



Kent County Council

Interim Auditor's Annual Report
Year ending 31 March 2026

October 2026



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Kent County Council during 2025/26 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council and its Group as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26.
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under the Local Audit and Accountability Act 2014, auditors of an Authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 13 with a commentary on whether any of these powers have been used during this audit period. In particular, auditors may issue:

- Statutory recommendations to the full Authority which must be considered publicly.
- A Public Interest Report (PIR)

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. During 2024/25, the NAO consulted on and updated the Code to align it with accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. The deadline requirement for 2025/26 AARs is 30 November 2026.

Local government – context

Local government has remained under significant pressure in 2025/26

National	Past	Present	Future
 Funding Not Meeting Need The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.	 Financial Sustainability Despite the Fair Funding Review 2.0, many councils continue to face significant financial challenges, including social care, SEND and temporary accommodation pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.	 Digital change AI and digital change are automating routine processes and enabling more personalised services for residents. This is shifting workforce skills as councils seek productivity gains. Risks around digital exclusion, data quality, ethics, and governance mean strong leadership and controls are increasingly important.	
 Workforce and Governance Challenges Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.	 External Audit Backlog Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.	 Reorganisation and Devolution Many councils in England are impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.	

Local

Kent County Council is an upper-tier local authority responsible for delivering key services including social care, education, transport, community resources and public health across Kent, alongside 12 district Councils, and Medway Unitary Authority. The Council area excludes Medway.

The Council is one of the largest local authorities in England in terms of population served (1.6m). Covering 1,368 square miles, Kent has a diverse geography characterised by extensive rural areas, densely populated urban centres, and more than 350 miles of coastline. The Council must balance the provision of vital services across communities with significantly different demographic, geographic, and economic needs. The Council operates under a Leader and Cabinet model. The Council has 81 elected councillors with Reform UK in majority control of the Council since May 2025. The Council, along with the 12 Kent district councils and the Medway Unitary Authority, has been preparing for Local Government Reorganisation (LGR), but this is now paused pending the government’s review of LGR decisions.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 Assessment of arrangements
Financial sustainability	R Two significant weaknesses identified, in relation to the Adult Social Care spend and Dedicated School Grant deficit. Two key and one improvement recommendation made.	Three risks of significant weakness identified in relation to: Council overspends, Dedicated School Grant deficit and impact of local taxation decisions.	R Significant weaknesses identified due to unbudgeted costs in social care which is creating, alongside other factors, financial risk. We have also identified a significant weakness relating to the level of the Dedicated Schools Grant deficit. Two key recommendations made. No improvement recommendations made.
Governance	A No significant weaknesses in arrangements identified, but four improvements recommendations raised.	One risk of significant weakness identified with regards to the Council's governance arrangements.	R Significant weaknesses in governance arrangements identified. A key recommendation has been made relating to improving committee effectiveness, member cohesion and training. No improvement recommendations made.
Improving economy, efficiency and effectiveness	G No significant weaknesses in arrangements identified and no improvement recommendations made.	No risks of significant weakness identified.	R Significant weaknesses in arrangements identified. A key recommendation has been made relating to Oracle Programme implementation to further support Council actions to finalise implementation. No improvement recommendations made.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

We have identified two significant weaknesses in the Council arrangements to secure financial sustainability.

The Council overspent by £21.6m in 2025/26, primarily due to an overspend in Adult Social Care (£42.9m). This is the fourth consecutive year that the Council has recorded an overspend that has been paid for using reserves. The Council's reserves are now significantly reduced, and their continued use is not sustainable.

The 2026/27 budget included a Council Tax increase of 3.99%. This was below the permitted maximum increase before a referendum would be required. Local government finance settlements do assume Councils will take full Council Tax flexibility.

The Council's MTFP identifies a significant budget gap, with no assumptions made on Council Tax levels. The Council will need to contain overspending and identify recurrent savings to bridge funding gaps and support reserves sustainability, whilst managing risks relating to the level of Council Tax set. These factors are included within a key recommendation.

The Council continues to experience significant demand pressures relating to Special Educational Needs and Disabilities (SEND), funded through the Dedicated Schools Grant (DSG) High Needs Block. The Council has been spending more than the funding provided, leading to a deficit position that is increasing year on year.

The Council has submitted a SEND Reform Plan to the Department for Education. If approved, the Council would be eligible for grant funding of up to 90% of its historic DSG deficit as of 31 March 2026. Nevertheless, the Council continues to face significant financial risk arising from forecast DSG deficits in 2026/27 and 2027/28, particularly given the uncertainty surrounding future funding arrangements. Accordingly, we have updated the key recommendation raised in 2024/25 in relation to mitigating the growth of the DSG deficit.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Governance

We have identified a significant weaknesses in the Council's governance arrangements.

The Governance and Audit Committee is an essential component of the Council's control environment. However, our work has established committee arrangements are not optimal and need to be strengthened. We have also identified opportunities for enhancing member-to-member and member-to-officer cohesion, learning from code complaints and enhancing member training and take up. For context, in 2023/24, a governance review was conducted as part of our wider programme of external audit activity with findings presented to the Council in October 2023. Our report identified a range of similar themes and recommendations, indicating there are still entrenched governance issues that remain to be effectively addressed.

We have established the Council regularly reviews and assesses its strategic risks, operates an effective internal audit service, and has in place appropriate counter fraud arrangements. The head of internal audit provided an 'Adequate' Assurance for 2025/26.



Improving economy, efficiency and effectiveness

We have identified a significant weakness with regards to the Council's arrangements to secure economy, efficiency and effectiveness.

We have a raised a key recommendation for the Council to strengthen arrangements relating to the Oracle Cloud Programme.

The Council has in place appropriate performance monitoring arrangements supported by member oversight. During 2025/26 the Office for Standards in Education, Children's Services and Skills (Ofsted) have rated Children's Social Care as 'Good' and we have also seen how the Council has continued to embed improvements following an adverse Local Area SEND inspection in 2022. The Care Quality Commission (CQC) rated Adult Social Care services as 'requires improvement' and the Council is further developing its improvement plans and transformational activity within this service.

We have raised an improvement recommendation in respect of a pension fund administration backlog.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Council’s financial statements and sets out whether we have used any of the other powers available to us as the Council’s auditors.

Auditor’s responsibility	2025/26 outcome	
Opinion on the Financial Statements	We have completed our audit of your financial statements and expect to issue an unqualified audit opinion, shortly after the Governance and Audit Committee meeting on 15 October 2026. Our findings are set out in further detail on pages 13-16.	
Use of auditor’s powers	We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014. We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014. We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.	

Local Government Reorganisation – organisational change and risk

Additional context around our review of the local government reorganisation (LGR) arrangements in 2025/26



National Context

The English Devolution and Community Empowerment Act received Royal Assent on 29 April 2026.

On 7 September 2026 the government announced a pause to LGR decisions. The decisions relating to Essex, Suffolk, Norfolk and Hampshire (originally announced on 26 March 2026) have been withdrawn.

For other LGR geographies, the government's decisions announced on 16 July 2026 have been paused and are to be reviewed.

The only LGR geography not to be impacted is Surrey, with the vesting day for the two new unitaries remaining 1 April 2027.

For other geographies, the Shadow Authority elections were due to take place in May 2027, with vesting day of new unitaries on 1 April 2028. The government has confirmed that the May 2027 elections will now be based on existing council boundaries. The revised timescale for Shadow Authority elections has not yet been confirmed by the Government, resulting in uncertainty.



What we observed in 2025/26

For Kent and Medway, the shadow authority elections were due to take place in May 2027 with vesting day of the four new unitary authorities to be 1 April 2028. During 2025/26 we observed:

The Council worked collaboratively with regional partners to identify and assess several models as part of the LGR process. The Council put in place appropriate governance arrangements to support the development of its preferred LGR proposal ahead of the submission of the Council's Strategic Business Case in November 2025. The Council submission was one of five different submissions. The Council's proposal was for a unitary council covering Kent and Medway, to include three area assemblies.

The Government announced its preferred option for LGR in Kent in July 2026. It selected four unitary proposal submitted by Dover District Council, Swale Borough Council and Thanet District Council. The Council, alongside regional partners, mobilised a Kent and Medway LGR Implementation Programme to deliver this LGR option, but this is now paused pending the government's review of LGR decisions.



Residual risks

Risks will remain once LGR transition and implementation recommences, once the government has reconfirmed its position.

- Ensuring appropriate ongoing financial stewardship, governance and decision making is maintained, and the Council's best value duty is adhered to
- On page 36 of this report, we recommend that the Council drives forward improvements to aspects of its current governance framework. It is important the Council acts on this recommendation to support cohesion in the run-up to potential future shadow elections.
- Working with demising councils to ensure governance and programme management arrangements for LGR transition and implementation are aligned and free from gaps and overlaps.
- Managing the disaggregation and aggregation of Council services and finances when creating the new unitary council.
- Having appropriate resource in place to deliver the 2026/27 and 2027/28 accounts.

03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Council's financial statements on

The full opinion is included in the Council's Annual Report for 2025/26, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council and its group as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the NAO Code of Audit Practice (2024), and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided and published draft accounts in line with the national deadline of 30 June 2026.

Draft financial statements were of a good standard and supported by detailed working papers.

- We experienced significant delays in obtaining supporting transaction information for debtors and creditors at the beginning of the audit, with significant balances unable to be substantiated. These issues were resolved successfully but took some time. These delays were primarily due to user inexperience with the new Oracle Fusion system.
- No adjustments have been made to the financial statements following our audit

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Council's Governance and Audit Committee on 15 October 2026. Requests for this Audit Findings Report should be directed to the Council.

Opinion on the pension fund statements

These pages set out the key findings from our audit of the pension fund financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

The Pension Fund is required to publish its Annual Report by 1 December 2026. We issue an auditor's consistency report which includes our opinion that the 2025/26 Kent Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

We intend to issue an unqualified consistency report on the pension fund financial statements contained within the Pension Fund's Annual Report shortly after our opinion on the pension fund financial statements.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Pension Fund as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Pension Fund provided and published draft accounts in line with the national deadline.

Draft financial statements were of a good standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Kent County Council Governance and Audit Committee on 15 October 2026. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



Use of auditor's powers

We bring the following matters to your attention:

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Councils report on their arrangements and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Council reported a net revenue overspend of £21.6m in 2025/26, representing an adverse variance of 1.4% against the original budget of £1,531.9m. This position was driven by significant underlying pressures within Adult Social Care and Health (ASCH), which reported an overspend of £42.9m (6.1%), primarily arising from demand pressures and slippage in the delivery of planned savings. While substantial growth was built into the 2025/26 ASCH budget, the scale of the overspend highlights the ongoing challenges the service faces in operating within approved budget assumptions and controlling expenditure. 2025/26 marked the fourth consecutive year in which the Council has reported an overspend, notwithstanding the implementation of a range of in-year mitigating actions. These recurring overspends have been funded through the use of general fund working balances, which reduced to £66m as at 31 March 2026, equivalent to 4.3% of the Council's net budget. The continued and unplanned depletion of reserves is not sustainable and increases the risk to the Council's longer-term financial resilience and sustainability. The Council set a balanced budget for 2026/27, with planned net expenditure of £1,654.5m. The budget incorporated significant growth in spending, the majority of which was allocated to ASCH. The budget report outlined actions to contain expenditure, including reducing provider fee uplifts and managing demand growth, with the objective of minimising recurring budget variances. The 2026/27 budget also includes a strategy to replenish reserves progressively over the period covered by the Medium-Term Financial Plan (MTFP) 2026/27 to 2028/29. For 2026/27, the Council was permitted to increase Council Tax by up to 4.99% without triggering a referendum. However, it elected to increase Council Tax by 3.99%. Budget papers transparently acknowledged the financial risks associated with not utilising the full flexibility available, particularly given the Council's recent history of overspending and reserve erosion. The Council's decision to forgo full Council Tax flexibility does impact on the Council's cumulative savings requirement in 2026/27 and beyond, and such decisions need to be carefully balanced. (continued)	R
G No significant weaknesses or improvement recommendations. A No significant weaknesses, improvement recommendations made. R Significant weaknesses in arrangements identified and key recommendation(s) made.		

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (Continued)	(continued) The Council has informed us that its high-level Quarter 1 forecast for 2026/27 indicates a net overspend of £21.4m. This forecast is primarily attributable to continued pressures within social care services, including a projected overspend of £9.1m in ASCH and £13.0m in Children, Young People and Education (CYPE). This early forecast highlights the continuing volatility and financial risk associated with the Council's social care budgets. The Council's financial planning framework is underpinned by the MTFP 2026/27 - 2028/29. The MTFP approved in February 2026 identified a cumulative budget gap of £96.3m over the period 2027/28 to 2028/29. The Council has subsequently informed us that this forecast gap has reduced to £86.4m (£54.4m 2027/28 and £32.0m 2028/29). However, this assumes no increase in Council Tax during the MTFP period. Future decisions on local taxation, together with the Council's ability to deliver approved savings and maintain expenditure within budgeted levels, particularly in ASCH and CYPE, will be key determinants of its future financial position. These factors will also directly influence the Council's ability to rebuild working balances to more sustainable levels. While the Council has recognised these challenges and taken steps to address them, significant financial sustainability risks remain. Consequently, we have restated and updated a key recommendation from the prior year. (continued)	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (Continued)	(continued) Like many authorities across the sector, the Council continues to experience significant demand pressures relating to Special Educational Needs and Disabilities (SEND), funded through the Dedicated Schools Grant (DSG) High Needs Block. Although the Council is implementing measures to mitigate these pressures, rising demand continues to generate substantial levels of unbudgeted expenditure. The Outturn 2025/26 outturn report, considered by Cabinet on 25 June 2026 set out the DSG recorded a net overspend of £61.8m in 2025/26, including a High Needs Block overspend of £64.6m. The resulting DSG deficit is currently subject to a statutory override, under which DSG deficits are held separately within an unusable reserve rather than impacting the general fund. This arrangement is scheduled to expire on 31 March 2028. As at 31 March 2026, the Council's cumulative DSG deficit had increased to £130.5m and is forecast to continue growing during 2026/27 and 2027/28. The Council has submitted a SEND Reform Plan to the Department for Education (DfE) for approval. If approved, the Council would be eligible for grant funding of up to 90% of its historic DSG deficit as at 31 March 2026. Nevertheless, the Council continues to face significant financial risk arising from forecast DSG deficits in 2026/27 (£109.5m) and 2027/28 (£137.6m), particularly given the uncertainty surrounding future funding arrangements. Accordingly, we have updated the key recommendation raised in 2024/25 in relation to mitigating the growth of the DSG deficit.	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The Council’s 2025/26 outturn report identified that the Council delivered £98.6m (81%) of savings against a total savings requirement of £121.5m. However, in 2025/26, the majority of all savings slippage related to ASCH. In 2025/26 ASCH delivered £41.9m (67%) savings against a target of £62.6m. Savings slippage of £20.7m contributed to the overall ASCH overspend that we have set out in the proceeding section of this report. During 2025/26, Internal Audit issued a limited assurance report in respect of ASCH savings governance. The report included recommendations for how the service could drive improvements in identifying alternative savings where original plans are no longer deemed deliverable, enhancing savings reporting metrics and identifying lessons learnt from areas of savings slippage. These findings provide further evidence that the arrangements for savings delivery in ASCH were not optimal during 2025/26. From June 2026 the Council has mobilised and resourced a dedicated Project Management Office (PMO), with activity overseen by an internal Strategic Priorities Board (SPB). The SPB scope is Council-wide and includes major transformational change initiatives and the tracking of significant and material savings, cost and demand drivers, key activity measures and exceptions. The SPB is formed of the senior officers of the Council and provides direct evidence of the renewed focus the Council is placing on savings delivery. Furthermore, the PMO process has been enhanced to include further analysis of recent trends on the most significant demand and cost drivers and how these impact on the forecasts included in the budget. The enhancements include Council wide actions that need to be taken to address variances including the reintroduction of more rigorous spending controls in the current financial year. (continued)	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

plans to bridge its funding gaps and identify achievable savings

(continued) The 2026/27 budget includes a total savings requirement of £90.4m for 2026/27. ASCH total savings requirement for 2026/27 is £41.7m and therefore remains a substantial proportion of the overall saving programme despite a stepdown in requirement when compared to the year prior. Quarter one 2026/27 revenue forecast identifies that £4.4m of ASCH savings are unable to be delivered in 2026/27, with savings under-delivery contributing to the Council's overall adverse variance forecast of £21.4m. ASCH saving slippage in 2025/26 and forecast slippage in 2026/27 creates financial risk. The Council must ensure effective support is in place to maximise ASCH directorate savings delivery and ensure corrective action is taken where performance falls behind plan.

The MTFP approved in February 2026 identified savings of £23.4m in 2027/28 and £17.6m in 2028/29. After the application of these savings a residual budget gap of £86.4m is identified for the period 2027/28 – 2028/29 (£54.4m 2027/28 and £32.0m 2028/29). However, this gap assumes a 0% rise in Council Tax. Local taxation decisions in respect of the 2027/28 budget will clearly have an impact of the scale of any residual budget gap that would be required to be managed by new savings or wider alternatives such as reserves. The Council will need to be alert to these risk and challenges. We have incorporated these findings within key recommendation 1.

In June 2026 Cabinet considered the Delivery for Local Government Efficiency (DOLGE) Strategy, marking the second phase of a programme originally established in May 2025 to scrutinise spending, identify savings and improve value for money across the Council. The strategy focuses on four key areas: Efficiency and simplification, ensuring spend and savings are to budget, commercial income generation and resilience, and LGR. We will assess the impact of this new Strategy as part of our work in 2026/27.

R

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	During 2025/26, the Council refreshed its strategic planning and adopted Kent County Council’s Strategic Statement ‘Reforming Kent 2025-2028’ which includes a vision ‘Kent is a place where the residents feel safer, healthier and wealthier and know that their political representatives try to get the best value for every pound spent’. The new Strategic Statement also included six commitments that included ‘keep Council Tax as low as possible but will maintain core service provision’, ‘not accept the status quo where it fails our residents whether as service users or taxpayers’ and ‘have a ruthless focus on value for money and cost efficiency’, demonstrating the strategic importance the Council places on cost-efficient service provision. The Council’s 2026/27 budget demonstrated alignment with these key strategic commitments whilst incorporating considerable growth relating to the Council’s statutory service provision. Future decisions on local taxation, savings levels and the Council’s ability to deliver approved budget envelopes will need to be carefully managed to support short-term financial sustainability.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	There are arrangements in place that ensures the Council's financial planning is consistent with other strategic documents and Council priorities. The Council's financial planning demonstrates strong interconnectivity and alignment with a suite of associated strategies such as the three-year MTFP 2025-28, ten-year capital programme 2025-35, Treasury Management Strategy, Investment Strategy, Capital Strategy, and Minimum Revenue Provision. This is good practice. The Council's capital programme follows the Council's strategic planning and is supported by a detailed Capital Strategy which clearly set outs a prioritisation methodology, explains the how the capital programme is to be funded, the affordability of the programme and the associated revenue impact. Treasury management performance was tracked and reported during the year with appropriate oversight and governance. This included a mid-year treasury management update and a year-end outturn report. These reports demonstrate that all prudential indicators were met during 2025/26.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Council can demonstrate it regularly assesses key financial risks that are identified within the Corporate Risk Register alongside planned mitigations. During 2025/26 the Council budget monitoring detailed significant financial risks, predominately arising from overspends within ASCH. The Council took action to support containment of this financial risk, and a range of cost controls measures were introduced during 2025/26. The Council can evidence that scenario planning is undertaken and reported to Members through sensitivity analysis of key budget assumptions within budget setting papers. The 2026/27 budget also clearly described the financial risk being navigated by the Council including unbudgeted expenditure within demand led services, impact of DSG deficits, the need to build back reserves and the impact of local taxation decisions. These interconnected risks will need to be very carefully managed in the short term, and these risk areas align themes set out in key recommendations 1 and 2.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (continued)

Significant weakness in relation to managing cost and savings within social care

Key Finding: The Council recognises the financial challenges it is facing. Persistent social care overspending has significantly reduced levels of reserves which creates increased risk for ongoing financial sustainability. Adult Social Care and Health (ASCH) has overspent in the last four financial years despite considerable budget growth. The Council introduced a range of measures to strengthen financial sustainability during 2025/26, and we also note the emphasis placed in the 2026/27 budget report on the vital importance of the Council building back reserves to help build financial resilience. However, it is essential that ongoing overspending, particularly within social care, is contained, savings are delivered to support the Council's financial sustainability and wider financial risks are managed appropriately.

Evidence: In line with other upper tier authorities, social care expenditure dominated the Council's financial planning in 2025/26 with demand pressures and saving slippage driving financial volatility. The Council reported a net overspend in 2025/26 of £21.6m. Further analysis of service pressure identified an underlying overspend of £42.9m within ASCH. This represents a significant variance (6.1%) and followed ASCH overspending in 2022/23- £20m, 2023/24 -£30m, 2024/25 - £40m all of which underlines the difficulty this service area is experiencing in keeping to agreed budget envelopes. ASCH overspends in 2025/26 were a mainly attributable to unbudgeted demand led pressures, but we note savings slippage of £20.7m contributed to the overall adverse variance. It is also important to flag that, although CYPE were able to deliver an overall budget surplus of £0.9m in 2025/26, there was an overspend of £13.7m driven by faster than expected reduction in foster placements and therefore a greater reliance on external placements. This was mainly offset by significant home-to-school transport savings but will require the Council to carefully track placement expenditure going forward and further underlines the acute volatility of social care expenditure.

The budget monitoring framework allowed the Council to react to the adverse forecast in a timely manner and organisational-wide financial controls were introduced during 2025/26 to mitigate key areas of overspending. Also, we note during 2025/26 internal audit assessed ASCH saving delivery governance with three high-priority areas for improvement identified which will allow the Council to further strengthen directorate arrangements. The Council has also undertaken ASCH cost benchmarking and identified areas of opportunity to drive potential efficiencies in commissioning, whilst more recently stabilising ASCH senior leadership arrangements. We also note the Council has introduced enhanced governance and oversight of budget priorities, including the tracking of significant savings. These are all encouraging actions, but the Council has overspent in the last four financial years, and this has impacted reserves with the 2025/26 overspend reducing working balances to £69.5m or 4.3% of the 2025/26 net budget, which is below the Council targeted level of 5%. (continued)

Financial sustainability (continued)

Significant weakness in relation to managing cost and savings within social care

Evidence: (continued) The Council set a balanced budget for 2026/27. The budget included £178m of spending growth, of which £89.8m related to ASCH, to accommodate the effect of 2025/26 overspends, price uplifts, cost and demand driver increases. This underlines the dominance of ASCH expenditure in the Council's financial planning. Alongside this, we observe a stepping down of ASCH saving requirements compared to the prior year, with a shift in Council strategy towards controlling ASCH expenditure rather than relying on large-scale savings delivery. This shift will need to be extremely carefully managed by the Council; a sharp focus will need to be placed on ASCH expenditure and residual savings during 2026/27, and the Council must ensure it has in place the necessary resources/service support to ensure adverse variance is minimised.

The Council has in place an agreed reserves policy which is good practice. This sets out how the Council aims to hold working balances of between 5% and 10% of the net revenue budget (NRB) to support the management of financial risk particularly from spending growth. The 2026/27 budget included a plan to incrementally increase reserves to more appropriate levels over the MTFP 2026/27 – 2028/29 and back within Council tolerances. These planned contributions are to a degree dependent on the Council halting significant overspending in ASCH and other areas. Failure to build back reserves will create financial risk to the Council.

For 2026/27 the Council was permitted to levy a maximum annual Council tax increase of 4.99% before a referendum on such an increase would be required. We note local government settlements assume Councils will take full flexibility. The 2026/27 budget report proposed a Council Tax increase of 3.99% with papers transparently articulating the financial risk associated with forgoing full Council Tax flexibility in the context of the Council not being able to contain unbudgeted spending and resultant reserve erosion. Within the 2026/27 budget was the Section 25 Assurance Statement. The Local Government Act 2003 (Section 25) requires that when a Council is agreeing its budget and Council Tax precept, the Chief Finance Officer must report on the following matters: the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Section 25 report on the 2026/27 budget identifies that ASCH financial risks are one of the highest risks for the Council and states that the decision to raise the Council Tax charge below the level permitted 'poses a long-term financial risk as a result of the Council Tax income forgone'. The report identifies a £31.8m cumulative impact across the MTFP due to foregone Council Tax revenue in 2026/27 which highlights the financial risks being balanced. The MTFP identifies a budget gap of £96.3m for the period 2027/28-2028/29. We have been informed by the Council the forecast gap has since narrowed to £86.3m. However, this gap assumes a 0% rise in Council Tax. Decisions on local taxation in 2027/28 will therefore have a significant impact on the scale of the gap, as will the Council's ability to deliver approved budget envelopes and savings targets in 2026/27, particularly within ASCH and CYPE. These financial variables will also have direct impact on the Council's plan to rebuild working balances to more sustainable levels. (continued)

Financial sustainability (continued)

Significant weakness in relation to managing cost and savings within social care

Impact: The Council is being impacted by significant overspending in ASCH which has eroded reserves over time. The delivery of ASCH within approved budgets and the delivery of agreed ASCH savings plans are fundamental to the Council's plan to build back reserves in support of financial sustainability. We have also seen concerning underlying pressure within a specific area of CYPE underscoring the overall financial volatility within these budgets. These factors will need to be carefully managed alongside future decisions in relation to Council Tax levels.

Whilst the Council recognises these challenges, financial sustainability risk remains. Consequently, we have restated and updated a key recommendation from the prior year.

Key recommendation 1

KR1: The Council must place an organisational focus on developing and implementing effective mitigations to manage the financial sustainability risks it is facing. This should include:

- Identify and deliver actions to reduce demand and cost pressures within ASCH to support the containment of overspends and resultant impact on Council reserves. This should include the Council satisfying itself it has in place proportionate capacity to support ASCH adhere to approved budgets.
- Ensure ASCH saving delivery is sufficiently supported and carefully tracked and timely mitigations are put in place if planned savings are delayed or no longer deemed achievable.
- Refinement of ASCH financial and demand modelling to ensure that budgets are based on realistic assumptions.
- Develop further initiatives within CYPE to increase foster carers to support a reduced reliance on external placements and costs.
- Ensure that the financial risks associated with Council Tax flexibility decisions are effectively managed and carefully balanced, with appropriate savings plans developed to bridge any residual funding shortfalls.

Financial sustainability (continued)

Significant weakness identified in relation to managing the Dedicated Schools Grant (DSG) deficit

Key Finding: The DSG funds local authority education services. It is a budget allocated in four blocks, including schools, early years, high needs, and central school services. However, the Council has been spending more than the funding provided, as have others in the sector, and has been in a deficit position that is increasing year on year. This is attributable to the High Needs Block (HNB), which is funding to support children and young people with special educational needs and disabilities (SEND) with needs generally identified through Education, Health and Care Plans (EHCP).

A statutory override has been allowed by the government which currently permits the Council, like others in the sector, to treat the DSG deficit as a negative reserve. The Council's DSG deficit has been rapidly growing and as of 31 March 2026 reached £130.5m. It is forecast to rise further in 2026/27 and 2027/28. The statutory override mechanism is ending on 31 March 2028. The Government has announced that the DfE will absorb DSG deficits arising from 1 April 2028 and during 2026/27, councils will receive a High Needs Stability Grant covering 90% of DSG deficits accrued to 31 March 2026, subject to DfE approval of local SEND reform plans. There is uncertainty to how any DSG deficits incurred in 2026/27 and 2027/28 will be funded by the government.

The Council has submitted a SEND Reform Plan to the DfE which, if approved, will result in the Council receiving High Needs Stability Grant funding of 90% of the historic deficit as of 31 March 2026. However, there remains significant financial risk for the Council relating to the 2026/27 and 2027/28 forecast deficits due to funding uncertainty and successful delivery of the SEND Reform Plan. This creates significant financial risk to the Council.

Evidence: In 2025/26 unbudgeted HNB expenditure (£64.6m) resulted in a net DSG overspend of £61.8m. This resulted in the DSG cumulative deficit rising to £130.5m as of 31 March 2026. The Council has been taking action to mitigate financial pressures and has been participating, since 2022/23 in the governments Safety Valve Programme which was a DfE initiative to support councils with high DSG deficits to mitigate overspending. As part of this programme the DfE committed additional funding of £140m funding up to 2027/28 to pay off part of the DSG deficit. Over the same period, the Council has committed to contribute £80m towards the residual DSG deficit.

The Council has coproduced a SEND Reform Plan with the Kent SEND Partnership Board. The SEND Reform Plan sets out a vision is to create a financially sustainable, inclusive and partnership led SEND system where children and young people are identified early, supported effectively and enabled to achieve positive outcomes. The SEND Reform plan sets out how it will support a change where more children and young people with SEND will have needs successfully met within mainstream settings and employment pathways through strengthened ordinarily available provision, timely specialist advice and inclusive practice. (continued)

Financial sustainability (continued)

Significant weakness identified in relation to managing the Dedicated Schools Grant (DSG) deficit

Evidence: (continued) Despite the activity set out with the SEND Reform Plan the Council forecasts that DSG deficits will be still incurred (due to HNB expenditure) in 2026/27 (£109.5m) and 2027/28 (£137.6m) totalling £247.1m. The Council has statutory responsibilities to deliver SEND service provision, and address underlying demand, and this responsibility must be discharged despite any limitations of funding envelopes.

The Council have informed us that they are assuming they will receive the full 90% High Needs Stability Grant, which will require the Council to fund £29.1m of the deficit accrued to 31 March 2026. However, the projected DSG deficits for 2026/27 and 2027/28 remain unresolved. The Council does not have sufficient working balances to support such deficits once the statutory override ends on 31 March 2028.

Impact: The Council forecast DSG deficits for 2026/27 and 2027/28 are unresolved and this creates risk to the Council's financial sustainability. It is essential that the Council delivers the SEND Reform Plan (once approved) to support the mitigation of future DSG deficits, and we have updated the key recommendation raised in 2024/25.

Key recommendation 2

KR2: The Council must continue to work urgently with partners to deliver the SEND Reform Plan, once approved, and to implement and embed the changes it is making, to ensure that the growing DSG deficit is mitigated and the financial risk to the Council relating to the forecast deficits for 2026/27 and 2027/28 is reduced as far as possible to a sustainable level across the medium term.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Council has established processes for identifying, assessing, recording, and reporting strategic risks as set out within the Risk Management Policy, which is reviewed annually to ensure it remains fit for purpose. The Council maintains a Corporate Risk Register (CRR) which sets out a proportionate range of key strategic risks. The CRR is reported quarterly to Cabinet and to the Governance and Audit Committee (GAC) biannually. We note the implementation of LGR has been incorporated with the CRR which is good practice. The Council has appropriate Internal Audit arrangements in place, with frequent, and informative, activity reports considered by GAC. The Internal Audit opinion concluded an “Adequate” assurance overall, which is consistent with prior years. The Council has in place counter fraud arrangements, with activity against an annual counter fraud plan overseen by Council’s Corporate Management Team and GAC. We note the Council’s comprehensive suite of policies intended to counter fraudulent activity which have been reviewed and considered by GAC in July 2026.	G
approaches and carries out its annual budget setting process	The Council has an established and thorough budget-setting process, project-managed by the finance team, which involves members, officers and stakeholders, demonstrating extensive internal and external engagement. Budget reports are informative, comprehensive and accessible. We also note budget proposals were subject to an appropriate public consultation process which supports transparency and engagement. The Council has in place a comprehensive regime of governance and oversight to support the development of its annual budget which includes draft proposals being considered by Cabinet Committees and Scrutiny Committee. We have already identified, earlier on in this report, an opportunity for the Council to introduce specific and enhanced arrangements to support effective financial and demand modelling within ASCH.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	The Council can evidence a comprehensive and well-established approach to monitoring and reporting its financial position throughout the financial year, enabling timely oversight and supporting informed decision making. The Council’s finance team collaborates with service areas to conduct a monthly forecast with oversight provided by senior officers and members. Detailed financial monitoring reports are considered quarterly by Cabinet. These reports provide key data, financial forecasts, and explanatory narrative in relation to areas such as the Council’s revenue and capital budgets, Dedicated Schools Grant, savings, reserves and treasury management activity, all of which provide an informative and transparent update to the Council’s financial position. The Governance and Audit Committee also provide additional oversight to the Council’s treasury management activity. During 2025/26 the Council identified, and reported, significant adverse revenue variances, particularly within adult social care. This has been referenced in a wider key recommendation within the financial sustainability section of this report. However, timely financial reporting did support the Council to act. In 2025/26 the Council implemented spending controls which helped mitigate financial pressures, contributing to an improved final outturn position (£21.7m overspend) compared to earlier forecasts.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Council routinely reviews its Constitution to ensure it remains fit for purpose, which is good practice. As detailed in the Constitution, the Council has adopted a Leader and Cabinet form of governance. Our review of Committee papers has not identified any instances of inappropriate decisions and papers are sufficiently detailed and structured to support effective decision making. We also note that during 2025/26 the Council has reviewed wider Committee functions to support efficiency in decision making. The Council’s decision-making framework is supported by the activities of the Scrutiny Committee which during 2025/26 considered a range of relevant matters. The Scrutiny Committee is Chaired by an opposition member and members of the Cabinet may not serve on the Scrutiny Committee, both of which are considered to be good practice. The Council assurance framework is supported by a Governance and Audit Committee (GAC). Membership includes independent members which follows best practice. A recent self assessment of GAC effectiveness has identified a range of actions to further develop committee effectiveness. This is reflected within a key recommendation (3). During our work we have identified opportunities for further member development, alongside the strengthening of member cohesion. We have witnessed member behaviour that is below what we would expect. On occasions challenge from members to officers has not always shown the respect we would have expected. Members need to ensure their challenge to officers, and each other, is appropriately robust and note that the GAC is not a political committee. We have also been made aware of perceived concerns relating to member overreach in full Council meetings and such concerns will need to be appropriately addressed by the Council. These themes are also reflected in the Council’s draft 2025/26 Annual Governance Statement. This would indicate that underlying issues persist and these factors have been included in a wider key recommendation (3).	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	There are adequate arrangements in place that allow the Council to monitor compliance with legislative and regulatory requirements, including where it procures or commissions services. The Council’s constitution sets out the functions of Members and Officers and has in place both officer and member Codes of Conduct which set out standards of behaviour and conduct expected. The Council maintains a record of registered interests and receipts of gifts and hospitality. The Council operates a Standards Committee and in April 2026 it considered a report on formal complaints received under the Member Conduct. The report set out that 85 member complaints have been received during 2025/26 with the vast majority been closed or resolved without the need for formal investigation. The report notes a significant proportion of the complaints received were by members against other members which indicates member cohesion could be improved and this is referenced in key recommendation (3). During 2025/26 the Council adopted a Commercial Strategy 2026 – 2028 that sets out a Council-wide framework for delivering Best Value through procurement and contract management, aligned with the Council’s strategic priorities, financial plans, and in line with legislative requirements. The Commercial Strategy 2026 – 2028 is underpinned by a ‘Winning for Kent’ 2026 – 2028 Policy describing how the Council intends to embed Social Value into procurement practices. The Council also operates an officer led Commercial and Procurement Oversight Board which provides further oversight and assurance across the Council’s key procurement functions. The Policy and Resources Cabinet Committee considered a 2025/26 Commercial and Procurement Performance Update in July 2026, which summarises key Council procurement activity and this report includes analysis of waivers.	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (continued)

Significant weakness identified in relation to GAC effectiveness, member development and member behaviours and cohesion.

Key finding: The Council have undertaken a review of GAC effectiveness in 2025/26 which identifies areas for further development. Additionally, we have found opportunities for wider member training and targeted activity to help foster member cohesion.

Evidence: This Council conducted an effectiveness review of GAC, in line with best practice. The review was conducted a year after the May 2025 election and included feedback from GAC members. The majority of GAC members felt that significant improvements were required to improve the committee's effectiveness. Improvement themes identified included:

- Strengthening member engagement and training
- Improving independent challenge, avoiding groupthink and fostering transparency
- Improving ownership of the Committee's work programme

As part of our work, we have established similar findings but have also established wider issues including the perceived politicisation of the committee, frustrations relating to adequacy and depth of reports, transparency perceptions, poor levels of meeting engagement, member/officer cohesion and responsiveness. These factors together with GAC own effectiveness review provides evidence of the current challenges threatening the core purpose of GAC, which is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements.

From a wider governance perspective, we have established that a significant proportion (40%) of Member Code of Conduct complaints were between members with the proportion increasing in 2026/27. The Council draft Annual Governance Statement also refers to this trend and identifies this as a shift in the political dynamic which requires continued monitoring and management. Matters of member cohesion have also been raised as part of our work as has the need for greater member development and training outside of the specific needs of GAC. (continued)

Governance (continued)

Significant weakness identified in relation to GAC effectiveness, member development and member behaviours and cohesion.

Evidence: (continued) In 2023/24 a specific governance review was conducted as part of our wider programme of external audit activity with findings presented to GAC in October 2023. Our report identified 22 recommendations. The Council responded positively to this review, implementing a broad range of actions. While this earlier response was encouraging, our current findings indicate that some of the underlying issues have not been fully resolved and that further action is required to reinforce and sustain effective governance arrangements.

Impact: Good governance is an integral part of the Council effectiveness. It is important the Council considers actions it can take to strengthen governance arrangements even further, especially in the context of reorganisation where there will be an increased reliance on committee effectiveness, informed decision making and member cohesion and effective relationships.

Key recommendation 3

KR3: The Council should consider the development and implementation of a governance improvement programme that:

- Fundamentally addresses GAC effectiveness concerns.
- Fosters positive member-to-member and member-to-officer relationships, supporting greater cohesion and collaborative working.
- Identifies and responds to trends in Member Code of Conduct complaints and implements appropriate interventions where themes suggest underlying governance or behavioural concerns.
- Strengthens member training and development, to include measures to ensure take-up is maximised.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	The Council has arrangements in place to assess performance and to identify areas for improvement. The Council has two core performance reporting documents: Quarterly Performance Reports (QPR) which are published for Cabinet, and Directorate Dashboards, which are reported to the Cabinet Committees. The QPR includes 39 Key Performance Indicators (KPIs) and progress against targets is assessed using RAG ratings. Progress is also assessed in terms of direction of travel. To ensure the KPIs within Cabinet Committee dashboards and the QPR remain aligned with the strategic priorities of the Council, an annual review is undertaken by each service before the start of every financial year, which is good practice. Appropriate data quality measures and controls are in place at the Council including a Data Quality Policy. The Council has arrangements in place to benchmark its performance and identify areas for performance and/or cost improvement, and we have seen benchmarking data being used to support decision making.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	The Council’s most recent Ofsted inspection of children’s services took place in November 2025, the overall rating for was ‘Good’. With Ofsted reporting ‘that children remain at the core of a strong, and often exceptional, service in Kent’. Whilst reflecting that ‘children in care, including those who arrive in Kent as unaccompanied asylum-seeking children, receive a sensitive, compassionate and equitable service and some outstanding support that makes a positive difference to their lives’. The Council has also been driving forward improvements with regards to the service provision to children and young people with SEND following adverse external inspection findings in 2022. A DfE improvement notice was lifted in 2024 due to progress made against an Accelerated Progress Plan (APP). The latest progress review of SEND improvement (November 2025) set out positive DfE findings and recognised the continued progress being made. As set out within the financial sustainability section of this report, the Council have submitted a SEND Reform Plan to DfE setting out how the Council and its partners intend to further transform the local SEND system so that children and young people receive the right support, at the right time, in the right place and as close to home as possible. We will monitor progress as part of our 2026/27 audit. During 2025/25,CQC undertook an inspection of adult social care services, and provided an overall rating of ‘requires improvement’. The Council developed an improvement plan in response. The latest update to that improvement plan was presented to the Adult Social Care and Public Health Cabinet Committee in July 2026. The Council are currently developing this improvement plan to align with emerging transformation activity to ensure there is one unified service development plan. This is an important activity that will support both practice improvement activity and efficient service delivery. We will review these outcomes as part of our work in 2026/27.	G

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Council actively engages with stakeholders and partner organisations when developing its strategic priorities as evidenced by the development of its new corporate strategy, Reforming Kent 2025-2028. The Council undertook a formal engagement process that included consultation through the Let's Talk Kent platform, and consultation feedback was used to refine the final version before its adoption by the County Council. We have identified that the Council embraces partnership working and there is appropriate oversight by Cabinet and Committees on the outcomes of this work. The Council worked with partners to develop the Kent and Medway Integrated Work and Health Strategy 2025-2030. The strategy was developed through extensive engagement with partners and focused on supporting people with health conditions into work, reducing economic inactivity and improving workforce wellbeing.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
commissions or procures services, assessing whether it is realising the expected benefits	The Council has a Contract Management Policy in place that sets out best practice guidelines for managing contracts. The Commercial and Procurement Division provides strategic oversight to Council-wide contract management activity. The Council also has in place a Contract Management Review Group that forms a core part of the Council’s commercial governance framework. The Group provides constructive challenge, assurance, and learning through structured reviews of Council contracts. The Council has in place arrangements to manage its capital activities supported by appropriate oversight and governance. The Council implemented phase one of its Oracle application programme in August 2025. Phase two is expected to go live in 2026/27. The Council has been required to secure additional project funding and a lessons learnt review is being undertaken. We have raised a key recommendation.	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to the Oracle Cloud Programme

Key Finding: The Council's planned implementation of phase two of the Oracle Cloud Programme has been delayed; additional funding has been agreed and a lessons learnt review has been commissioned.

Evidence: The Council has been replacing outdated systems infrastructure within its corporate core as part of its Oracle Cloud Programme. The programme commenced on 1 June 2023 and is due to conclude on 30 September 2026. Phase one of the programme was completed in August 2025. However, the Council has encountered project delays and overspends in relation to the implementation of phase 2 (Human Resources and Payroll Functions). We identified such issues within our Auditors Annual Report 2024/25 and set out how the Oracle Cloud Programme original budget had accelerated from £15m (original business case) and the project go live date had been delayed. In July 2026, the Policy and Resources Committee approved additional project funding of £7.5m required to complete the implementation of the Oracle Cloud Programme. Oracle Cloud Programme costs now reach £43.9m with a revised project completion date of February 2027. The report notes that earlier adjustments to project costs had been reported through budget monitoring. However, our review of budget monitoring reports identifies they were not always sufficiently clear in demonstrating the accelerating costs and risks. Whilst similar projects at other authorities have shown additional costs and delayed implementation dates, the Council should ensure the planned lessons learned review identifies which elements relate to the adequacy of the original business case and which elements relate to programme management that could have been controlled.

Impact: Oracle Programme slippage and cost acceleration identifies arrangements in programme delivery have not been optimal and any rebasing of the project will need to be carefully managed by the Council. While the Council has taken action to secure the completion of the Oracle Cloud Programme through additional funding and a lessons learned review, it should ensure that the findings (when reported) are translated into strengthened programme delivery and oversight arrangements. This will help ensure that the revised programme can be delivered within the approved funding envelope and timelines.

Key recommendation 4

KR4: The Council must ensure that the findings of the Oracle Cloud Programme Lessons Learned Review are fully incorporated into the governance and delivery arrangements for the re-baselined programme to reduce the risk of further delays and cost escalation. We also recommend Cabinet receive regular formal updates to the Oracle Cloud Programme until implementation has been assured.

Pension Fund

The Council is the administering authority for the Kent County Council Pension Fund (The Pension Fund). As part of our VfM work we are required to consider the Council’s arrangements in respect of the Pension Fund.

We considered the Pension Fund’s: Commentary on arrangements		Rating
Financial Sustainability: sufficiency of funds to meet liabilities	The 2025 actuarial valuation reported an improved funding position of 104% (2022: 102%), with the Fund remaining in surplus. The Pension Fund Committee receives regular reporting on investment performance, cashflow forecasts and budget monitoring, supported by an updated Funding Strategy Statement and ongoing review of the Investment Strategy Statement following the valuation. The Fund also maintains oversight of strategic financial risks through its Risk Register. Looking ahead, continued delivery of the revised investment strategy, transition to Border to Coast Pension Partnership (BCPP) investment pool, and implementation of Local Government Pension Scheme Reforms will remain important areas of focus in maintaining the Fund's long-term financial resilience.	G
Governance: appropriateness of governance arrangements	The Fund has established governance arrangements through the Pension Fund Committee and Pension Board, supported by regular reporting on funding, investment, administration, risk management and governance matters. During the year the Fund undertook an independent governance review to assess readiness for forthcoming LGPS governance reforms, with resulting actions incorporated into its governance improvement programme. Member knowledge and skills continue to be supported through the National Knowledge Assessment and targeted training programme. Governance arrangements continue to evolve in response to the Pension Regulator's Code, the Government's "Fit for the Future" reforms and Local Government Reorganisation (LGR) proposals. Delivery of the remaining governance actions, including implementation of forthcoming statutory governance requirements, and timely preparation for LGR will remain important areas of ongoing focus.	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Pension Fund (continued)

The Council is the administering authority for the Kent County Council Pension Fund (The Pension Fund). As part of our VfM work we are required to consider the Council’s arrangements in respect of the Pension Fund.

We considered the Pension Fund’s: Commentary on arrangements		Rating
Improving Economy, Efficiency and Effectiveness: annual report findings	The Pension Fund Committee demonstrates appropriate arrangements to support the efficient and effective delivery of pension administration and investment management. The Fund has continued to strengthen workforce capacity whilst managing significant national programmes, including implementation of the McCloud remedy, preparation for the Pensions Dashboard and transition to BCPP. Continued management attention will be required to complete these major change programmes, maintain administration performance and ensure governance and operational arrangements remain aligned with evolving LGPS regulatory requirements. However, a significant historic administration backlog remains, arising in part from previous capacity constraints. The Fund has commissioned external support to address approximately 23k backlog tasks, and has made progress in processing these, although only a minority had been fully completed at the latest reporting date. The administration team has also continued to prioritise cases to avoid any financial detriment to scheme members. While staffing levels and wider administration performance have improved, the scale and age of the remaining backlog mean that sustained management attention is required. We have made an improvement recommendation.	A

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Pension Fund (continued)

Area for Improvement: Backlog of pension administration cases

Key Finding:

The Fund has a significant historic backlog of pension administration cases. Although the Fund has established a dedicated improvement project, secured external support and strengthened staffing, only a minority of the cases within the project scope had been completed by June 2026. Continued management focus is required to ensure that the backlog is reduced to a sustainable level without adversely affecting the timely processing of new work or delivery of other regulatory programmes.

Evidence:

The Fund has identified 23K administration items within the scope of its backlog support project and has commissioned external support to assist with their clearance. The June 2026 Pension Fund Committee were informed c18% of the total cases in scope had been cleared to date. However, a substantial backlog remains. The Fund has taken action to improve its underlying capacity. Administration KPI performance has improved, recruitment has reduced the vacancy rate to c10%, and the Committee and Pension Board receive updates on administration performance and the backlog project.

Impact: A prolonged backlog increases the risk of delays in providing members with accurate pension information and may result in additional costs, complaints, member dissatisfaction and increased operational pressure for the administration team.

Improvement Recommendation 1

IR1: The Council should consider further actions to reduce the pension administration backlog, ensuring clearance rates are sufficient to achieve a timely resolution and minimise the risk of service delays and operational inefficiencies.

05 Summary of Value for Money Recommendations raised in 2025/26

Key recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
The Council must place an organisational focus on developing and implementing effective mitigations to manage the financial sustainability risks it is facing. This should include: • Identify and deliver actions to reduce demand and cost pressures within ASCH to support the containment of overspends and resultant impact on Council reserves. This should include the Council satisfying itself it has in place proportionate capacity to support ASCH to adhere to approved budgets. • Ensure ASCH saving delivery is sufficiently supported and carefully tracked in order that timely mitigations are put in place if planned savings are delayed or no longer deemed achievable. • Refinement of ASCH financial and demand modelling to ensure that budgets are based on realistic assumptions. • Develop further initiatives within CYPE to increase foster carers to support a reduced reliance on external placements and costs. • Ensure that the financial risks associated with Council Tax flexibility decisions are effectively managed and carefully balanced, with appropriate savings plans developed to bridge any residual funding shortfalls.	Financial sustainability (pages 27 – 29)	Actions: A range of actions have been put in place to help the service manage demand and cost in the service. As a result, the projected overspend has continued to reduce, and the current overspent (£7.2m) is in the main a result of an issue around income, not around spend or demand. A strong quality assurance system has been put in place, including panel processes, which have helped to mitigate both demand and cost, and those panel processes are aligned with improvements in commissioning which have allowed us to implement a new contract framework for Older People Residential and Nursing Care which has begun to allow us to manage and mitigate pricing in that market. Further homecare and supported living framework contracts are due to be implemented this year, allowing further control of cost in the market. In addition, ASH have worked with Public Health to implement a prevention framework and have worked with NHS and wider health partners to manage flow and discharge processes from hospital to help manage demand. All ASC savings are reported to SPB for scrutiny via the PMO as an independent mechanism on progress and achievability. Savings are additionally tracked and monitored at the ASH DMT, with one MT meeting a month looking and finance and performance, and one dedicated to transformation. Finance, financial progress and sustainability are discussed at every DMT meeting as a standing item. Savings are further scrutinised via the Star Chamber process, and regular meetings between Finance, ASH, the lead members for ASH and the lead member for Finance. ASCH budgets are volatile by nature, and constant refinements are being made to forecasting. To support this, ASCH have commissioned an external Targeted Review of Finance via Partners for Care and Health, jointly sponsored by the S151 and DASS. Further work is being done to understand the income model, and to make revisions. (continued)

Key recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
The Council must place an organisational focus on developing and implementing effective mitigations to manage the financial sustainability risks it is facing. This should include: • Identify and deliver actions to reduce demand and cost pressures within ASCH to support the containment of overspends and resultant impact on Council reserves. This should include the Council satisfying itself it has in place proportionate capacity to support ASCH to adhere to approved budgets. • Ensure ASCH saving delivery is sufficiently supported and carefully tracked in order that timely mitigations are put in place if planned savings are delayed or no longer deemed achievable. • Refinement of ASCH financial and demand modelling to ensure that budgets are based on realistic assumptions. • Develop further initiatives within CYPE to increase foster carers to support a reduced reliance on external placements and costs. • Ensure that the financial risks associated with Council Tax flexibility decisions are effectively managed and carefully balanced, with appropriate savings plans developed to bridge any residual funding shortfalls.	Financial sustainability (pages 27 – 29)	Actions: (continued) CYPE foster carers – the new sufficiency strategy 2025-28 promotes increases in Foster caring and a number of workstreams are underway to increase foster carers including: • Extending the Mockingbird family support programme • Enhanced support at an earlier stage and at times of crisis • Investigate the possibility of a Create a Room scheme or by making adaptations where financial support is offered to create an additional room within a foster carers home to increase capacity to place additional children. • Explore new models of support to encourage more people to take their first steps into Fostering. Such an initiative is Now Foster Weekenders program which offers Children in Care a regular and stable home to visit at weekends, helping them explore new interests, develop skills, and build a supportive, long-term relationship. This initiative will provide Children in Care with invaluable support, stability, and positive role models while also creating new pathways for people to engage with fostering. The Council has well developed and well established governance paths and management processes to deal with ensuring that the Medium Term Financial Plan is able to deliver a balanced Corporate Budget and has developed machinery – under continued development in the current year – to both develop and deliver savings initiatives to inform this process. Monitoring of savings has been improved though creation of a suitably resourced PMO and reporting of service delivery has been reviewed and enhanced. Responsible Officers: Corporate Director, Adult Social Care and Health, Director County Services for Children, and Corporate Director of Finance. Due Date: April 2027.

Key recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
KR2	The Council must continue to work urgently with partners to deliver the SEND Reform Plan, once approved, and to implement and embed the changes it is making, to ensure that the growing DSG deficit is mitigated and the financial risk to the Council relating to the forecast deficits for 2026/27 and 2027/28 is reduced as far as possible to a sustainable level across the medium term.	Financial sustainability (pages 30–31)	Actions: SEND reform plan. The Kent SEND system has been judged two, when the report was published in September 2026 out of a possible three judgements showing significant improvement since the last inspection. The DfE have agreed the SEND reform plan on the 02/10/26 and KCC is awaiting the detail of the contribution to the existing DSG overspend. KCC will continue working on developing SEND inclusion in mainstream schools, effective sufficiency planning for SEND places including a significant increase in specialist resource provision in mainstream schools and awaiting the long delayed new special schools to be built by the DfE. Work is continuing with special schools so that they can effectively cater for the most complex children as reflected in the SEND strategy. Responsible Officer: Deputy Director of Education. Due Date: 2027/28

Key recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
KR3	The Council should consider the development and implementation of a governance improvement programme that: - Fundamentally addresses GAC effectiveness concerns. - Fosters positive member-to-member and member-to-officer relationships, supporting greater cohesion and collaborative working. - Identifies and responds to trends in Member Code of Conduct complaints and implement appropriate interventions where themes suggest underlying governance or behavioural concerns. - Strengthens member training and development, to include measures to ensure take-up is maximised.	Governance (pages 36–37)	Actions: Officers have already arranged a session for Governance and Audit Committee Members seeking to reset the purpose and effectiveness of the Committee. This took place on 30 September 2026 and was attended by all but 3 of the Members of the Committee and demonstrated the possibility of renewed purpose combined with positive and cohesive working. Officers delivered an unprecedented volume of training during 2025/26, and further sessions have been delivered in 2026/27. A Governance Improvement Plan will be developed as part of the actions following the Annual Governance Statement which will cover matters within the control of the Council: - A plan to continue the efforts to improve the effectiveness of the GAC - Further training offer for Members - Further opportunities to build on the positive event of 30 September 2026 - Materials around expected standards of Member behaviour - Trend analysis of Member complaints with remedial actions - A review of the Committee arrangements This plan will also seek cross-party and whole Council commitments from Members in relation to their behaviour and attendance at training. Responsible Officer: Deputy Chief Executive. Due Date: 31 December 2026

Key recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
KR4 The Council must ensure that the findings of the Oracle Cloud Programme Lessons Learned Review are fully incorporated into the governance and delivery arrangements for the re-baselined programme to reduce the risk of further delays and cost escalation. We also recommend Cabinet receives regular formal updates to the Oracle Cloud Programme until implementation has been assured.	Improving economy, efficiency and effectiveness (page 42)	Actions: The Council is in the process of implementing improvements to reflect lessons learnt including a review of governance, programme decision making, partnership working and related aspect of programme operations. A new contract variation has been signed with the Council’s Implementation Partner and effective progress is being made. Financial oversight has been strengthened, and Finance is represented in the Core Team that is now driving delivery. Responsible Officer: Corporate Director Finance. Due Date: Summer 2027.

Improvement recommendations raised in 2025/26

	Recommendation	Relates to	Management Actions
IR1	The Council should consider further actions to reduce the pension administration backlog, ensuring clearance rates are sufficient to achieve a timely resolution and minimise the risk of service delays and operational inefficiencies.	Pension Fund (page 45)	Actions: The Pension Fund Committee regularly receives reporting and updates on the backlog, and assurances that clearing this is not adversely affecting the frontline delivery of pensions services. The Fund has a plan to address the backlog over the coming 12 month with support from external experts and an internal team which will focus on this work. Responsible Officer: Head of Treasury and Pensions. Due Date: September 2027.

06 Follow up of previous Key recommendations

Follow up of 2024/25 Key recommendations

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	The Council should: explore further options for increased efficiency in the Adult Social Care and Health service. Reducing current overspends will be essential if reserves are to remain robust in the future.	2024/25	During 2025/26 Adult Social Care was overspent by £42.9m, largely due to demand-led service pressures and undelivered savings. This indicates the Council is still facing acute financial sustainability challenges within this specific service area.	Limited progress made	We have updated and expanded the prior year key recommendation.
KR2	The Council should: ensure that its DSG management plan is sufficient to address the legacy deficit as well as control the in-year pressure on the high needs block.	2024/25	The Council's DSG deficit increased to £130.5m at 31 March 2026 and further deficits are forecast in 2026/27 and 2027/28. The Council has submitted a SEND Reform Plan which, if approved, could secure funding of up to 90% of the historic deficit as at 31 March 2026. However, uncertainty and financial risk remains around future funding arrangements of the DSG deficits forecast in 2026/27 and 2027/28.	Limited progress made	We have updated and expanded the prior year key recommendation.

07 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

**A range of different recommendations can be raised by the Council’s auditors as follows:**

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council should ensure that savings plans are realistic, and when a plan is deemed no longer deliverable or is deferred, carry out a review in order to learn from the situation and prevent repetition.	2024/25	The Council's 2025/26 outturn report identified that the Council delivered £98.6m of savings against a total savings requirement of £121.5m. However, there was significant slippage in relation to ASCH savings delivery underscoring the difficulty this service is experiencing in delivering to agreed assumptions. Most of the savings slippage in 2025/26 related to ASCH. Therefore, we have reworded and refocused this prior year recommendation as part of a wider key recommendation (1)	Limited progress made in relation to ASCH savings delivery in 2025/26.	We have incorporated these finding within key recommendation 1.
IR2	The Council should maintain progress in the implementation of high priority recommendations from Internal Audit	2024/25	Internal audit implementation rates improved from 2024/25 levels and this improvement has been maintained during 2025/26.	Implemented	None needed.
IR3	Implementation of the new decision-making app should be rolled out and embedded across directorates. The Council should ensure compliance and training support.	2024/25	The decision-app has been developed and is in a usable technical state. Extensive testing and engagement with the GET directorate was undertaken across 2025/26. This has been extended to all Directorates with positive engagement in additional testing of the initial Screening Tool element prior to full deployment.	Implemented	None needed.

Appendix C: Follow up of 2024/25 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	To ensure the Governance and Audit Committee is effective in its role, member attendance should be improved by setting clearer expectations and introducing accountability measures, as only 4 out of 13 members attended all meetings and less than half attended more than half.	2024/25	The Council have responded to this recommendation. Committee attendance has been improved during 2025/26 to date.	Implemented.	This specific recommendation has been satisfied. However, we have a raised a wider key recommendation (3) relating to the Council governance arrangements during 2025/26 and this does include reference to the Governance and Audit Committee.
IR5	The Council should ensure that individuals responsible for contract management are clearly identified and provided with appropriate training. Strengthening awareness and capability in this area will support more effective oversight and will also help address current gaps, such as those reflected in the incomplete contract register.	2024/25	The Council have implemented the following: - Clarified and expanded contract management responsibilities. - Published the Commercial Strategy 2026–28, which identifies strengthening contract management as a key priority, and introduced a new Contract Management Policy. - Updated supporting guidance to provide more detailed, practical direction on contract management. - As an interim step, the Council have asked HR/OD to extend existing Government-provided training and make this available to support uptake and tracking.	Implemented	None needed.



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