

## KENT COUNTY COUNCIL

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 26 November 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 A Kibble, Mr M Munday, Mr G R Samme, Mr H Rayner and Mr M A J Hood  
Mr M Brown (Chair), Mr M Paul (Vice-Chair), Mr A Cecil, Mr A Kibble, Mr J Finch, Mr R Palmer, Mr A Brady, Mr M Hood, Mr H Rayner, Mr G Samme, Mr M Munday, Dr D Horne and Ms C Black

ALSO PRESENT: Mr B Collins

IN ATTENDANCE: Ben Watts (Deputy Chief Executive), Petra Der Man (Head of Law and Monitoring Officer), John Betts (Interim Corporate Director, Finance), Nick Buckland (Head of Pensions and Treasury), Katy Reynolds (Governance Advisor), James Flannery (Interim Head of Counter Fraud), Pascale Balckburn-Clarke (Customer Experience and Relationship Manager), Paul Dossett (Grant Thornton), Lucy Nutley (Grant Thornton), Sarah Ironmonger (Grant Thornton) and Ruth Emberley (Democratic Services).

### UNRESTRICTED ITEMS

#### **346. Apologies and Substitutes** (*Item 2*)

There were no Member apologies or substitutes.

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

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

#### **348. Minutes of the meeting held on 30 October 2025** (*Item 4*)

RESOLVED that the minutes of the meeting held on the 30 October 2025 were a correct record and that a paper copy be signed by the Chair

#### **349. Verbal Update on Committee Business** (*Item 5*)

1. The Chair welcomed Ms Petra Der Man to the Committee as the new Monitoring Officer, taking over from Mr Ben Watts.
2. Governance Advisor, Ms Katy Reynolds presented the verbal update and highlighted the following key points to Members:
  - a) Going forward, the Action Tracker document presented to the Committee, would only include items which remained open and required work, or which related to other items on the agenda. The historic actions would remain on the Microsoft Teams site.
  - b) An additional Governance and Audit induction training session had been scheduled for 3 December 2025 and group leaders had been informed.
  - c) In terms of the Committee training, it was clarified that:
    - i) Professional Development training for current Members of the Committee was scheduled for the 2 December 2025 with Beth Evans. This would take place in person.
    - ii) The induction training scheduled for the 3 December was the mandatory minimum requirement for any Members who either wanted to qualify to join the Committee, or act as a substitute. For maximum attendance, this would be presented virtually in Microsoft Teams.
  - d) It was confirmed that the Performance of the KCC wholly owned companies would be included in the January 2026 agenda.
  - e) Members requested a timeline to be added to the outstanding actions on the Action Tracker document, to indicate completion.
2. Interim Director of Finance, Mr John Betts paid tribute to Mr Paul Dossett from external auditors, Grant Thornton. Sincere thanks were expressed for all his work during the last 8 years, working closely with officers in Kent County Council. The Committee also extended thanks to Mr Dossett for his contributions over the years.
3. Deputy Chief Executive, Mr Ben Watts paid tribute to Mr John Betts for all his dedicated work in his capacity as Interim Corporate Director of Finance. Warmest wishes for his success and happiness were extended by the entire Committee.
4. RESOLVED that Members NOTED the verbal update.

### **350. External Auditor Verbal Update**

*(Item 6)*

1. The Verbal Update was presented by Mr Paul Dossett. Some of key points highlighted to Members included:
  - a) Work on the accounts had been completed and they were signed off on 6 November; the Value for Money report had been considered by both the Governance and Audit Committee and by Full Council.

- b) The only outstanding item for 2024-2025 was to complete the Whole of Government Accounts. It was explained to Members that this was a government return, required for all local authorities.
- c) Mr Dossett commented that Kent officers demonstrated real strength in supporting and cooperating with the audit process to prepare good accounts and good working papers. Mr Dossett confirmed that the actions and commitment shown by officers contributed to a very positive experience.
- d) Mr Dossett introduced Ms Sarah Ironmonger as the new Engagement Lead for Kent County Council.

2. RESOLVED that Members NOTED the External Auditor's verbal update.

### **351. Treasury Update Report**

*(Item 7)*

- 1. The Deputy Leader, Mr Brian Collins, introduced the report and highlighted the following to Members:
  - a) The debt had been lowered by £68.1 million since the new Administration had been in place. It was confirmed that some of the debt had matured, and some was included in one large early repayment.
  - b) The £50 million early repayment released financial pressure of £680,000 per annum.
- 2. In answer to Member questions and comments, the following was said:
  - a) Mr Betts clarified that the agenda item covered debt which had been incurred as a result of borrowing and not short-term sundry debt. He clarified that the main areas of short-term debt for the Council were around Adult Social Care and this was being examined. The exact debt figures could be made available to Members after the meeting, along with information around attempted debt recovery.
  - b) Mr Betts clarified that the commentary in the Treasury Update Report was provided by KCC's advisors and had been included to provide context. The report set out what the cash holdings were at the maximum and minimum between 1 April 2025 and 30 September 2025. It was explained that the figures were there to provide an average and demonstrate to the Committee that the Authority was solvent, in the event that further opportunities to repay any debt arose.
  - c) The Head of Treasury and Pensions, Mr Nick Buckland, indicated to Members that the Strategic portfolio which the Council held for a number of years was introduced at a time of low interest rate, to achieve a level of investment return by holding investments on a more long term basis. Due to changes in accounting rules, the portfolio is scheduled for review. A plan was currently being developed with advisors to establish how to best execute this. Consideration would be given to whether the portfolio still served a purpose and if so, how much should be invested, and lastly whether

the portfolio was the right selection.

- d) Mr Buckland confirmed that he was not aware of how the investments were selected as this took place around 15 years ago however he could confirm that they were designed to be akin to the Pension Fund, in that a range of returns would be provided over a period of time which generated income. Mr Buckland confirmed that further information relating to stocks could be provided to Members, if required.
- e) In relation to the small number of Lend Option Borrower Option (LOBO Loans) held, it was confirmed that it was the counterparty's responsibility as to whether they changed the rate or whether KCC considered repayment and potentially borrowing from elsewhere.
- f) It was highlighted that a training session on Treasury Management would be arranged for Members of the Committee in 2026 to demonstrate how the Treasury Advisors operated and what considerations were given to managing investment portfolios and loans.
- g) The current interest rate of 4.1% on the LOBO loans was less than what the Council would have to pay the PWLB if the debt was rescheduled and therefore it was not in KCC's best interest to push for a renegotiation. Mr Betts confirmed that KCC had been successful in managing the LOBOs and that consideration would only be given to changing if the lender requested a rate which was over and above that which they would normally pay.
- h) At present it was difficult to comment on the extent to which KCC could invest locally in Kent; the Treasury Management Strategy was centred around liquidity and the security of that cash and it would be considered putting an undue risk on those funds if they were invested in local businesses where there was no confirmation as to whether they would succeed. The Kent and Medway Business Fund was set up to invest in local businesses and consequently the risks were higher.
- i) Mr Collins confirmed that the Cabinet Member for Coastal Regeneration was currently looking at projects with a view to investing in Kent, however, he explained that the element of risk needed to be balanced.
- j) The short-term Treasury Bills were used as part of a range of investment opportunities which were used when cash was being managed on a daily basis. It was highlighted to Members that there were ranges of exposures and liquidity across the portfolio, which was the desired outcome. It was confirmed that the new Treasury Strategy would be brought to Full Council in March 2026.
- k) Mr Betts confirmed that the format of the report would be reviewed to see whether comparative figures of previous years or lead schedules with subtotals could be included to assist Members with their understanding of the details.

- I) It was indicated that the draft Treasury Strategy would return to the Governance and Audit Committee to allow Members the opportunity to review and comment on it, before it formed part of the Budget papers. It was likely that this would be in January 2026, as the Budget Report would go to Full Council in February 2026.
3. RESOLVED that the Committee ENDORSED the Treasury Update Report and RECOMMENDED that it be submitted to the County Council.

### **352. Customer Feedback Annual Report**

*(Item 8)*

1. The report was introduced by the Customer Experienced and Relationship Manager, Ms Pascale Blackburn-Clarke, who highlighted the key points to Members.
2. In answer to Member comments and questions, the following was said:
  - a) Ms Blackburn-Clarke referred Members to Appendix A which contained the details of the services that received complaints. It was confirmed that the number of complaints were relatively low, in comparison to the number of residents served in Kent, by way of example; for Adult Social Care, the level of complaints equated to approximately 1% of Kent Residents who used the service. The most appropriate comparator for complaints was the Ombudsman, who had started to benchmark Councils against population sizes, given that Kent was the largest council in the UK, this was helpful.
  - b) Complements had been provided about many services and Ms Blackburn-Clarke confirmed that a concentrated effort has been made to log all positive feedback.
  - c) Complainants could still go to the Ombudsman and challenge how the outcome of a decision was reached, however it was pointed out to Members that officers managing complaints revert to the individual to explain how and why policy decisions were made.
  - d) Ms Blackburn-Clarke confirmed that workload was problematic which effected the turnaround of dealing with complaints and a backlog had existed for a number of years in particular areas of the Council, however this was now starting to reduce.
  - e) It was confirmed that Quality of Service was being reviewed to explore whether the topic could be broken down further when reporting, in order to make it more useful in terms of lessons learned. Complaints tended to be individual, although it was possible to deal with numerous complaints about the same issue and therefore trends could be reflected for learning purposes.
  - f) A sign off delay (referenced in the report on page 50) related to the time taken by a Head of Service or Assistant Director to review a complaint response. Whilst this delay could be grouped within workload, it was set apart because officers wanted to see whether the delay in response was within the service or from senior management.

- g) Mr Watts confirmed that he was content to bring a report back to Committee which covered employment increase and level of staff for the period of March 2024 to March 2025.
- h) The concerns raised by the Ombudsman were recognised and acknowledged. It was explained to Members that the delays and instances of noncompliance predominately stemmed from significant backlogs within the service. This backlog impacted on the service's ability to meet agreed timescales, even for Ombudsman cases. Substantial improvements had been made to service delivery to reduce volume of complaints; the changes have allowed officers more time to complete their core work and response to new complaints.
- i) Mr Watts confirmed that issues around complaint handling was an area of focus during the past financial year. He confirmed that, whilst there were recognised pressures and resources issues in the areas responding, it continued to remain a priority and would be highlighted to the Corporate Management Team.
- j) Ms Blackburn-Clarke confirmed that it was not mandatory for Councils to comply with the Ombudsman's Code of Complaints. In terms of addressing complaints within 15 days, this would not be appropriate at the present, the Council were not meeting their own designated standard of meeting complaints within 20 working days. By reducing the amount of time to address complaints, could generate an increased level of complaints, due to timeliness.
- k) It was confirmed that an updating paper would be provided in six months' time to update Members on the status of complaints and responses.
- l) Ms Blackburn -Clarke confirmed that the Ombudsman stipulated that good practice would be to acknowledge a complaint within 5 working days, whereas her team provided acknowledgement within 3 working days. KCC's focus was on a robust stage 1 response and any reduction in time to do this could resulted in a rushed investigation.
- m) A Member commented that the culture of continuous improvement and making a difference was yet to be embedded and therefore it would assist the Committee if efforts of continuous improvement could be shared with Members for review and comment. Mr Watts commented that a report containing the requested information could be brought to the Committee for future review and discussion.
- n) The Ombudsman had reported an improvement in KCC's timeliness of responding to complaints and therefore improvement work continued in this area, as well as ensuring the officers took forward agreed actions.
- o) Staff and service user comments were captured for service improvement elements and to be able to examine trends and learn from feedback to shape services going forward.
- p) It was confirmed that complaints handling was difficult and there were current back logs as the team were struggling to both log and resolve complaints. In addition, staff vacancies impacted on timeliness. Ms Blackburn-Clarke

confirmed there were currently 4 vacancies and although these have been filled, it could take up to 6 weeks to fully train new officers.

- q) It was confirmed that there was no mandatory training for complaints handling however investigation training was conducted on a regular basis. Recently the Complaints Team had been realigned with an Organisational Learning Development Officer, who worked across the organisation to promote robust and timely responses to complaints.
- r) Mr Watts confirmed that complaint training was not mandatory, and the previous approach was to address the areas of concern and need. In reference to the Annual Governance Statement, it was expected that Corporate Directors would provide assurance that officers within their service had received the relevant training and expertise. Mr Watts confirmed that he would review the delivery of complaints training with the Corporate Management Team to ensure that the appropriate officers were receiving the correct training.
- s) It was confirmed that all senior complaints officers had undertaken the Ombudsman LGSCO training, with relevant sections being used to create KCC specific training for the different directorates.
- t) In answer to a question relating to Compensation Payments, it was confirmed that there was an extraordinary payment made in the last year as a reimbursement of services rendered.

3) RESOLVED Members NOTED the contents of the report for assurance

RESOLVED Members Reviewed the self-assessment form attached as Appendix C and COMMENTED on the Council's commitment with regards to the LGSCO's code of complaint handling.

### **353. Counter Fraud Report**

*(Item 9)*

1. The report was presented by the Interim Head of Counter Fraud, Mr James Flannery. Mr Flannery highlighted the following key points for Members:
  - a) Mr Flannery highlighted a change in terminology to Members; where active recovery of losses was identified, these would now be reported as savings within the report.
  - b) System changes to the case management system had been implemented to differentiate between the figures of what was crime and what was error. Further clarity would be provided in future reports.
  - c) The Council of Europe Group Against Corruption Evaluation of Anti-Corruption and the Promotion of Integrity at a Sub National Level had started, with the submission of evidence to the evaluators completed within the reporting period. A site visited is expected in January 2026 where the evaluators will engage with key stakeholders to assess KCC's anti-corruption controls and how it promotes integrity. A summary of findings and recommendations would be reported back to the Committee.

- d) Social Care data had been sent to the National Fraud Initiative; the outcome of the data match was awaited.
- e) The peer review of the Counter Fraud team's compliance with the Government Counter-Fraud Professional Standards has been completed with KCC Counter Fraud team found to be fully compliant with those standards.

2. In answer to Member questions and comments, the following was said:

- a) Mr Flannery explained that due to resource restriction, no further Enforcement Days would be scheduled until 2026. It was confirmed that the team remained open to working with parking managers of any authority to assist in upskilling Civil Enforcement Officers to conduct proactive enforcement activity. It was confirmed that video training was available for Enforcement Officers to assist in the initial stages.
- b) Mr Watts confirmed that a Cyber Security update was being prepared for the Policy and Resources Cabinet Committee for March 2026. A discussion would be held in see if a single core briefing could be provided.
- c) A review of services provided to Kent Maintain Schools was being conducted to compare what services were being provided to academies. This work involved issuing alerts and liaising with school finance officers and the senior leadership forums, to highlight the dangers of spear phishing and cyber security awareness.
- d) Mr Flannery confirmed that a business case was currently being submitted as part of the medium-term financial planning process and he would be happy to discuss details with the relevant Cabinet Member, if required.
- e) It was confirmed that, whilst the report highlighted where there was good practice, Members were reminded that on street parking monitoring was delegated to the District Authorities to complete. As the parking agreement between KCC and the District Authorities does not cover Blue Badge enforcement, encouragement was given to the relevant portfolio holders of the various district authorities to try put high emphasis on Blue Badge enforcement within their parking teams.
- f) Since the Head of Internal Audit and Counter Fraud had left KCC, the current interim arrangements within the team continued to work well. The Government introduction of professional standards within the Counter Fraud profession also helped to provide structure. A data analyst has been employed with a computer science skill set and they have been working within the Counter Fraud team for past 12 months but their knowledge of Artificial Intelligence (AI) had been utilised across the team's practices. Mr Flannery confirmed that the team continued to embrace AI and officers had received training on its use to establish best practices and in line with appropriate governance.

3. RESOLVED Members NOTED the Counter Fraud Progress Report, which included the reported irregularities from 1 April 2025 to 30 September 2025.

RESOLVED Members NOTED the Progress if the Counter Fraud Action Plan for 2025/2026, set out in Appendix B of the report.

### **354. Lessons Learned from Other Councils**

*(Item 10)*

1. The report was presented by Governance Advisor, Ms Katy Reynolds. Ms Reynolds highlighted the following key points to Members:
  - a) The paper formed part of the ongoing discussion regarding the role and purpose of Governance and Audit Committee as a whole and specifically in relation to oversight of governance, risk and control.
  - b) The main issues in the case studies (as set out in the paper) were drawn to Member's attention as they had resulted in a decision to intervene. Many of the areas related to areas where the Committee had oversight of at KCC.
  - c) The report came ahead of the scheduled training due to be delivered by Beth Evans for week commencing the 1 December 2025. This would consider the learning opportunities which flowed from the interventions and how they could have been avoided.
2. In answer to Member questions, the following was said:
  - a) A Member commented that within the case studies featured in the paper, there were several situations which involved tier one authorities and drew Committee Members' attention to the Council's current financial situation and potential consequences.
  - b) Mr Betts confirmed that the Quarter 2 Monitoring Report was a public document and had been reported to Cabinet Committees. The Quarter 3 report was due for similar submission in January 2026 and the most recent and up to date information on the Safety Valve Agreement would be contained in this. The broader issue of SEND deficits was a wider issue which needed to be addressed collectively across Central and Local Government. The deficit was not included on the balance sheet and before a response could be provided in relation to the financial position of the Authority, officers had to wait to see what action Central Government would take.
  - c) A Member indicated that, within the Q3 Monitoring report, the highest overspend in Adult Social Care and the Safety Value dedicated to school grants should be specifically addressed. The Member commented that he wanted it recorded via a recommendation that a request for Q3 and the points which could impact on the best value for duty were requested.
  - d) Mr Watts clarified that the Member requested assurance that when the Q3 report was delivered it specifically addressed the issues of concern and in turn, the Committee would consider the best value implications of this. Mr Watts highlighted to Members that the Scrutiny Committee had previously considered the Q2 Monitoring Report at a recent meeting and therefore it was important that Committee did not spend time considering the same reports and items.

- e) A Member commented that clear sight of the issues with overspend, and the measures outlined by the previous Member were required and commented that this suggestion had his support.
- f) An independent Member of the Committee commented that, in order to be able to support and help the Committee, it was important to look forward and be able to give guidance to the organisation which gave benefit of joint experience.
- g) It was proposed, and seconded, that the relevant points within the Q3 Budget Report concerning overspend, which linked to best value duty, were presented to the Committee for discussion and review, as evidence of the Committee's actions, if subsequent enquiries were made.
- h) The Committee voted in favour of the recommendation therefore the motion was carried.

3) RESOLVED Members NOTED the contents of the Lessons Learned from Other Councils Report;

RESOLVED that the relevant points within the Q3 Budget Report concerning overspend, which linked to best value duty, be presented to the Committee for discussion and review, as evidence of the Committee's actions, if subsequent enquiries were made.