

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 Wednesday, 28 January 2026.

PRESENT: Dr D Horne, Mr M Brown (Chairman), Mr A Cecil, Mr R Palmer, Mr M Paul (Vice-Chair), Mr M Munday, Mr G R Samme, Mr H Rayner, Mr M A J Hood, Mr A Kibble, Mr O Bradshaw, Mr A Brady, Mr T Mallon and Mr W Chapman

ALSO PRESENT: Mr B Collins

IN ATTENDANCE: Amanda Beer (Chief Executive), Ben Watts (Deputy Chief Executive), Petra Der Man (Head of Law & Monitoring Officer), Lisa Gannon (Corporate Director of Technology), Rebecca Spore (Director of Infrastructure), Mark Cheverton (Head of Infrastructure), Katy Reynolds (Governance Advisor), Andrea Melvin (Commercial Accounting Manager), Cath Head (Head of Finance), Joe McKay (Corporate Accountant), Mark Scriverner (Head of Risk and Delivery Assurance), Debbie Chisman (Audit Manager), Russell Smith (Interim Head of Internal Audit), Lee Jones (Audit Manager), Sarah Ironmonger (Grant Thornton), Lucy Nutley (Grant Thornton).

UNRESTRICTED ITEMS

355. Apologies and Substitutes

(Item 2)

Apologies were received from Ms Camilla Black and Mr John Finch. Mr Wayne Chapman was in attendance as substitute for Mr Finch.

356. 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.

357. Minutes of the meeting held on 26 November 2025

(Item 4)

RESOLVED Members agreed that the minutes of the meeting held on the 26 November 2025 were a correct and accurate representation and a paper copy should be signed by the Chair.

358. Verbal Update on Committee Business

(Item 5)

1. The item was presented by Governance Officer, Katy Reynolds. The key points were highlighted as follows:
 - a) The action list had been streamlined since the previous meeting, retaining only those actions that had been closed since the previous meeting or remained open and required further work.
 - b) The suggestion from an earlier meeting regarding colour-coding overdue actions had been considered, although this had not yet been implemented in the version presented.
 - c) Members were informed that additional information relating to Action GA035 had been uploaded to the Team site since the last meeting.
 - d) An action tracker for the 2024–25 Annual Governance Statement actions had recently been added to the Team site, enabling Members to monitor progress in real time ahead of future meetings.
 - e) A review of committee effectiveness was scheduled for later in the year. This review would include the annual review of the Terms of Reference. Ahead of this, arrangements would be made for a meeting between the Committee and the Monitoring Officer.
2. In answer to Member questions and comments, the following was said:
 - a) A discussion would take place with the Chair to explore how the Work Programme could be incorporated into future agendas. The Committee's annual report had historically been submitted to the September meeting of Full Council, aligned with the external audit report, and this practice would continue.
 - b) An update, inclusive of a timeline for completion, would be provided to the Committee in relation to Action GA041.
 - c) A follow up would be provided to the Committee in relation to Action GA029, Treasury Management Update.
3. RESOLVED the Committee noted the verbal update.

359. External Auditor's Progress Report (inclusive of Kent Pension Fund)
(Item 6)

1. The item was presented by Sarah Ironmonger and Lucy Nutley from the external auditors, Grant Thornton. The following key points were highlighted:
 - a) Following the sign-off from the 2024/25 accounts in November, the audit team were engaged with backstop clients due for completion by the end of February. Planning work for the 2025–26 audit had commenced and Grant Thornton were working with the Finance Team to bring forward substantive testing to support a more efficient final audit period.

- b) With respect to the Kent Pension Fund, the auditors confirmed that the Fund was also at the planning stage, with initial work scheduled for the coming weeks. The valuation at March 202 required additional audit activity. The auditors also highlighted sector-wide developments, including Backstop processes and Chief Accountant workshops being attended by Finance officers.
2. In answer to some Member comments and questions, the following was said:
- a) Oracle EBS to Oracle Fusion Migration - Ms Ironmonger confirmed that Grant Thornton's specialist IT audit team had begun work on assessing both the data migration and user access controls. She advised that the work was at an early stage and the findings were yet available. She noted that, based on experience elsewhere, issues tended to relate to user profiles rather than significant system failures.
- b) Complex Financial Reporting Issues - Ms Ironmonger advised that the commentary originated from a sector wide webinar and was not specific to Kent. She confirmed that she was not aware of any issues relating to financial instruments within the Council's accounts at this stage.
- c) Dedicated Schools Grant (DSG), SEND Pressures, and Safety Valve Scheme - Ms Ironmonger confirmed that the auditors had already issued a statutory recommendation in relation to SEND and DSG, which had been presented in the Annual Auditor's Report in November. Grant Thornton continued to engage with officers on arrangements to manage the deficit.
- d) Fair Funding Review and Local Government Reorganisation (LGR) - Ms Ironmonger noted that the Council would receive advice from the Section 151 Officer as part of the forthcoming budget process. She confirmed that Grant Thornton was aware of the risks associated with LGR, including financial, structural and operational challenges. The auditors would continue to discuss preparation, risk management and financial implications with officers once Government decisions were known.
- e) Home-to-School Transport Costs - Ms Ironmonger reiterated that SEND-related cost pressures formed part of the significant weakness already reported, and audit engagement with officers on this matter was ongoing.
- f) Whole of Government Accounts (WGA) - Ms Nutley explained that Whole of Government Accounts procedures were still being finalised nationally. Once completed and reviewed by the National Audit Office, Grant Thornton would issue the completion certificate, formally closing the year's audit.
- g) Teachers' Pension Scheme Certification - Ms Nutley reported that the delays arose from a change in the Teachers' Pensions payroll system and difficulties retrieving evidence from the legacy system. Grant Thornton had re-engaged with Teachers' Pensions and the Council to progress the outstanding returns.
- h) Local Government Reorganisation Reserves - Ms Ironmonger stated that in areas where LGR had been confirmed, such as Cumbria, authorities had created reserves once the Government's direction was clear. She advised that KCC would need to consider future costs and risks as the position developed. Ms Nutley confirmed that if the Government timetable remained

unchanged, the auditors would expect the Council to have considered provision and would comment if none were made.

- i) Mr Rayner formally noted that no provision for disaggregation costs existed in the current draft budget and requested that his comments be recorded.
3. RESOLVED the Committee noted the External Auditor's verbal update for Kent County Council and the Kent Pension Fund.

360. Corporate Risk Register *(Item 7)*

1. The item was presented by the Head of Risk and Delivery Assurance, Mark Scrivener. Some of the key points were as follows:
 - a) The Register had recently been presented to Cabinet and highlighted that several risk ratings had changed since that meeting, reflecting its nature as a point-in-time document.
 - b) Two additional appendices had been provided to support the Committee's assurance role:
 - i. A summary of directorate-level risks
 - ii. Examples of Member-level committees where corporate risks were discussed in further depth.
 - c) A draft corporate risk relating to Local Government Reorganisation (LGR) was being refined and would be considered by the March Devolution and LGR Committee.
 - d) The annual review of the Risk Management Policy, Strategy and Programme would be presented to the Committee in March.
2. In answer to some Member questions and comments, the following was said:
 - a) Mr Scrivener confirmed that he would raise the planned changes, associated financial risks and potential appeals in relation to the discretionary SEND support for over-16 and over-19 learners from September with the relevant risk owner and ensure the matter was considered in future reporting.
 - b) In relation to the Adult Social Care risks, Mr Scrivener advised that relevant issues had been discussed in other committee settings and that detailed responses would fall to service level officers. He confirmed that the broader risk picture would continue to be monitored.
 - c) Members raised several points regarding the absence of a transitional reserve for LGR and related financial and capacity risks. These comments were noted for further consideration through the relevant committees.
 - d) The Director of Infrastructure, Rebecca Spore, confirmed that: the Council operated a reactive warm-safe-dry maintenance regime,

temporary or full closures could occur where resources were insufficient; and statutory compliance inspections were carried out across the estate. She noted the ongoing challenge of maintenance backlogs.

- e) Members were reminded that the budget remained in draft form.
 - f) Mr Scrivener explained that CRR0059 had been updated to reflect in-year financial monitoring and CRR009 had been adjusted in light of increased certainty arising from a multi-year settlement. He confirmed that further review would take place with the Section 151 Officer.
 - g) In relation to CRR065 Oracle Cloud Programme, Mr Scrivener advised that the primary risk being scored related to the implementation of an unfit system and officers remained committed to avoiding this. Consideration would be given to whether additional or separate risks concerning delay or cost escalation were appropriate.
 - h) It was proposed and seconded that a summary project tracker for the Oracle Cloud Programme, covering time, cost, and quality, be developed and brought to the Committee, and that the detailed format and reporting expectations for this tracker be agreed at the next agenda-setting meeting. The Committee voted accordingly and the motion was passed.
 - i) Directorate-level risks would receive further scrutiny at upcoming Cabinet Committees and Members' comments relevant to the budget would be captured and forwarded to Cabinet as part of pre-Council briefing processes.
 - j) Trigger points for asset degradation were not a precise threshold, as the Council was already operating a reactive model and responded as required to maintain safety.
 - k) In line with the Council's no-borrowing policy, the Accounting Programme was funded from existing sources without drawing on new borrowing.
 - l) In relation to Climate Change Risk CRR052, Mr Scrivener agreed to raise this with the responsible risk owner for further consideration.
 - m) Mr Rayner referred to Safety Valve Agreement (paragraph 2.5 of report) and highlighting the projected DSG accumulated deficit of approximately £135m by the end of 2025/26 and an in-year deficit in excess of £65m. He stressed the significance of this risk to the Council's financial position and requested that his comments be formally noted.
3. RESOLVED that the Governance and Audit Committee requested that a summary project tracker for the Oracle Cloud Programme, covering time, cost, and quality, be developed and brought to the Committee, and that the detailed format and reporting expectations for this tracker be agreed at the next appropriate agenda-setting meeting.

RESOLVED the Committee noted the Corporate Risk Register for assurance.

361. A Review of the Statutory Accounts for Kent County Council's Wholly Owned Companies

(Item 8)

1. The report was presented by the Commercial Accounting Manager Andrea Melvin. The following key points were highlighted to the Committee:
 - a) The Council's wholly owned companies and joint ventures operated on a going-concern basis, had filed statutory accounts at Companies House and had been externally audited with no material concerns raised. The report was for information and included high-level financials (sales, costs and profit after tax) for 2024/25 with comparators for the prior year.
 - b) The Committee received the assurance report on the Council's wholly owned companies and 50:50 joint ventures (with other local authorities and private sector partners). All entities had filed statutory accounts and were externally audited; no material concerns were raised by auditors.
 - c) The report included headline financials (sales, costs, profit after tax). Year-on-year comparisons were not always like-for-like due to ongoing cost-management and efficiency programmes that had transferred services between companies.

2. In answer to Member comments and questions the following was said:
 - a) The purchase price of the WF Education Group was commercially sensitive and would be provided outside the meeting. Plans for the company did not sit within the presenting officer's remit. Losses shown for December 2023 and December 2024 related to periods prior to acquisition; performance post-acquisition would be visible in future cycles.
 - b) The joint ventures formed part of an expansion leveraging recruitment systems to support other local authorities. Older ventures had performed well and newer ones had become operational only recently and were still incurring set-up costs, explaining current losses. Some entities in the structure were dormant and do not trade with KCC. Only a subset provides services to KCC.
 - c) Mr Watts reported actual and forecast returns to KCC:
 - i. 2023/24: £7.0m
 - ii. 2024/25: £10.0m (enhanced, to support KCC's position)
 - iii. 2025/26: £7.8m (forecast), then £8.3m, £8.5m, £9.0m in subsequent years (forecasts)

Continued investment was necessary to remain commercially competitive and sustain future dividends.

- d) Due diligence was undertaken by both KCC and the company on acquisitions and investments, considering benefits to the group and KCC. The return cited by Mr Watts included dividends and contributions for managed services, and noted other financial benefits, e.g. an energy rebate of approximately £760k per annum.

- e) Companies were arms-length and the Council could not shadow direct. The risk was managed through KCC's Internal Audit function within the company.
 - f) Service transfers to companies had been supported by business cases and value for money tests to deliver Mid Term Financial Planning savings.
4. It was proposed and seconded (inclusive of a further amendment) that:
 - (i) In recognising the significant commercial risks, the oversight arrangements for the Governance and Audit Committee on County Council linked companies be reviewed and options be presented to a future meeting informed by legal and governance advice.
 - (ii) The shareholder group be expanded to increase transparency and accountability.
 5. The motion (as amended) was not carried.
 6. Mr Rayner stated that he was not assured by the report and associated updates and asked for this to be noted in the minutes.

The Chair put the recommendations in the report to the vote and one third of the present voting membership requested a recorded vote.

Members voted accordingly for the recommendation included in the paper:

For:	Mr Mallon, Mr Palmer, Mr Kibble, Mr Cecil, Mr Chapman, Mr Paul, Mr Brown (7)
Against:	Mr Rayner, Mr Hood, Mr Brady, Mr Samme, Mr Munday (5)
Abstentions:	Mr Bradshaw (1)

Total: 13 (Not inclusive of Dr Horne as an Independent Member)

7. RESOLVED the majority of the Committee noted the report for assurance.

362. Governance Arrangements for Wholly Owned Companies - Presentation
(Item 9)

1. The planned presentation was rescheduled for another Committee, to allow the next update to take account of and address points raised in the discussion on the previous item.
2. In response to concerns raised by some Members, in the context of discussing the governance and meeting arrangements related to the KCC Wholly Owned Companies to be covered in the future update, about access to exempt papers, there was a discussion about the 'need to know' arrangements for Member access to information. While the concerns were acknowledged, assurances were provided by Mr Watts that the situation was unchanged from previous years.
3. RESOLVED Members noted the discussion and the deferral of the substantive item to the March 2026 meeting.

363. Internal Audit Progress Report

(Item 10)

1. The item was presented by the Interim Head of Internal Audit, Russell Smith. Some of the key points were highlighted as follows:
 - a) Several audits had received positive assurance outcomes. The audits of Health and Safety, Unaccompanied Asylum-Seeking Children, Backups (noting that detailed discussion would take place in the exempt session), Property Disposals, Adult Social Care Information Governance, and the KCC Governance Improvement Plan had all received Substantial Assurance. The audit of Utility Works on the Kent Network had received Adequate Assurance, with one high-priority action identified. Management had advised Internal Audit that a review of the Kent Permit Scheme had been scheduled to address the issue.
 - b) The Committee was informed that 83% of the completed audit work for 2025–26 had received substantial assurance to date. Several audits remained in progress and a broader spread of assurance ratings was expected over the remainder of the year. Updates were also provided on embedded assurance work relating to the Highways Term Maintenance Contract, the Public Health Service Transformation Programme, and the Oracle Cloud Programme, with the latter scheduled for discussion in the exempt part of the meeting.
 - c) Issue implementation performance remained comparable to the previous reporting period at 64%, which had been 62% in July. The Interim Head of Internal Audit highlighted that the volume of followed-up issues had increased significantly, with 96 follow-ups completed in January compared with 37 in the previous period. Where actions remained in progress, Internal Audit had observed positive movement. Lower implementation levels within Adult Social Care were attributed to recommissioning activity, and several Growth, Environment and Transport actions had been superseded due to policy changes. Longstanding issues had been discussed thoroughly at a Corporate Management Team meeting the previous day, and revised actions had been agreed.
 - d) The audit plan was slightly behind schedule, largely due to a later start and work required for the External Quality Assessment. Delivery levels remained broadly consistent with the same point in the previous year. Future annual planning would account more effectively for external assessment activity. Revisions to the plan included the addition of four new audits relating to the Oracle Cloud Programme. External Audit were also conducting work in this area, and coordination was underway to avoid duplication. Audits selected for deferral had been chosen based on risk, assurance coverage from other providers, and commissioning delays; they would be reconsidered for inclusion in the 2026–27 Internal Audit Plan.
2. In answer to Member questions and comments, the following was said:
 - a) Officers advised that the bus grant had been announced after the report was written and that a three- to four-year settlement had been issued, split

between capital and revenue funding. The £47m figure was based on a historic determination of the highways block grant, and Department of Transport had consolidated several grants this year.

- b) Officers confirmed that the proposed deferral of five audits, particularly Economic Strategy and the Contact Centre Contract would be prioritised for the 2026–27 plan. The Monitoring Officer noted that the Contact Centre audit would be better timed once the new provider had embedded.
 - c) Officers confirmed that the review of the Kent Permit Scheme (RB41), had been scheduled for April–June 2026. Officers confirmed that improvements were being implemented and that increased inspection capacity was being put in place. In addition, the direction of the complaints data to the correct shared mailbox was in the process of being rectified.
 - d) In relation to RB41, officers confirmed that the issue would be addressed in full during the scheduled April–June 2026 review, after which the action could be signed off.
 - e) Officers confirmed that CMT had met recently and discussed the Economic Strategy and EHCP Outcomes audits as well as longstanding audit actions. A revised action plan with clear timescales had been agreed, with an expectation that completion would occur within six months.
 - f) Officers explained that the increase to the budget for the Highways Term Maintenance Contract procurement reflected the scale and complexity of the procurement and the need for external legal advice. The additional cost had been funded through service budgets and highways income. Lessons learned would inform future procurement processes.
 - g) Officers confirmed that all works on the highway required a permit, including emergency works, and that all permit income was retained by KCC. It was explained to Members that permit volumes had increased significantly in recent years.
 - h) Mr Rayner formally requested that it be recorded that he did not note the report for the period September 2025 to January 2026.
- 3 RESOLVED the Committee noted Internal Audit Progress Report for the period September 2025 to January 2026.