

From: Ben Watts, General Counsel
Katy Reynolds, Governance Advisor

To: Governance and Audit Committee, 12 November 2024

Subject: Draft Annual Governance Statement 2023/24

Status: Unrestricted

Summary: The Annual Governance Statement (AGS) 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 output within the Council.

1) Introduction

- a) The AGS provides an overview of the state of the authority's governance and 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 statutorily required to produce an Annual Governance Statement.
- b) The statement relies on the contribution of Members and Officers and a commitment to the continuous improvement of the way in which things are done by the Council in governance terms. Our statements have been very clear about where improvements can and should be made but this is done solely in the interests of identifying issues and making improvements. It is vital that the process is not weaponised as the Council has used the AGS process to identify and confront a number of issues that have remained out of sight in other organisations.
- c) As in previous years, at the Governance and Audit Committee meeting there will be a (short) presentation on some of the changes around monitoring and the things that will be being introduced as we move into the new financial year, alongside other improvements which are coming into the delivery stage. The presentation will be sent to Members via the Teams site ahead of the formal Committee meeting.
- d) Given the electoral cycle and the work undertaken to improve governance, this statement, whilst covering the 2023/24 financial year, does include activities and issues from the first half of the 2024/25 financial year and will be current as of the date of signature in December. This provides an opportunity to repeat the AGS process during the pre-election period at the end of the financial year and bring the AGS process back in line with the publication of the draft accounts. This will mean that approval of the statement will take place in the summer rather than the winter from 2025 onwards.

- e) The statement comes to the Committee in draft to update Members on progress of the development of the statement and to provide an opportunity for the Committee to understand and influence the strategic direction of the statement ahead of finalisation. As such, it is very much a work in progress at this time.
- f) After the 12 November 2024 meeting, the General Counsel will address the further changes that need to be made before finalising the Annual Governance Statement for consideration by Members of the Committee. Work will also take place with Corporate Management Team members on finalising the actions that will be undertaken and delivered in the period ahead and these will also be included in the final statement and added to the GRIP and the G&A Committee Teams site for Members to track throughout the year ahead.
- g) The prior contribution of Members around the design and style of the report are being reflected in the final documents for consideration at the December meeting of the Governance and Audit Committee.
- h) The final draft of the AGS will be presented to the Members of the Governance and Audit Committee at the 12 December 2024 Committee meeting for approval. The AGS is then sent to all Cabinet Members, Corporate Directors and Directors. It will also be recommended that a copy of the approved Annual Governance Statement is then sent to all Members.

2) Annual Governance Statement Process for 2023/24

- a) Since 2018, we have been materially changing the way that we do the AGS. The statutory officers, with advice from the Head of Internal Audit, have been improving the way in which we collect responses and build up the AGS. The approach taken to the AGS by Kent County Council in recent years has involved greater and broader testing across the Council through a survey of those playing a role in supporting governance at all levels of the organisation.
- b) Progress is now reported to the Governance and Audit Committee via a PowerBI Dashboard on Microsoft Teams with additional functionality being developed over the coming months. The Committee then have the opportunity to ask for further information on an action should they wish to seek further assurance.
- c) As part of the process for 2023/24, the responses from the previous year's officer surveys were revisited to ensure that the actions previously identified fully addressed any areas of concern. Additionally, the responses to the Corporate Director survey for 2023/24 were analysed to identify any additional areas for improvement.
- d) Given the changes to staffing arrangements supporting the AGS, we are now at an appropriate point to undertake a review of the process ahead of the AGS for 2024/25. We now have a number of year's data that will be analysed and included in this year's statement and further enhanced as part of the review. We are exploring how we measure and present year-on-year progress and make a reasoned judgement on the success of the actions. The intention

is to complete the journey towards a more comprehensive and qualitative evaluation process with real-time tracking against agreed outcomes and activities.

3) Direction of Travel for this year's AGS

- a) It is already clear that this year's statement will report on a number of actions, changes and developments that have been successfully implemented. There are a range of very positive improvements which materially improve the organisation's position and these should be celebrated.
- b) There are also a number of major innovations where the Council has used technology to improve our governance and resilience that is hugely positive.
- c) The above notwithstanding the financial and operational challenges persist and the level of delivery and innovation must be maintained and exceeded just to keep up with those challenges. Accordingly, whilst this year's AGS notes closure of a phase and a range of successes, it is vital to note the continuous nature and need of and for improvement.
- d) The messages from the Section 25 Assurance Statement for the 2024/25 Budget, the Annual Audit Opinion and the external audit opinion remain vital guiding principles. The final AGS will concentrate heavily on the improvements that can be made in relation to the delivery of savings across the Council and the continued challenges around compliance with statutory duties in SEND and ASCH in particular.

4) Governance and Audit Committee's Responsibility

- a) This report and the early draft statement are brought to the Committee to provide an opportunity for Members to consider and raise any issues ahead of the finalisation of the statement for the December meeting. The General Counsel and the Governance Advisor are both happy to meet with Members in between the November and December meetings or to receive written contributions. The purpose of bringing the item in draft is so that Members are sighted in advance of being asked to approve the final version.
- b) Members are reminded that the purpose of this Committee, in accordance with its [Terms of Reference](#), is to provide independent and high-level focus on the adequacy of governance, risk, finance, and control arrangements. Towards this purpose, its role is to:
 - i. ensure there is sufficient assurance over governance risk and control and provide reports to full Council on the effectiveness and adequacy of these arrangements;
 - ii. have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability, and
 - iii. through i and ii above, give greater confidence to all those charged with governance for Kent County Council that its arrangements are effective

and reporting to full Council or other Committees as necessary where the Committee has concerns that these arrangements are not effective.

- c) This report is brought to the Governance and Audit Committee for their consideration as the Committee is responsible for:
- i. monitoring the development and operation of governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions in the Council,
 - ii. oversight of the Council's corporate governance framework to ensure it meets recommended practice, is embedded across the whole Council and is operating consistently throughout the year.

Recommendations

The Governance and Audit Committee is asked to:

- a) NOTE the report **and**
- b) CONSIDER and provide any comments on the Annual Governance Statement before 30 November 2024

5) Appendices

Appendix: Draft Annual Governance Statement for 2023/24

6) Background Documents

[Financial Management Code of Practice - Compliance Assessment.pdf](#)

7) Relevant Director and Report Author

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