of pay at the time of retirement.	179	179	£0	£0
	Pensions to Payroll	To identify pensioners who may have gone back into employment that could result in an abatement of their pension. Generally, abatements apply in instances where the pay from the new employment plus the pension exceeds the level of pay at the time of retirement.	201	179	£0	£0

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Appendix C: National Fraud Initiative outturn

Type	Match name	Purpose of match	Total number of matches	Cleared	Overpayments	Total Savings
Page 101 Payroll	Payroll to Payroll	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time.	6	6		
	Payroll to Payroll	The criteria for a match are a person having one full-time post plus at least one other post elsewhere.				
	Payroll to Payroll - Email Address	Payroll Data Matched on Email Address or Phone Number: The purpose of these matches is to identify fraudsters that may changed their names or are using false identities to avoid detection. There is evidence to indicate they often keep the same phone number or email address for convenience or to facilitate the fraudulent activity.				
	Payroll to Payroll - Phone Number	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time. Payroll Data Matched on Email Address or Phone Number: The purpose of these matches is to identify fraudsters that may changed their names or are using false identities to avoid detection. There is evidence to indicate they often keep the same phone number or email address for convenience or to facilitate the fraudulent activity.	49	38		
	Payroll to Pensions	To identify cases where employees who have gone back into employment after drawing a pension that could result in an abatement of pension. Although investigation of these cases would normally be undertaken by the pension scheme, details of the matches where earnings in excess of £15,000 (for the six months the data submission covers i.e. £30,000 per annum) have been provided to allow you to identify any sensitive cases i.e. involving senior employees or employees in a position of trust.				
	Payroll to Creditors	The match identifies instances where an employee and creditor are linked by the same bank account (report 80) or the same address (report 81) to identify employees with interests in companies with which your organisation is trading.	2	0		
	Payroll to Creditors	This may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details in order to receive payments they are not entitled to.				
	Payroll to Creditors	The match identifies instances where an employee and creditor are linked by the same bank account (report 80) or the same address (report 81) to identify employees with interests in companies with which your organisation is trading	9	0		
	Payroll to Creditors	This may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details in order to receive payments they are not entitled to.				
	Payroll to Creditors					

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Type	Match name	Purpose of match	Total number of matches	Cleared	Overpayments	Total Savings
Blue Badge	Blue Badge Parking Permit to Blue Badge Parking Permit	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	18	0		
	Blue Badge Parking Permit to Blue Badge Parking Permit	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	2	2	0	£794 (Estimated)
	Blue Badge Parking Permit to DWP Deceased	Individuals who have a blue badge have been matched to deceased records. This will identify cases where a permit holder has died, but the local authority may not have been notified.	2476	2476	0	£910,718 (Estimated)
	Blue Badge Parking Permit to Blue Badge Parking Permit - Phone Number	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	208	0		
	Blue Badge Parking Permit to Blue Badge Parking Permit - Phone Number	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	364	0		
	Blue Badge Parking Permit to Blue Badge Parking Permit - Email Address	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	182	0		
	Blue Badges to Amberhill Data	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	1	0		
	Blue Badges to Amberhill Data	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	8	0		

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Type	Match name	Purpose of match	Total number of matches	Cleared	Overpayments	Total Savings
Concessionary Fares	Concessionary Travel Passes to DWP Deceased	Individuals who have a concessionary travel pass have been matched to deceased records. This will identify cases where a permit holder has died, but the local authority may not have been notified	3558	3558	£1,426	£98,762 (Estimated)
	Concessionary Travel Passes to Amberhill Data	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	1			
	Concessionary Travel Passes to Amberhill Data	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	1			

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Type	Match name	Purpose of match	Total number of matches	Cleared	Overpayments	Total Savings
Creditors	Duplicate creditor by address detail	To identify multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activity.	19	0		
	Duplicate creditors by bank account number	This output shows where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but the standing data has not been updated to reflect this or there are links between companies with different trading names.	16	0		
	Duplicate records by reference, amount and creditor reference	This match highlights possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff	1	0		
	Duplicate records by amount and creditor reference	This match highlights possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	23,582	0		
	VAT overpaid	This report identifies instances where VAT may have been overpaid. This is based on the information provided within the NFI invoice history data submission and the output includes the level and scale of overpaid VAT. The VAT amount is compared to a calculated maximum VAT of 20%, the maximum VAT rate in the payment period covered by the NFI exercise.	127	0		
	Duplicate records by invoice number and amount but different creditor reference and name	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	12	0		
	Duplicate records by postcode, invoice date and amount but different creditor reference and invoice number	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	2	0		
	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	10	0		

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Type	Match name	Purpose of match	Total number of matches	Cleared	Overpayments	Total Savings
Procurement	Procurement - Payroll to Companies House (Director)	To identify potential undeclared interests that have given a pecuniary advantage. To do this we have matched your payroll data to companies house information and then to your creditors data.	3	0		
	Procurement - Payroll to Companies House (Director)	To identify potential undeclared interests that have given a pecuniary advantage. To do this we have matched your payroll data to companies house information and then to your creditors data.	11	0		

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From: Katy Reynolds, Governance Advisor

To: Governance and Audit Committee, 26 November 2025

Subject: Best Value Interventions: Update

Status: Unrestricted

1. The Best Value Duty

- a) The Local Government Act 1999 places a duty on authorities, including Kent County Council, to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” This is known as the Best Value Duty (BVD).
- b) The Secretary of State has powers under this act to investigate whether a local authority is compliant with the BVD and to intervene where they are of the view that the authority is failing to comply.
- c) These powers include appointing someone to carry out a Best Value Inspection. An inspector appointed under the legislation has various rights to access local authority premises and information and require explanations from relevant people. The report is for the Secretary of State and is usually published, along with any recommendations.
- d) As set out in section 3, the context in which the Secretary of State takes action is different and impacts the type of action. Sections 4-7 set out some case studies.
- e) Members of this Committee will be able to attend a training event on this topic on 2 December 2025.

2. The Current Situation

- a) There are currently nine statutory interventions in place:¹
 - 1. [Birmingham City Council](#)
 - 2. [London Borough of Croydon](#)
 - 3. [London Borough of Tower Hamlets](#)
 - 4. [Nottingham City Council](#)
 - 5. [Slough Borough Council](#)
 - 6. [Spelthorne Borough Council](#)

¹ The hyperlinks will take readers to the government page setting out information and documents relating to the intervention.

7. [Thurrock Council](#)
8. [Warrington Borough Council](#)
9. [Woking Borough Council](#)

b) There is currently one statutory inspection underway:

1. [West Midlands Fire and Rescue Authority](#)

c) The government is also able to issue Best Value Notices to facilitate engagement with that authority and to obtain assurance of the steps it is taking to secure compliance with the Best Value Duty, as required by the Local Government Act 1999. There are currently [Best Value Notices](#) in place for the following:

1. Dudley Metropolitan Borough Council
2. Cheshire East Council
3. Newham Council
4. Tees Valley Combined Authority

3. The Best Value Framework

- a) It is not the case that a formal intervention is always preceded by a formal Best Value Inspection. The important point is for the Secretary of State to have sufficient evidence to make a judgment as to compliance with the BVD. Each authority is in a different situation and there may be other reports which provide information, or other forms of review are directed by the Secretary of State.
- b) There is often a link between a local authority issuing a section 114 report and the Secretary of State making a decision to intervene. However, several authorities currently subject to intervention have not issued a section 114 report, like Tower Hamlets. There are examples of section 114 notices being issued without intervention following (such as Barnet). It is not an absolute link as section 114 notices cover a range of issues.
- c) Where the Secretary of State concludes that an authority is failing in its Best Value Duty, they may issue directions to the authority to take any actions they consider necessary to secure compliance.
- d) Directions may be accompanied by the appointment of individuals who are given powers over certain functions of the authority, again aimed at securing compliance with the BVD. The legislation does not specify the details of these individuals. There are currently authorities where 'Commissioners' have been appointed, and others where 'Ministerial Envoys' have been. The details of the role of any appointees are set out in the Directions and do vary – for example, the 'Envoys' appointed to Tower Hamlets do not have powers to exercise functions and are there in an advisory capacity; whereas the 'Envoys' appointed to Warrington are able to exercise functions.

- e) There is currently a [statutory guide](#) to Best Value standards and interventions. This was published on 8 May 2024 under the previous government. It is the current guidance (the government must consult before replacing it). However, several aspects of the guidance have been impacted by policy choices of the current government. For example, the guidance references the Office for Local Government (Oflog), which was closed in December 2024.

4. Case Study: Birmingham City Council

- a) Directions were issued on 5 October 2023. The Secretary of State has appointed six commissioners at Birmingham City Council, along with a political adviser. The intervention is set to run for five years, until 4 October 2028.
- b) The main issues which resulted in the decision to intervene were:
 - 1. Systemic failings over several years including weak governance, poor culture, a challenging relationship with trade unions and ineffective service delivery. These faults were exacerbated by instability and high turnover at senior officer level.
 - 2. Critical weaknesses in the authority's broader internal control environment, highlighted by the seriousness and scale of the Equal Pay liabilities and failed implementation of the Oracle financial ledger system (estimated to be up to £100 million).
 - 3. Failures in the council's culture and leadership, with associated implications for good governance and effective scrutiny.
 - 4. The council's lack of capacity and capability to improve, demonstrated by poor strategic planning over successive administrations and failure to address deep-rooted problems in the City, such as low skills.
- c) The council issued a section 114 notice on 5 September 2023 due to, among other things, an in-year budget gap of around £87 million.
- d) Two reports from the commissioners have so far been published. The most recent report highlights the progress made by the political leadership and hard work of council staff but also "sets out that the journey to recovery and financial stability is far from over and has been heavily dependent on the input, guidance and advice of the Commissioner team so far."²

5. Case Study: Thurrock Council

- a) Three sets of Directions have been issued to Thurrock (September 2022, March 2023, and July 2025). The most recent Directions extended the intervention to 30 April 2028 and appointed a Lead Commissioner, Finance Commissioner, and Managing Director Commissioner.
- b) The main issues which resulted in the decision to intervene were:
 - 1. Failures in the administration of financial affairs and corporate governance, demonstrated by an exceptional level of external borrowing.

² [Statutory intervention: Birmingham City Council - GOV.UK](#) (Accessed 4 August 2025)

2. The scale of financial and commercial risks potentially facing the authority.
 3. A culture of informality around decision making and failures in the scrutiny of strategic decision making by the authority, particularly investment decisions.
 4. Serious allegations made by third parties about the processes that had been applied to the operation of the authority's commercial strategy.
 5. Concerns relating to the senior capacity at the Authority. The state of the authority's senior officer structure was seen to present a major risk to the recovery of the authority.
- c) On 19 December 2022, Thurrock issued a section 114 notice due to being unable to balance their budgets for 2022/23 and 2023/24.
- d) There have been, to date, five reports from the commissioners appointed since 2022. As set out above, successive governments have issued new directions as concerns remain about the failure to comply with the Best Value Duty.

6. Case Study: Woking Borough Council

- a) Directions were issued on 23 May 2023 for five years. There are currently 4 commissioners at Woking Council, including a Lead Commissioner and Managing Director Commissioner.
- b) The main issues which resulted in the decision to intervene were:
1. Failures in the administration of financial affairs and corporate governance, including scrutiny of strategic financial decision making, resulting in high levels of financial and commercial risks.
 2. Failures relating to commercial projects: the authority's exceptionally high level of debt was primarily generated by the authority's two main companies and their housing and regeneration schemes.
 3. Failure to provide adequate assurance to Ministers and the Department on the authority's actions to address the issues, considering the scale and pace of the response required.
- c) Woking issued a section 114 notice on 7 June 2023 due to, among other things, having a deficit of £1.2 billion against core funding of £16 million.
- d) Four commissioners' reports have been published to date. The most recent found "encouraging progress from the starting point of very significant failings, but substantial capacity issues constrain the pace of change."³

7. Case Study: Spelthorne Borough Council

- a) Directions were issued on 8 May 2025 for five years. Four commissioners have been appointed.
- b) The main issues which resulted in the decision to intervene were:

³ [Intervention at Woking Borough Council - GOV.UK](#) (Accessed 4 August 2025)

1. Lack of long-term planning and risk management in property acquisitions.
2. Limited understanding of regeneration delivery and associated risks.
3. Poor record of effectively implementing recommendations from external reviews.
4. Poor relationship between political leadership and senior management.
5. Culture of insularity, a lack of audit and reluctance to accept and act on challenge.
6. Over reliance on net income from investment properties to offset service cuts.

c) Spelthorne has not issued a section 114 notice.

d) No commissioners' report has yet been produced/published.

8. Recommendation

The Governance and Audit Committee is asked to Note the report.

9. Report Authors and Relevant Director

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