

**DRAFT**

## **Kent County Council**

### **Annual Governance Statement 2020/21**

#### **Purpose of Statement**

The Annual Governance Statement is a key document which provides Members and officers with the opportunity to reflect on the processes, activities and behaviours which deliver decision making and activity within the Council.

It is vital that the statement itself, the process to develop it, and the political review and discussion of the statement are taken within the operating context of the organisation and the emerging opportunities, risks, and threats that the Council faces. 2020/21 was an unprecedented year in the Council's history and this statement explains the steps taken in the year gone by to address governance and those steps that will be needed in the year ahead to ensure the Council remains appropriately governed.

The Annual Governance Statement provides an opportunity to review and comment on the effectiveness of the governance arrangements in place and provides an important contemporaneous review and record.

Once again, this year, the experience of the three statutory officers during the year has been counterposed with the assessment and assurance of the accountable officers throughout the organisation and the audit activity undertaken.

Having made a number of changes to improve the process in recent years following best practice and recommendations from the Head of Internal Audit, it is intended that this coming year will see the process move effectively from a simple statement to an annual governance system that lives throughout the year, reporting at the mid-year point to the Governance and Audit Committee and Cabinet and regularly to the Corporate Management Team.

The statement and the actions proposed within and/or referred for further review in the Annual Audit plan for 2021/22 are material to the organisation's commitment and obligation to continuously improve. They are also determined to be the minimum necessary actions to avert some of the challenges faced by other authorities in recent times.

The purpose of this Annual Governance Statement (AGS) is to provide an overview of how the County Council's governance arrangements operated during the financial year 2020-21 and in the relevant period up to the signature of the statement. This statement forms part of Kent County Council's Statutory Accounts and was published in draft before its presentation to the authority's Governance and Audit Committee for comment and, subsequently, approval.

The Annual Governance Statement is built on a range of assurance activity both throughout the year and in compiling the statement. All Corporate Management Team members input to and endorse the Annual Governance Statement before the draft is published. The Head of Internal Audit is also required to provide an annual opinion to inform the AGS. Additionally, the Head of Internal Audit has undertaken a programme of reviews around governance arrangements, internal control and risk management arrangements at the Council. Overall, an opinion was provided that adequate assurance could be provided in respect of 2019-20 as detailed in the Annual Internal Audit Report

The signatories of this statement on behalf of KCC are the Leader of the Council, the Head of Paid Service, the Monitoring Officer and the Section 151 Officer.

The AGS provides an overview of the controls that are in place to manage key governance risks. In instances where key governance issues have been identified, the detail of actions taken to make improvements and work still to be undertaken are documented in action plans. Kent County Council is required to produce an Annual Governance Statement under the regulations issued by Government. These regulations also determine the timetable for approval and publication. The authority is required to publish a statement which is in accordance with proper practice in relation to internal control.

This year a governance-based online questionnaire was again created to secure responses from all directorates; this ensured a continued consistent approach to information gathering to aid analysis and a dynamic assurance model. To further enhance the Annual Governance Statement process, and to validate assurances provided, further targeted surveys will be issued in the coming months to a sample of representatives from relevant cohorts across the authority. This survey activity will seek clarification about the understanding of and compliance with, governance considerations at a service level. Where areas of learning or improvement are identified relevant governance training sessions will be put in place by the General Counsel and will be reported to the Governance and Audit Committee at their mid-year review of the AGS. It is hoped that this continuous improvement approach will

further strengthen the AGS process and proactively address any knowledge gaps within the organisation.

To further validate assurances received the General Counsel has asked the Internal Audit Team to test several themes arising from the AGS survey. Additionally, as 2021/22 progresses a series of targeted internal audits will be requested to further explore some of the findings of the Annual Governance Statement process and outputs will be presented to the members of the Governance and Audit Committee.

As in the previous year it has been necessary to focus on the significant impact of Covid-19 on governance and how the organisation has continued to positively sustain a different way of working.

It is hoped that the reader will find this statement a thorough and honest account of the operation of Kent County Council's governance arrangements which highlights both strengths and the areas requiring further improvement. It is important to acknowledge that the authority's governance journey is ongoing with a capacity and desire to further improve, and this statement recognises the Council's position at a point in time. The Governance and Audit Committee continue to play an important role in ensuring that the authority's corporate governance framework meets recommended practice, is embedded across the whole Council, and is operating throughout the year with no significant lapses.

### **Scope of responsibility**

Kent County Council is responsible for ensuring that our services and operations are conducted in accordance with the law and proper standards. The authority has a specific responsibility to ensure that public money is used carefully and effectively and is properly accounted for. There is also a duty to continuously review and improve the way we work whilst offering services that are efficient and provide value for money.

Kent County Council operates an executive scheme of governance with major decisions taken by Cabinet Members executing the policies and strategies of the majority political group. The County Council sets an annual budget which determines the resource available to deliver the strategies, policies and services as defined by decision or required by law.

### **What is governance?**

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and

accountable manner. It comprises systems and processes, cultures, and values by which the Council is directed and controlled. The Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes Kent County Council will strive to ensure that strategies, policies, and operational matters are understood by Kent residents.

### **The Code of Corporate Governance**

Kent County Council's Code of Corporate Governance describes the principles applied by Kent County Council as the framework for good corporate governance, how we are achieving these, and the key policies and plans in place to support this. A paper will be brought to the December County Council meeting setting out the framework for an ongoing programme of governance improvements and further activity will be reported in the 2021/22 Annual Governance Statement. The Code that applied to 2020/21 is set out in KCC's Constitution and the six core underpinning principles are as follows:

- Principle 1 - Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a Vision for the local area.
- Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions
- Principle 3 - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Principle 5 - Developing the capacity and capability of Members and Officers to be effective
- Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability

All Members have an important role to play acting on behalf of the Council and their residents. Officers serve the Council as a corporate body rather than any political group, combination of groups or individual member.

Kent County Council has a Code of Conduct that is adopted under Section 27 (12) of the Localism Act 2011. It is the responsibility of Members to comply with the provisions of this code and these provisions are set out in the authority's Constitution.

The Council's governance environment is consistent with the Code of Corporate Governance and the 2016 CIPFA guidance "Delivering Good Governance" framework. The Code of Corporate Governance is currently under review by the Head of Internal Audit, the Monitoring Officer and the independent Member of the Governance and Audit Committee after Members provided their views on some substantive elements in September 2021 and a final version of the new Code of Corporate Governance will be presented for approval to Governance and Audit Committee in January 2022.

KCC's Officers are required to adhere to the authority's Operating Standards which set out arrangements for the effective operation of the Council. The Standards bring essential management information together in one place, so all staff can carry out core management tasks effectively and consistently. All of the accountable officers have confirmed that they have complied with the Standards for the relevant period.

All Members and employees are required to abide by the Kent Code (Code of Conduct), declare personal interests which may conflict with KCC's own interests, and play their part in helping to eliminate discrimination by treating all colleagues and customers with dignity and respect.

Members and Officers are expected to work together on a basis of mutual respect and trust as specifically provided for by the Council's Constitution. Members set the County Council's policy direction and Officers are responsible for implementing decisions taken and providing professional advice. KCC's Scheme of Delegation sets out the specific delegations allocated to Officers.

Kent Council Council's Cabinet Committees are constituted of elected Members and are established to be advisory Committees of the Executive. Cabinet Committees consider the functions of the Council that are the responsibility of one or more Cabinet Members, together with related matters affecting Kent or its residents. The Council also has a number of other Committee's whose role is to scrutinise and oversee the actions and decisions of the Executive. The remit and membership of each Committee is set out on the County Council's website.

The County Council has appointed Statutory Officers namely the Head of Paid Service, the Monitoring Officer, the Section 151 Officer, Director of Adult Social Services, Director of Children's Services, and Director of Public Health and their functions are explained in KCC's Constitution.

## Statement

### How did we do?

2020/21 has been one of the most challenging years faced from a local, national, and global perspective because of Covid-19. In response to the significant challenges presented by the pandemic, Kent County Council quickly transformed the way in which governance was undertaken to ensure that the authority's statutory obligations and a transparent approach continued to be delivered.

In terms of decision making and democratic activity, the Council quickly utilised the virtual meeting legislation to arrange firstly a Cabinet Meeting and then in due course a full roster of meetings. For the first quarter of 2020/21, a "pre-prod" process was introduced on decision making to provide a non-executive voice in decision making during the first lockdown and at the height of the first phase of the pandemic. By June 2020, all of the Council's committees were fully operating online.

As a consequence of Covid-19, many new elements of legislation and associated regulations were issued by Government this year and the authority has had to rapidly adapt to the additional responsibilities placed upon us. Local authorities have been granted numerous new powers by Government including, but not exclusive to, the enforcement obligations under the Health Protection (Coronavirus, Restrictions) (England) (No.3) Regulations 20 and KCC has therefore had to adopt a different way of working and new governance processes because of these. It is fair to say that these new obligations have placed pressure on our resources and whilst significant impacts have been experienced, we have continued to discharge our responsibilities. It is important to acknowledge the adaptability and efforts of KCC's staff who have ensured that the new legislation is complied with, translated on a local level, and the required operational responses discharged.

The frequency of Corporate Management Team (CMT) meetings was revisited in 2020/21 to respond to the challenges faced with discussions being held daily on the onset of the pandemic. Moving away from the traditional fortnightly pattern, meetings are now held twice weekly and focus on operational matters, priorities, and the delivery of the strategic reset agenda. To support the CMT conversations, Situation Reports based on content from services have been produced to highlight key issues

so collective views and decisions can be taken on how these are addressed. Through a proactive communication approach, staff have been kept apprised of important messaging from, and the decisions made by, the Corporate Management Team.

During the year, a Local Outbreak Control Plan was adopted for Kent and Medway and the associated governance structure was created. Under the Health and Social Care Act 2012 a specific duty is placed on Directors of Public Health to protect the population's health and as part of Government's Covid-19 recovery strategy it was mandated that local control plans should be developed. The Kent and Medway plan sets out the health protection arrangements and the specific actions that will be taken to address Covid-19 outbreaks. The operational response was co-ordinated by the Kent Resilience Forum and an ad-hoc Member Engagement Forum convened to ensure that clear communications and mitigating actions are put in place.

KCC led the Kent Resilience Forum's recovery planning activity, and a Recovery Co-ordinating Group was convened. Working in partnership with 55 organisations impact assessments, an overarching Recovery Strategy and associated action plans were developed and launched in September 2020. This is just one example of the excellent multi-agency partnership working that has taken place across Kent during the pandemic.

In recognition of the additional demands placed on local government because of the pandemic Government issued additional grant funding to authorities. Within Kent County Council processes were put in place to ensure the proper management of these funds in line with the grant conditions received. These will be tested through an Internal Audit review on a retrospective basis in 2021/22. The Finance team continues to work closely with services to ensure that Covid related spend and pressures are captured, and monitoring information is regularly presented to Policy and Resources Cabinet Committee and returned to the Ministry of Housing, Communities and Local Government. KCC has continued to work in partnership with district and borough authorities to ensure that the grants received are properly administered and distributed to respond to need and demand across the county.

Because of Kent's unique geography, the County faced additional pressures within year including the challenges associated with the preparations for EU transition and an increase in Unaccompanied Asylum-Seeking Children (UASC) numbers. There has been a continued dialogue with Government to articulate the specific challenges experienced within Kent and notably in September 2020 a report was made to full Council under Section 5 of the Local Government and Housing Act 1989 highlighting the imminent breach of KCC's statutory duty under Section 20 of the Children Act to provide accommodation for children in need. This report was issued in response to the depleted capacity to accommodate UASC within the county because of the rising

number of individuals received. A further report was presented to full Council in December 2020 advising that the authority was no longer in breach of its statutory duties given the easing of the position. It is important that this matter was transparently communicated, and it must be recognised that dependent on arrival numbers seen and any future directives from Government, UASC and the authority's ability to meet statutory obligations is likely to continue to be an area of concern.

During the pandemic, the Government temporarily removed the legal requirement to hold public meetings in person meaning that Kent County Council was able to conduct meetings virtually. Full Council agreed the adoption of the Virtual Meeting Protocol in June 2020. Members and Officers have worked exceptionally hard and collaboratively to make this arrangement work, and the authority has continued to transmit Committee meetings via webcast so democratic and transparency obligations can be met. Other key and important meetings such as Child Protection Conferences and Fostering and Adoption Panels have also successfully been conducted virtually.

On the presumption that social distancing measures could be in place for a further period of time, it will be important to determine how the County Council will run formal meetings moving forward given public health guidance and the restrictions of the premises available. It is hoped that technology can be best utilised to conduct meetings virtually where viable and permitted by the regulations. It is positive that KCC already has a solid foundation to build upon in this area.

During 2020/21, staff and Members who were able to work remotely continued to do so in line with Government guidance. Broadly this has been an effective arrangement and from a governance perspective, staff and Members have been able to remotely access the tools required to undertake their roles and Microsoft Teams has been fully utilised to support the conducting of formal, partnership, and internal meetings.

Throughout the period of the pandemic there have been frequent requirements for key decisions to be taken under the urgency provisions because important issues such as the purchasing of PPE and supplier relief payments had to be handled at pace. In all instances the decision-making process was followed (including the use of urgency provisions) to ensure that the authority could address arising issues promptly. On an operational level many dynamic decisions were taken within teams to ensure that adequate service provision was sustained and that the changing demands of service users could be met in a Covid secure way. Lessons were frequently learnt along the way as the pandemic presented numerous challenges that had never been experienced before and the way in which the whole authority and partners so rapidly adapted and responded was admirable. The Corporate

Management Team commissioned a specific internal review led by the Corporate Assurance Team to understand the lessons that needed to be taken.

Despite the new and significant challenges presented, Kent County Council has performed well from a governance perspective this year. The pandemic has enabled the authority to reflect on traditional practices and has presented an opportunity to view governance considerations through a different lens. A significant level of adaptability has been demonstrated across the organisation to respond to pressures, the new way of working, and the associated governance considerations.

In recognition of the challenges presented by Covid-19 and the associated resource requirement the development of divisional and service business plans was paused within 2020/21. The business planning process will recommence in 2021/22.

The organisation continues to take learning and the findings of internal audits and other assurance mechanisms which are intrinsic ways of identifying where improvements are needed and where practice is strong. In terms of governance, it is acknowledged that the authority continues on a journey of continuous improvement and processes will continually be reviewed and positively challenged to ensure they are fit for purpose and responsive to the organisation's operating context and priorities.

KCC's **Internal Audit** team provide an independent assurance that an effective control, risk, and governance framework is in place. This year the team have supported the implementation of the urgent measures put in place because of Covid such as PPE supply and the management of Covid expenditure. It is intended that Internal Audit activity is focussed in the areas of the Council that are at most risk of impacting the authority's ability to achieve objectives. The Governance and Audit Committee are regularly appraised of the detail of audit findings and progress and an Annual Internal Audit Plan is in place setting out the key areas of focus. This year an External Quality Assessment (EQA) was initiated to ensure that the authority continued to remain compliant with the Public Sector Internal Audit Standards (PSIAS). This assessment was undertaken by an independent party in line with the requirement of the standards to avoid any conflict of interest and impairment to objectivity. The outcome of the assessment was the conclusion that the Internal Audit service "generally conforms" with the PSIAS, which is the highest possible evaluation.

The Internal Audit Team undertake significant grant certification work and in 2020-21 59 claims were audited and certified. Claims consisted of a mix of EU Interreg and central Government grants. Because of the circumstances experienced this year the level of certification activity was unprecedented and has impacted the capacity of the team to deliver against all elements of the 2020-21 Internal Audit Plan which has

subsequently been extended up until June 2021. To respond to resource pressures the Head of Internal Audit has undertaken a resourcing needs assessment and a restructure proposal has been considered and approved by the Corporate Management Team.

KCC's **Counter Fraud** team continues to undertake a vast range of proactive and reactive activity and throughout the year have delivered a significant amount of proactive activity including supporting the review of the Financial Regulations and the delivery of fraud awareness training. Several policies and strategies have also been reviewed and endorsed by the Governance and Audit Committee including the Anti-Money Laundering Policy, Anti-Bribery Policy and the Anti-Fraud and Corruption Strategy.

In addition to the work undertaken by Internal Audit, KCC's **Corporate Assurance** function provides an additional layer of assurance to services especially in respect of major change projects and programmes. Working closely with directorates the team provide an independent assurance highlighting risks, issues, and opportunities. As part of this year's AGS process, Corporate Assurance have undertaken work to reconcile returns with risk registers.

Kent County Council holds a **Corporate Risk Register** which is a 'living document' detailing key organisational risks and mitigations. The register was subject to a significant refresh in the Summer of 2020 to ensure that it was reflective of the new pressures presented by the pandemic; the output of the refresh was reported to Cabinet and the Governance and Audit Committee. A further streamlined review was undertaken in Autumn 2020 and the register will continue to be regularly refreshed to ensure that it is fully reflective of the organisation's risk profile and risk levels. The Governance and Audit Committee receives the Corporate Risk Register every six months for assurance purposes. Risk registers are also held at directorate level and Directorate Management Teams are responsible for their review. The Risk Management Team regularly engage with leadership teams to review risk profile and appetite.

The Governance and Audit Committee are responsible for the annual review of the **Risk Management Policy and Strategy** to ensure that it remains relevant. In January 2021, the Committee received and approved the latest revision of the policy and strategy and several additions were highlighted including the incorporation of a more specific Statement of Commitment, further detail on monitoring and reporting arrangements, and the remodelling of the risk management principles and framework. This annual review process will continue to ensure currency.

In September 2020, Cabinet received a report relating to the possible cumulative impacts associated with the Public Health, EU/UK transition and Winter weather risks. This report sought to consider the possible collective and individual impacts of these risks to inform planning and preparedness and determine the required mitigations. Cabinet resolved that all Member briefings should be organised on these important topics; and that the corporate risk profile be reviewed, and this report came forward in December 2020. From a governance perspective, Members have continued to be kept apprised of matters relating to transition and the pandemic on both a formal and informal briefing basis throughout the year. The Kent Leaders have also met regularly to consider topics such as the coordination of Covid-19 testing, enforcement, and the wider response to the pandemic.

**Quarterly Performance Reports (QPR)** are produced to update the Cabinet on performance progress against a series of key indicators. These reports are also provided to Cabinet Committees on a range of indicators and provide an opportunity for Members to track and challenge performance. Given the challenges presented to services throughout the pandemic it is notable that overall a positive direction of travel has been sustained across the authority. Indicators have also been revisited to ensure that they are relevant given the current circumstances. It is, however, important to note that some indicators, including those on compliance with information governance obligations, continued to be particularly challenging within year.

On 10<sup>th</sup> December 2020, the County Council agreed the creation of an **Interim Strategic Plan titled 'Setting the Course'** in response to the fundamental changes in KCC's operating environment and how this will evolve the Strategic Commissioning Authority operating model for the Council. This plan was created to reflect the immediate challenges faced by the authority because of the pandemic and the actions that will be prioritised. 'Setting the Course' replaced the previously drafted 5-Year Plan 'Kent's Future, Our Priority' in recognition of the significantly changed circumstances and a new plan for the next five years will be produced in 2021 which will be aligned with the budget and informed by engagement with Members, staff, residents, and partners.

Governance considerations for the **Strategic Reset Programme** which is addressing key operational transformation activity have been set out to full Council distinguishing the Member, Officer, and service leadership roles. The Strategic Reset activity continues to progress at pace and at a Senior Officer level an internal Programme Board has been established to oversee programme definition and delivery. Political leadership of the programme is provided by Cabinet, and Members will be engaged throughout the process with full Council being used as a mechanism for programme oversight and approval to secure a whole council approach.

Kent County Council's **Constitution** continues to be reviewed regularly by the Monitoring Officer to ensure that it is current and fit for purpose. In 2020/21 revisions included the amendment of the delegation table in response to a recommendation from the Selection and Member Services Committee and the formal recording of the position of the General Counsel as the Data Protection Officer for KCC. KCC's Financial Regulations also continue to be reviewed.

**Top Tier level realignments** in the Children, Young People & Education (CYPE) and Growth, Environment & Transport (GET) directorates were agreed within year. The review of the CYPE structure was initiated in response to changes in directorate responsibilities and the outcome of the Special Educational Needs and Disabilities Ofsted inspection to ensure sufficient management capacity to deliver statutory responsibilities, other obligations, and the improvements required. The GET structural realignment was progressed in recognition of KCC's evolving priorities and the requirement to change divisional configuration to best meet these.

This year, the **Independent Person** was appointed with whom the Monitoring Officer can engage on alleged breaches of the Kent Member Code of Conduct. This four-year appointment was made in accordance with the Localism Act 2011 and ensures that an independent perspective, from outside of KCC, can be applied to allegation investigations.

An **Independent Member Remuneration Panel** was appointed for a four-year term in line with the legal requirement and as part of the usual course of business and have now subsequently reported to County Council in November 2021.

The **future role of the Governance and Audit Committee** was considered on 21<sup>st</sup> January 2021 by Members and views were sought on how current and future challenges could best be met. The item reflected on the observations made in the 2019/20 Annual Governance Statement about the significantly changed operating environment because of Covid-19 and also learning opportunities that can be taken from other local authorities such as Croydon Council. It was agreed that the Monitoring Officer would arrange a workshop to consider the learning from Croydon's external audit report and other relevant reports. It was also resolved that all members of the Committee would be surveyed by the Monitoring Officer and Head of Internal Audit to secure views on the future role of the Committee. The Governance and Audit Committee received a further report on 23 April 2021 highlighting the Best Value Report into Liverpool City Council for discussion. The paper also recommended that as a standing agenda item an annual report on the committee's effectiveness is received in July alongside the Annual Governance Statement. For the first year, given the election in May, it is intended to bring this paper to the January 2022 Governance and Audit Committee meeting.

From a financial governance perspective, **Financial Regulations** are in place which set out the control framework for the five following key areas of activity:

- Financial Planning
- Financial Management
- Risk Management and Control of Resources
- Systems and Procedures
- External Arrangements

A **Financial Delegation Matrix** explains the finance approval process and associated approval limits.

Following the initial assessment of the impact of Covid-19 pandemic Cabinet recommended that the 2020-21 budget should be amended to include the additional un-ringfenced grants from central government, anticipated additional spending as a result of the pandemic, and additional savings necessary to continue to plan a balanced budget. This required an unprecedented process to recast the entire budget mid-year. It also required a new process to identify the impact of the pandemic separately from other business as usual activity.

In March 2020, a new **Covid log** was established to record the impact, both actual and forecast on the budget, particularly in light of the extra funding received and the additional financial distress payments that were being made. The log identifies new areas of spending, income losses, delays to planned savings and spending on continuity payments to providers to sustain viability even where services are not provided. This log has been essential for the Council to complete regular monitoring returns to Ministry of Housing Communities and Local Government (MHCLG). The log feeds into the financial monitoring reports that are presented to Cabinet which include the business-as-usual position, the Covid position and a reconciliation to the MHCLG return. The information has also been provided to both the Policy and Resources and Scrutiny Committees.

A lot of effort has been put into providing more clarity about Covid-19 related impacts in financial reports. This has included regular reports to the Policy and Resources Committee throughout the year providing a financial update and in particular identifying the increasingly complex funding streams in response to the pandemic. In all cases these have been well received and allow decision makers to have a clearer more transparent picture of the key strategic issues.

The Finance Team have already embarked on a review of the 2021-22 budget process to ensure lessons learned are embedded in future timetables and processes. This will include a scenario approach to future medium-term plans.

Finance have enhanced partnership working during the pandemic, particularly with other local authorities and health authorities. Chief Finance officers from KCC and

Kent districts have had a regular series of catch ups throughout the year and have fully engaged in a network with other South East counties on strategic finance matters. Both of these have proved invaluable to improve collaboration.

CIPFA have been commissioned to undertake an assessment of the Council's financial management against the CIPFA FM Model which has highlighted areas for improvement. The implementation of the recommendations will be part of the Council's Strategic Reset Programme.

Work has been undertaken to review in more detail the financial management issues in both the Adult Social Care & Health and Children, Young People & Education directorates and similar reviews are planned for Growth, Environment & Transport and Strategic & Corporate Services during 2021-22. The findings of the reviews already undertaken have been agreed with the directorates and are being progressed and will form part of the work that is delivered through the Strategic Reset Programme.

Work to develop a 10-year capital programme has continued including the development of a comprehensive capital reporting solution that will combine financial and performance information at all levels using Power apps and Power BI. The reporting solution will be developed further to encompass revenue to automate and improve financial monitoring and reporting arrangements. This will also support outcomes-based budgeting and evidence-based decision making by combining both activity and finance information.

KCC's new reserves policy is designed to protect and improve the Council's financial resilience and to ensure that there is a rigorous process and assessment of the Council's reserves. The ICT and Strategic Reset Programme reserves are being established to ensure that the Council has sufficient resources to deliver its interim and longer-term strategic plans

The deliverability of the revenue budget, revenue savings, and the Capital Programme is monitored closely. The resistance of pressures, management action taken, and the identification of new efficiency options continue to progress and be monitored as the financial climate and demand for services is still increasingly challenging. Regular revenue and capital financial monitoring reports are provided to Cabinet Committees and Cabinet; the outturn position is also supplied. The annual budget for 2021/22 was presented to full County Council on 11 February 2021 for approval, this was supported by a Section 25 assurance statement opinion from the statutory Section 151 Officer. Members were asked to give high regard to the Section 25 statement when making the budget decisions including the consideration that had been given to the highly uncertain operating environment, increased financial risks faced and the authority's overall financial resilience.

Kent County Council's **Scrutiny Committee** continues to investigate issues affecting the authority and Kent residents and makes recommendations to support the improvement of KCC services. Topics considered in 2020/21 included a short and focused inquiry on the visitor economy, the decision associated with the issuing of directions under the new Health Protection Regulations 2020, the response to the Affordable Housing Selection Committee implementation plan, Covid-19 policy decisions, a short and focused inquiry on the farming economy and the Kent Rail Strategy 2021. The committee have explored a wide breath of subjects evidencing the robust scrutiny mechanism in place and discussions held, notably in relation to Covid activity, have demonstrated the continued effort to make recommendations to support the improvement of KCC services, especially in this difficult period.

This year KCC consulted on an updated **Special Educational Needs and Disability Strategy** for 2021-24 to support the work being undertaken in response to the Kent Local Area SEND Written Statement of Action. The strategy was developed in conjunction with the NHS, parents, and families and the draft and outputs of the consultation exercise were received by the relevant Cabinet Committee in March 2021. The authority's response to the Written Statement of Action continues to be a priority and the strategy responds to this key area of focus. From a financial perspective, the High Needs deficit has been identified as the Council's single biggest risk and it is therefore critical that actions that can be taken locally to address the deficit continue to be identified and implemented as a priority.

In March 2021, Cabinet agreed to delegate authority to the Corporate Director for Children, Young People and Education, in consultation with the Leader and the Cabinet Members for Integrated Children's Services and Education and Skills, to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to establish the **Reconnect Programme** and undertake relevant preparatory work within normal delegated spend thresholds. Further decision-making on this important piece of work will be brought forward between the issue of the draft Annual Governance Statement and is reflected on the forward plan for executive decisions (FED).

Alongside Kent County Council's formal governance arrangements, **informal governance arrangements** are also in place and established. The purpose of these is to bring Officers and elected Members together to consider the right activity at the right time, providing advice in advance of formal governance and decision making and assurance of delivery.

KCC continues to **engage and consult** with residents and stakeholders to inform the development of the authority's strategies, policies, and service provision. Throughout the pandemic resident engagement has never been so important especially for those vulnerable individuals and communities within the county. Through the Kent

Together Campaign we have worked with partners to ensure that the requirements of vulnerable individuals who needed urgent support were met. From a governance perspective a significant amount of work was undertaken rapidly to ensure that the right infrastructure was in place and resources were increased to manage the demand for the support provided through the campaign. The KCC website and social media channels have also been used to promote key messaging and to signpost individuals.

KCC has an established **Customer Feedback Policy** which helps to improve the services we provide to all customers. This year a temporary policy was enacted in recognition of the unprecedented challenges faced during the pandemic. Whilst the authority remained fully committed to delivering the best customer service we can, it was acknowledged that usual timescales were unlikely to be met as resources were prioritised and redirected to respond to operational pressures. The Governance and Audit Committee continue to review customer feedback performance annually and the 2019/20 report was received in October 2020. The report summarised the compliments, complaints, and comments received by the authority and highlighted a sample of complaints referred to the Local Government and Social Care Ombudsman and examples of lessons learned.

On the 3<sup>rd</sup> March 2021 the Policy and Resources Cabinet Committee received the **Cyber Security Annual Report**. This restricted paper reflected on the change in working practice and set out the actions being taken to develop the authority's technical operating model. It is unfortunate that cyberattack activity has accelerated during the pandemic and there have been several high-profile reports of attacks nationally; to mitigate the impact of any future attack on Kent County Council we will build upon the Zero Trust and defence in-depth approaches to securing ICT infrastructure. The Strategic Technology Board will also continue to manage the activities to address the recommendations from the National Computing Centre Group's review of KCC's cyber security and resilience. Wider work is currently also underway to further strengthen ICT resilience.

The Governance and Audit Committee and Policy and Resources Cabinet Committee continue to receive updates on KCC's **company ownership** and in March 2021 it was proposed that a formal, but simple delineation, should be put in place to clarify responsibilities. The Policy and Resources Cabinet Committee will now only deal with the commissioning implications of the companies or to comply with the constitutional requirement for pre-consideration ahead of any key decision. The Governance & Audit Committee will have a collective oversight of financial performance and receive ongoing assurance and information to enable the effective scrutiny of the executive decision-making around the shareholder strategy. The authority requires the Holding Company to ensure that Annual Governance Statement returns are made and the KCC Shareholder Board continues to meet

quarterly to consider the performance of the companies and determine decisions required under reserved matters.

### **Audit Review of AGS Process**

The Head of Internal Audit has reviewed the amended AGS process and audited the responses, determining that the process is adequate.

### **Review of effectiveness**

Kent County Council has a responsibility to review the effectiveness of its governance. This review has been co-ordinated by the General Counsel and the Governance, Democracy and Law division and has involved Directors reviewing and evidencing compliance. There has also been a requirement for directorates to identify any new governance improvements required within their services and to provide updates on matters highlighted in 2019/20. Issues identified by Internal Audit were also considered for inclusion in this statement.

Set out below are a range of key findings and identified actions to manage the issues identified. Signature of the final statement is predicated on the basis that the identified actions are discharged within the coming year.

As mentioned earlier in this statement, targeted surveying and internal audits will commence to test and further validate the returns received for assurance purposes.

### **Key Findings from the Accountable Officer Survey**

#### **Section 1: Compliance with KCC's Operating Standards and the Strategy and Policy Register**

- All 9 respondents confirmed that their service is compliant with KCC's Operating Standards, however, 4 services stated that their policies on the Strategy and Policy Register were not up to date.
- All responses confirmed that they have consulted on changes to policies and services where there has been a legal duty to do so.

#### **Section 2: Improving awareness and application of governance and delegations**

## Governance

- Each respondent confirmed that all Officers within their service are aware of the appropriate governance related to their role. Respondents were also asked what steps had been taken to improve awareness and application of the Council's governance and Operating Standards and what they had done to improve governance in their service.
- In general, the responses to both questions lacked detail in terms of what practical steps had been taken and how they had successfully addressed governance issues, and this will be a specific area of follow up.

## Delegations

- 7 of the 9 respondents stated they were "extremely confident" that staff understand the obligations which are delegated to them; while 1 stated they were "somewhat confident".
- 8 of the 9 responses stated that all Officers who utilise delegations within their directorate had had the relevant training and had received guidance/training before they were used.
- Respondents were asked to explain how they ensure all appropriate Officers are aware of, and comply with, the governance and delegations affecting them. Responses varied and included discussions at Divisional Management Team level, regular reviews of delegations and the undertaking of governance training.

## **Section 3: Decision making, reports, and the impact of covid-19 and emergency issues on governance**

### Decision Making

- Responses confirmed that all key and significant decisions had been taken, recorded, and published in accordance with the Council's constitution and/or Scheme of Delegation.
- Respondents were asked to provide details of their assurance. Overall, the answers focused more on a generic description of processes as opposed to outlining in detail what measures have been taken to ensure the processes are being followed.
- Overall, the responses did not adequately reference the identifiable actions from 2019/20 such as increased controls at the FED and decision stages as well as training for Officers. This is a specific area of follow up.
- One incidence of non-compliance with the Council's Constitution was highlighted by the Children, Young People and Education Directorate relating

to the breach in the statutory obligation to accommodate UASC. The answer detailed how this was escalated to the Head of Paid Service, Monitoring Officer and Leader of the Council.

### Impact of Covid

- 4 respondents indicated that Covid-19 and emergency issues had no impact on their service's capacity to comply with the Council's governance.
- 2 responses acknowledged that while Covid has led to an increase in urgent decisions, due process has been followed and all decisions have remained compliant.
- 1 response indicated that the move to virtual working and the increased reliance on and greater use of technology had improved their processes for gathering advice and approvals.
- 2 responses recognised that the pandemic had impacted in terms of capacity on their service with increased activity, additional decisions and further work. 1 of these 2 responses further referenced the impact of additional urgent decisions as a key factor in increased complexity, Member concern and capacity strain.
- Whilst a number of responses referenced capacity and urgency, no responses indicated that the impact had been such that decision-making was outside that constitutionally permitted.
- CYPE focused on the positive effect of Covid including greater use of technology and less reliance on email as well as a 'swifter' authorisation process for decisions.
- Finance highlighted an impact in productivity due to a lack of robust ICT infrastructure which has affected timeframes and subsequently placed significant strain on staff

### Reports

- 8 of the 9 respondents confirmed that all formal and informal reports written in their name set out the impact of proposed decisions and included advice on all options as well as fully covering equality, data protection, financial, legal and risk considerations.

## **Section 4: Partnerships/commissioned services, contracts and procurement, data mapping and regulators**

### Partnerships and commissioned services

- Respondents were asked to provide assurance that the delivery of services through partnerships/commissioned services is consistent with the Council's governance.
- Assurance was confirmed by all 9 responses however the majority of responses did not provide sufficient details as to how this conclusion had been reached.
- No issues and/or reference to the impact of Covid-19 on this assurance was highlighted.

### Contracts and Procurement

- All 9 respondents stated that all procurement and contracts are compliant with the constitution and legislation; and where contracts and procurement have been put in place in response to emergency issues, they were able to adequately assess risks and governance controls of the third party.

### Data Mapping and Regulators

- 7 of the 9 returns confirmed their service continues to comply with assurances previously provided to regulators in response to complaints. The return from the Strategy, Policy, Relationships and Corporate Assurance division indicated that the division had not dealt with relevant complaints.
- Specifically relating to the 7 returns completed by Information Asset Owners, only 3 returns confirmed that full data mapping had been completed for their service.

### **Section 5: Fraud and Irregularity**

- Only two returns outlined specific details of fraud/irregularity risks being communicated to Internal Audit/Counter Fraud.
- The remaining returns indicated that no high fraud/irregularity risks had been identified which needed to be referred to audit. One respondent commented that this was not applicable, but it is unclear from the information provided how this conclusion was drawn.

### **Section 6: Final Assurance statement**

#### 2019/20 issues

- 3 services noted that they did not submit issues as part of the 2019/20 Annual Governance Statement process. Information from the divisions who did report issues has been collated.

### **New issues/challenges/governance implications**

Whilst some respondents have not raised any new issues the following specific matters have been highlighted.

- It has been highlighted by the Infrastructure division that Covid-19 has placed additional pressures on the service meaning that service priorities have been adjusted.
- Finance raised issues concerning capacity and resources which have impacted on the resilience and well-being of staff
- Adult Social Care & Health have highlighted a number of issues including potential scrutiny of spend, senior management changes, statutory responsibilities in relation to Domestic Abuse Bill and Care Act, as well as developing issues around Napier Barracks.
- The “Integration and innovation: working together to improve health and social care for all” White Paper sets out the legislative proposals for a Health and Care Bill. It will primarily lead to structural changes in the NHS at the national and local level including the creation of an NHS Integrated Care System. The changes come with a refreshed NHS oversight arrangement which may strengthen the control by the centre and as result may impact on the partnership working arrangements between the NHS and the local authority. These changes will be the subject of a paper which will also include the evolving arrangements with health, the governance challenges and opportunities and will be presented to the County Council during 2021.
- Other proposals which have a direct impact on local authorities include the establishment of the NHS ICS and the Health and Care Partnership ICS. The Director of Public Health will have an official role in both the Health and Care Partnership and the ICS NHS Body. Also, the creation of the Integrated Care Partnerships may require aspects of the County Council’s Scheme of Delegation to be revisited.
- A new duty for the Care Quality Commission to assess Local Authorities’ delivery of their adult social care duties is planned and will be introduced under the Bill. This will be based on a new assurance framework which will be developed and published by the Government. The implementation of the new assurance framework will have implications for the Adult Social Care and some corporate functions such as Finance, Strategic Commissioning and

Corporate Assurance. The Bill will contain a power for the Secretary of State for Health and Social Care to make payments directly to providers.

- The planned measures to update approaches to hospital discharge to help facilitate smooth discharge, by putting in place a legal framework for a 'Discharge to Assess' model will also affect some operational arrangements of adult social care.
- In recent years, the County Council has undertaken a review of the structural governance of the Council with advice from the statutory officers. Governance is an active system. It provides a structure around all activity undertaken by and on behalf of Kent County Council. With good governance comes clarity as to roles and responsibilities as well as a system of checks and balances to ensure people are held accountable and power is not applied arbitrarily or in a manner inconsistent with the public good. The last four years have seen public reports into failings in Northamptonshire, Croydon, Notts City, Liverpool and elsewhere. The odds of an irrecoverable governance and financial collapse are still low but adopting an 'It can't happen here' attitude is not an option. Nothing in this should be taken to imply that KCC is currently a failing authority or that good decisions are not made and put into effect. However, a detailed plan setting out a systemic review of the County Council's governance is necessary and will be brought to the December meeting of?.
- The Making A Difference everyday programme approach is about putting the person we support at the centre and devolving responsibility and accountability within the organisation to the place that gives the person using the service the most control over their lives and their decisions – this could have some implications for governance which will be explored over the coming year in the following ways:
  - The developing practice model is intended to give frontline social workers the ability to shape support, in partnership with the people they are supporting, and to deliver innovative solutions. This will include placing more trust control responsibility and accountability within teams and team processes. This will need to be explored in line with the scheme of delegations.
  - Empowering the community is a key element in achieving the Making A Difference Every Day approach, and this will again need a different approach to delegation of authority and power to the community for them to make decisions about how resources are allocated and how communities are involved in those key decisions about how services are planned, and resources deployed.
  - Putting the person in control and transferring power will require the authority to look at how this may impact on decision making around spend, but also its risk appetite towards areas of spend that people might choose

for themselves, and to examine the level of trust given to people, community and staff around deciding overspend.

- Digital and how we perceive digital solutions regarding governance will be key. Digital approaches have the potential to be far more inclusive than normal/ tried and tested routes and how governance through digital solutions are enabled needs to be carefully thought through. This would need to be a component of any future Kent County Council Digital Strategy
- Three years on from the implementation of the Data Protection Act and GDPR, the Data Protection Officer will be carrying out a strategic review of the Council's operational data protection and records management arrangement as required by the legislation. This will result in updates to operational practices, accountabilities and responsibilities, policies, behaviours and training to reflect changes.
- The Government has laid the Data Sharing Code of Practice before parliament and the Data Protection Officer and Senior Information Risk Owner will review arrangements within the Council to ensure compliance and maximise opportunity.
- As the Government relaxes the legislation put in place during the pandemic, the statutory officers will review and respond to the implications for Kent County Council's governance as powers and duties are either permanently retained or diminished.
- The regulations that permitted virtual meetings lapsed in May 2021 and will have an impact on the deliverability of the democratic agenda in the event of a third wave.

### **Summary of the review of the Annual Governance Statement returns**

- The returns from the Annual Governance Statement indicate that services assert that they have improved awareness and application of the Council's governance and operating standards.
- The returns also confirm that officers understand their obligations relating to delegations and comply with the governance and delegations affecting their role.
- All responses confirmed that key and significant decisions were compliant with the Council's constitution and scheme of delegation; with details provided in terms of assurance through process.
- Many of the issues raised in inspection reports into other authorities had already been proactively addressed by Members at KCC with advice from the Head of Paid Service and Monitoring Officer.

- Given the additional pressures on services, aside from an increase in urgent decisions, overall, the returns did not highlight a particular negative and/or challenging impact of Covid-19 on governance procedures.
- The responses which confirmed data mapping had been fully completed will be followed up to ensure they are consistent with the findings of the Information Governance Cross-Directorate Working Group.
- The current system around Data Protection Impact Assessments needs review and replacement in the view of the Data Protection Officer.
- Further work needs to be undertaken to ensure the returns fully address the status of previous issues raised and further follow up on assurance will be undertaken.
- The Council has been through an unprecedented year and post Covid, there is a need to ensure clear focus on the governance principles which underpin the purpose, strategy and behaviours of Members and Officers to avoid any lack of accountability.
- A number of operational and strategic policies have been identified as needing updating by Cabinet Members and Senior Officers.
- The Financial Regulations require overhaul and review to provide simpler, clear expectations, including around the budget setting process with revised accountabilities fully expressed.
- The past year has highlighted the real terms impacts and increased pressures on key areas of previous reductions to budgets in the corporate centre and organisation generally.
- The new municipal year must see a return to business-as-usual practices around key decisions. The reasons for urgency should not be required or tolerated in normal business. There were more urgent decisions in the past year than the previous decade combined and whilst that was fully understandable during key lockdowns, and because of frequent changes to government guidance, it must not become the norm.
- The Council has sufficient resources to meet statutory duties, but in many areas no more. This ability to meet these duties is contingent on processes being followed and complied with and professional advice being resourced. In particular timely engagement of Finance by services to identify and assess the financial implications of strategies, service developments, project proposals etc.
- The new municipal year must also see a return to fully developed political decision making. There needs to be more focus and specificity in key decision and delegation formulation so that Members have clearer accountability and sight of key milestones, factors, and proposed outcomes as these are developed as a project moves forward. This is better addressed through strategic policy decisions followed by implementation decisions with appropriate advice clearly set out.

- In terms of governance, it is key that there is clear separation between political decision making and the advice that may inform it, the delivery that will follow, and the political scrutiny of both decision and delivery.
- Change is the new constant for the Council, and this will necessitate a continuing evolution in behaviours to respond to the new 'normal'.
- The Council has also received within year the Model Code of Conduct for Members from the LGA, and work is required to modernise our code of conduct and complaint process regarding Members.
- Clear commitments have been made in relation to equality, diversity and inclusion as well as environmental targets. These commitments must be built into processes as promised.

### **Examples of learning taken from internal audits**

- **Care Leavers Audit** – a comprehensive action plan has been developed to combine the actions from the 2019 Care Leaver Survey and the Internal Audit Review.
- **Schools Themed Review – Business Continuity Planning:** A new version of the Schools Emergency Planning Guide is being produced in light of the learning from the Audit and from the pandemic. There will be wholly new section on the issue of a pandemic and epidemic illness, based on the experiences of the local authority and our schools.
- **ICT Asset Control and Remote Working COVID19 Audits:** Learning has been taken from these audits which reflected on practice during the height of the early stages of the pandemic. Importantly, the recommendations are proving a useful framework for reviews of working practices and policies as virtual working is embedded into regular patterns of work. The audits have helped maximise the benefits of the experience over the past 15 months through focusing on areas for improvement.
- **Costing of the Care Offer** – a completely reviewed and updated Local Offer was produced in December 2020. Processes have been streamlined as well mandatory staff training on the payment process for a young person.
- **DSP Toolkit** – Whilst very few issues were raised in this substantial audit finding, the annual review and support from audit helps in assuring the Council's process in an area vital to data sharing with the NHS.
- **Educational Psychology** – learning from this audit has resulted in positive developments and improvement in the service and this has also provided the improvements required from the Written Statement of Action. Strategically the service was refocussed to ensure the deployment of the available resource in the most effective way. The learning continues and will be tested at our reinspection, due in 2021.

- **Adult Social Health & Health Response to Covid-19** – Due to the corporate nature of some of the matters raised, a report was delivered to the Cross-Directorate Resilience Group and following horizon scanning an item has been added to the agenda for every Directorate Resilience Group.
- **Fraud considerations** – It has been agreed by the Cross-Directorate Resilience Group that KCC Emergency Response plans and the Business Continuity Plan template will be reviewed to incorporate considerations relating to fraud during emergencies.
- **Information Governance** – Throughout the year, actions on individual audits have included reference to matters of information governance. These have influenced the identified action (8) and have been helpful at collating a whole organisation view for the benefit of the Data Protection Officer.
- **Mandatory Member Training** – Whilst the original action was not discharged by Members, findings within the audit prompted a useful conversation which was ultimately included as part of a broader set of proposals where Members of Governance and Audit ultimately agreed to their own mandatory training moving forwards.
- **Records Management** – The internal audit review has identified a range of material changes that are required to ensure that accountabilities are changed, guidance is updated and services across the Council comply with and embed the changes.

### **Identified Actions**

1. **A review of delegations will be undertaken by the Monitoring Officer and reported to the Governance and Audit Committee at the mid-year review (Monitoring Officer Q3 2021/22)**
2. **Proposals for the phased review of the Council’s governance (Monitoring Officer Q3 2021/22) to be agreed by the Council and the Corporate Management Team, including a timetable for delivery and provisions on:**
  - a. **Agreed Governance Priorities and Principles**
  - b. **Refresh of defined accountabilities and responsibilities for Members and Officers**
  - c. **Expectations of officers in terms of advice and delivery**
  - d. **Refreshed processes for the setting of agendas and conduct of meetings**
  - e. **Refresh of Spending the Council’s Money and Financial Regulations.**
  - f. **The role and chairmanship of Scrutiny Committee**
  - g. **Review of Informal Governance Structures and composition and support for Informal Member Groups.**



- b. Recording of officer decisions taken under delegation
- c. General review of governance steps undertaken by services

**Governance improvements we have made and headlines**

The table below provides examples of some of the improvements achieved in and headlines from 2020/21 in line with the seven core CIPFA/SoLACE key principles.

<b>CIPFA/SoLACE Principle</b>	<b>Improvements made/Headlines</b>
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>• A new set of KCC values was introduced in 2020 and these were based on feedback received during the Covid-19 emergency and adopted to support recovery and reconnection. The values promote bravery, curiosity, compassion, knowledge sharing, and responsibility and a series of associated cultural attributes have been developed to support these.</li> <li>• In February 2021, the Standards Committee received an update on the LGA Model Code of Councillor Conduct 2020. Building on this discussion, work is progressing to consider what changes may be needed to the Kent Code of Member Conduct. If changes are necessary, the Kent Secretaries will be approached to assist the engagement process with other authorities. Further discussions took place with the Standards Committee before the election and work is continuing with the Kent Secretaries group.</li> <li>• As part of the Standards Committee Annual Review all Members were asked to remind themselves of the requirements of the Kent Code of Conduct in response to the volume and nature of complaints highlighted over the period of the report. An Independent Person has been appointed with whom the Monitoring Officer can engage on alleged breaches of the Kent Member Code of Conduct.</li> <li>• The key decision process throughout 2020/21 has reflected the organisation’s intent to do the right things for Kent residents, staff, and</li> </ul>

<b>CIPFA/SoLACE Principle</b>	<b>Improvements made/Headlines</b>
	<p>businesses during the Covid-19 pandemic. Urgent decisions have been taken on matters such as the emergency bulk purchase of Personal Protective Equipment, the agreement of contractor relief claims to support the Capital Construction Programme, the issuing of direction under the Health Protection Regulations 2020 and the agreement of a Covid-19 Rent Management Policy. The urgency procedures have been used to best effect to ensure a proactive response to challenges presented.</p> <ul style="list-style-type: none"> <li>• The urgent decision process as applied to some COVID related decisions has resulted in a number of items being discussed after the decision by the Scrutiny Committee. This resulted in useful changes to forms, processes and the information provided to Members and an open and transparent debate about opportunities for improvements without blame which was particularly healthy.</li> </ul>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p>	<ul style="list-style-type: none"> <li>• KCC has continued to secure resident, user, and stakeholder feedback to inform strategies, proposed activities, and the budget planning process. As part of the development of the 2021/22 budget a consultation exercise was launched seeking views on the future of services and how comfortable people would feel about spending reductions on a range of services. Opinions were also sought on Council Tax and whether a rise was acceptable if this helped sustain the services that are valued the most. The feedback received was also used to shaped KCC's Interim Strategic Plan and the associated priorities.</li> <li>• Numerous channels have been utilised to engage with and to respond to the legitimate concerns and varying needs of Kent's residents. As an example, working with Medway Council a Protect Kent and Medway Toolkit has been developed to help organisations, community</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>groups and key leaders reach our most vulnerable groups including Black, Asian and minority ethnic communities. This material promotes the latest Covid-19 guidelines and simple effective advice to help people protect themselves, and their communities.</p> <ul style="list-style-type: none"> <li>• Partnership working has been an essential part of the Covid-19 response and engagement has taken place with numerous parties including other Councils, Government departments, blue light services, the voluntary and community sector, and the Health system. The report received by full Council on 11 March 2021 emphasised the strength of partnership working that has, and continues, to take place with multi-agency partners. This has been a specific strength and the partnership approach has resulted in improvements to systems, communications, trust, and the speed of decision making.</li> <li>• KCC led the Kent Resilience Forum’s recovery planning and approximately 150 individuals across 55 organisations worked together through seven supporting cells to develop the Recovery Strategy and the associated action plans. This work has been steered by Kent’s Council Leaders and KCC’s Cabinet.</li> <li>• All KCC staff have been surveyed periodically throughout the year to understand views on the new and different way of working and how people are feeling. This insight has enabled the Corporate Management Team to understand how viewpoints may have changed over the course of the year and also how staff engagement and wider planning can best be undertaken to respond to staff requirements.</li> </ul>
<p><b>C. Defining outcomes in terms of sustainable</b></p>	<ul style="list-style-type: none"> <li>• KCC’s Interim Strategic Plan ‘Setting the Course’ was approved by full Council in December 2020, this proactively responded to the change in the operating context and the impacts of the</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
<p><b>economic, social, and environmental benefits</b></p>	<p>pandemic. The plan is structured around five key immediate challenges – financial, economic, demand, partnership and environmental and sets out the actions that KCC will undertake to help deliver these.</p> <ul style="list-style-type: none"> <li>• The Kent and Medway Economic Renewal and Resilience Plan was published in August 2020 and explains the priority to support the economic renewal and development to secure resilience in the long run. This plan seeks to deliver against the three key principles, focused on Greener Futures; Open and Productive; and Better Opportunities, Fairer Chances; through five ‘channels’ of activity.</li> <li>• A Kent and Medway Employment Task Force has been established to focus on the central challenge of rising unemployment and the actions that can be taken to limit or reverse this. Terms of reference are in place for the Task Force who will exist in the context of Government’s proposed interventions and how these can best be supported, and where they can be supplemented by additional local action.</li> <li>• The delivery of the Making a Difference Every Day Programme continues to progress in seeking to transform service delivery quality within Adult Social Care, better address the needs of service users, drive innovation, and ensure that meaningful measures of success are in place.</li> <li>• The Change for Kent Children programme has been developed to manage overall demand and deliver better outcomes for children, young people, and their families. The programme seeks to support more children remaining with their families if it is safe to do so and ensure that children in care remain in family-based homes.</li> <li>• Cabinet have agreed the creation of the new ‘Reconnect Programme’ to respond to the impact of Covid-19 on all children and young people within the county. The programme will be shaped</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>with children and young people and will seek to reconnect them with health and happiness, learning missed, friends, family and community, sport activities and the outdoors, economic wellbeing.</p> <ul style="list-style-type: none"> <li>• The Kent Rail Strategy 2021 was approved by Cabinet with the purpose of influencing the new South Eastern rail concession/contract so the county's transport and environmental requirements can be met. This matter was also considered by the Scrutiny Committee.</li> <li>• A refresh of the Kent Environment Strategy is being undertaken to ensure that implementation plans, and projects can be delivered to improve environmental standards, support growth within the green economy and tackle climate change.</li> <li>• On 16 July 2020 County Council received an update on the approach for achieving Net Zero by 2030. This work is being progressed under the framework of the Kent Environment Strategy and the Energy and Low Emissions Strategy and responds to a County Council approved motion.</li> </ul>
<p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	<ul style="list-style-type: none"> <li>• The Kent Together campaign and 24-hour helpline was launched as an intervention to link vulnerable individuals to community hubs within the districts as a source of support throughout the pandemic. The partnership approach taken was extremely effective and ensured that people got the right support when it was needed. Information sharing and data confidentiality were significant considerations as part of this activity as Government shielding lists alongside collective client data were drawn upon to ensure that vulnerable individuals were proactively contacted.</li> <li>• KCC implemented measures to support the social care provider market and the capital construction programme through temporary contracts, advanced payment and additional funding and associated key decisions were taken. Internal Audit reviewed this area, and the</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>initial findings were reported in a management letter that highlighted the importance of continued due diligence given the significant risks associated with the uncertainty of Government funding moving forward and the increased risk of fraud.</p> <ul style="list-style-type: none"> <li>The Corporate Management Team received and agreed the proposal to establish a new Domestic Abuse Partnership Board for Kent. This arrangement responds to the Domestic Abuse Bill's requirement that upper tier local authorities provide support to the victims of domestic abuse and their children in safe accommodation. The first substantive meeting of the Local Partnership Board is planned for May 2021 and the terms of reference will be agreed. A Senior Officer chairperson from the Adult Social Care and Health directorate has been appointed.</li> </ul>
<p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p>	<ul style="list-style-type: none"> <li>KCC's People Strategy explains how the organisation will make the most of staff and their talents and is built on six key principles. In recognition of the new way of working because of the pandemic and to further drive the direction of travel and momentum positively forward, an employer reset is being progressed to define the type of organisation we want to be, to build on positive experiences, to develop resilience, strengthen engagement, and move away from old thinking attitudes and processes. This activity will complement and be fundamental to the success of the Strategic Reset Programme and will be delivered in a realistic but ambitious way. In March 2021, KCC's Challenger group consisting of the authority's senior management cohort discussed the People Strategy and the associated cultural, design principle, values, and leadership considerations.</li> <li>The role of the Selection and Member Services Committee has been reviewed as it was felt that this forum was underutilised, due to its limited role. The General Counsel presented several</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>recommendations to the Committee for consideration and updated terms of reference was subsequently supported and agreed by full Council.</p> <ul style="list-style-type: none"> <li>• County Council have formally agreed the establishment of a Member Development Sub Committee under the Selection and Member Services Committee. The subgroup will ensure that Member training matters, including those around standards, have a high profile and that appropriate training is put in place for all Members elected in May 2021.</li> <li>• Throughout the year development and training opportunities have continued to be offered. In the absence of the ability to hold physical sessions the online training offer has been bolstered to reflect the requirements of staff during the pandemic. This offer has not exclusively focussed on the traditional types of learning and has instead also incorporated tools to support wellbeing, resilience, and management practice during this difficult period.</li> <li>• KCC's senior management and management cohorts have continued to meet as the Challenger and T200 groups. Sessions have been held on an interactive basis and focussed on topics such as the People Strategy and the future of flexible working. These discussions have proved invaluable in terms of taking a collective temperature check across the organisation and shaping next steps and actions.</li> </ul>
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p>	<ul style="list-style-type: none"> <li>• The main refresh of the Corporate Risk Register was undertaken in Summer 2020 and the subsequent revisions were reported to Cabinet in June as part of the risk section of the Quarterly Performance Report. In recognition of the continuously evolving risk environment a more streamline approach was adopted involving discussions with risk and action owners across the organisation and Cabinet received a further</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>update on 14 December 2020. Whilst no new risks were added to the register in the latest refresh process, several risk levels and risk contexts were updated, and this detail was provided to Cabinet. Cabinet Committees continue to receive an update on relevant corporate risks annually and the Governance and Audit Committee receive the complete Corporate Risk Register every six months for assurance purposes.</p> <ul style="list-style-type: none"> <li>• The risk rating attributed to the ‘future financial and operating environment for local government’ risk was raised to the maximum level this year in recognition of the continued uncertainty associated with local government funding and other national policy agendas. Other risks carrying high or raised risk ratings have been highlighted in the Corporate Risk Register and the associated reporting process including simultaneous emergency response and resilience; managing and working with the social care market; safeguarding – protecting vulnerable children; and cyber-attack threats and their implications. This year for the first time the Governance and Audit Committee received a headline summary of directorate risks to give oversight of the risks that are regularly being monitored and reviewed by Directorate Management Teams. It is acknowledged that the Corporate Risk Register will continue to require regular review as further events relating to the implications of the pandemic and recovery evolve.</li> <li>• Members of the Governance and Audit Committee have participated in a risk management workshop. The feedback and input received fed into the annual review of the Risk Management Strategy, Policy and Programme which was approved by the Committee in January 2021.</li> <li>• KCC’s Risk Management Policy and Strategy</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>has been reviewed to respond to the evolving risk environment and to ensure that it remains fit for purpose. The document draws on best practice from several sources and feedback received from members of the Governance and Audit Committee. The Risk Management Policy and Strategy is supported by a toolkit containing detailed guidance and advice for managers.</p> <ul style="list-style-type: none"> <li>• Robust systems have been introduced this year to manage and monitor the new Covid support funding streams issued by Government. The Covid financial log has been an important tool to inform returns to Government and the financial monitoring reports to Cabinet.</li> <li>• Key performance indicators were revised this year and the indicators added and removed were reported to Cabinet with the associated reasoning. Cabinet and Cabinet Committees continue to be appraised of progress through the Quarterly Performance and the directorate specific Performance Dashboard reports.</li> </ul>
<p><b>G. Implementing good practices in transparency reporting, and audit to deliver effective accountability</b></p>	<ul style="list-style-type: none"> <li>• Despite the challenges presented by the pandemic, and in line with Government regulations, committee meetings have continued to be webcast using the Microsoft Teams technology ensuring that transparency obligations are met. Statutory report publication dates have also continued to be satisfied.</li> <li>• The Governance and Audit Committee continue to receive the summaries of audits undertaken throughout the authority and the associated progress status. Alongside internal reports, the Annual Progress Report and Sector Update for the period ending 31 March 2020 was received from KCC's external auditors Grant Thornton and considered by the Governance and Audit Committee in July 2020. This report provided a summary of relevant emerging national issues and developments and posed several related questions. The external audit report for 2020/21 will be considered by the Governance and Audit</li> </ul>

CIPFA/SoLACE Principle	Improvements made/Headlines
	<p>Committee.</p> <ul style="list-style-type: none"> <li>• KCC has an established Internal Audit Plan that is periodically reported on in compliance with the Public Sector Internal Audit Standards. The results of the whole programme inform the opinion about the effectiveness of internal control within the organisation which is included in the Annual Internal Audit Report. The Audit Plan for 2020/21 has been extended as delivery is significantly below target because of resourcing and client responsiveness and requests. All audits removed from the 2020/21 plan will be risk assessed as part of the 2021/22 process. This approach demonstrates the flexibility of the plan required to reflect changing risk circumstances and requests from senior management.</li> <li>• KCC's response to the pandemic, preparations for EU transition and the associated risk considerations have continually been communicated through committees and external communications. Members have also received internal briefings on matters relating to Covid-19 and other key subjects during this period to ensure a collective awareness of challenges and how these will be responded to.</li> </ul>

### Annual Governance Statement 2020/21 Conclusion

In conclusion, during an unprecedented year Kent County Council has been required to adapt governance to respond to a new way of working, urgent pressures, rapidly issued directives from Government and evolving legislation. As the pandemic situation further eases thought will now turn further to recovery and it will be necessary to ensure that the authority's new Strategic Plan and other key strategies and policies are reflective of the new operational realities.

Given the unprecedented nature of 2020/21 and the prolonged period of the pandemic it will be essential that the authority continues to take learning and is prepared to respond to a situation of this magnitude again if required. Through the

regular review of KCC's business continuity arrangements we will ensure that services remain prepared and responsive.

As lockdown eases, KCC is likely to retain the new statutory duties in respect of public protection and it will be important to ensure that governance arrangements can quickly continue to respond to urgent actions and decisions required especially in respect of enforcement obligations.

It is important to acknowledge as part of this year's statement the adaptability, teamwork, and resilience that has been demonstrated by Officers, Members, and partner organisations. As a collective we have tackled new and significant challenges and adopted a different way of working which radically moves away from the traditional way of doing things. Whilst there will always be lessons to learn the authority has continued to deliver its statutory obligations and services in a period of significant difficulty. Good governance has been an integral part of KCC's response to Covid-19 to ensure that the right decisions are taken at the right time and in the right way to respond to the needs of Kent's residents, communities, and businesses.

This final version of the Annual Governance Statement was updated in November 2021 to reflect changes and learning since the publication of the draft. There have also been changes made contingent on comments from Members of the Governance and Audit Committee who reviewed the statement in draft form at their September 2021 meeting.

The Corporate Director for People and Communications has confirmed to the Head of Paid Service that there were sufficient staffing resources available in 2020/21 for the Authority to discharge its responsibilities. Confirmation has also been received that during 2020/21, none of the Statutory Officers reported any issues to the Corporate Director for People and Communications which prevented them fulfilling their statutory roles and responsibilities. It is imperative that there is a continued organisational commitment to building and retaining an inclusive workforce and workplace and poor behaviours and practice by Officers or Members will not, and should not, be tolerated.

The Monitoring Officer can confirm for the financial year ending March 2021, that save for the issues previously reported to Members of the Governance and Audit Committee, the County Council and through the annual complaints report, there is no known unlawfulness or maladministration. At the time of signing, it is further confirmed that all executive decisions have been taken as required by the Council's Constitution to the best of the Monitoring Officer's knowledge. However, during the period 1 April 2020 to 31 March 2021, he was required to intervene and seek

remedial actions from Officers where decisions were at risk of not being taken lawfully, reasonably and proportionately. The Monitoring Officer has expressed concerns about the need for officers and Members to focus on compliance with constitutional and statutory obligations and to prepare papers for publication in a timely manner. Over the next 18 months, a programme of activity to increase mandating of governance requirements will be implemented and is predicated on an assumption that all Members (executive and non-executive alike) and all officers with governance responsibilities will continue to ensure that they prioritise and comply with the Council's governance.

Through his signature, he also agrees to take forward the identified actions as set out in this statement.

The Section 151 Officer provided assurance to the County Council that the budget proposed and approved for 2021-22 by the County Council in February 2021 was based on robust estimates and allowed for an adequate level of reserves to cover foreseeable eventualities and general reserve for the unforeseeable risks.

The Section 151 Officer can further assure the Council that she is satisfied that financial transactions and financial activity on behalf of the Council or where the Council manages activity on behalf of others were handled, processed and recorded in the correct manner during the period 1 April 2020 to 31 March 2021. The Section 151 Officer is content that she has the necessary structures and staffing in place to provide this assurance with confidence.

The Head of Paid Service signs this statement having received the assurances of all the accountable Corporate Directors and Directors for Strategic and Corporate Services through this AGS process and on the basis that the identified actions contained within this document will be taken forward and completed by the Monitoring Officer.

The Head of Paid Service can confirm that he has complied with his constitutional duties in relation to the Operating Standards and that he has received assurance from all relevant Corporate Directors and Directors that they and their services are compliant.

### **Signatories (signed in the order set out below)**

Benjamin Watts, Monitoring Officer

Zena Cooke, Section 151 Officer

David Cockburn, Head of Paid Service

Roger Gough, Leader of the Council

On behalf of Kent County Council – signed on dd/mm/yyyy

DRAFT