

# **Kent County Council**

## **Annual Governance Statement**

### **2024/25**

# Kent County Council

## Annual Governance Statement 2024/25

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## **Executive Summary**

For addition in final version of the statement.

## **Purpose of Statement**

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.

This document is to support the continuous improvement of governance within the Council and requires an open and honest assessment of, and by those working within, the system. To maintain that improvement, it is vital that there remains an open culture regarding the AGS and that it is not weaponised to undermine its core purpose. It is a whole Council document and should reflect its different aspects, positive and negative.

It is vital that the statement itself, the process to develop it, and review and discussions of the statement are taken within the operating context of the organisation and the emerging opportunities, risks, and threats that the Council faces.

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 has a statutory requirement to produce an Annual Governance Statement.

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 a continual one, and this statement recognises the Council's position at a point in time. The statement relates to the financial year ending 31 March 2025 and whilst it refers to matters subsequent and prior, the primary focus of the statement is on that period of time.

In the spirit of seeking improvement, the statement naturally concentrates on areas for further improvement and development. Accordingly, by its very nature it reflects on things that can and should be done differently and contemplates the planned activity necessary to address the issues that have arisen. Importantly, the statement is about continuous improvement and provides challenge. It relies on transparent assessment and it remains important that all those playing a role in the Council's governance continue to openly discuss issues and challenges as they arise and that the Council maintains an environment where those discussions are encouraged.

The approach taken to the Annual Governance Statement 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.

The collection of information over these years now allows us to provide comparative analysis on a range of questions to provide a picture over an extended period.

As with previous years, the final version of the Annual Governance Statement will be informed by the Annual Audit Opinion and the outcome of audit and review activity from within the financial year in question. The Governance and Audit Committee continues 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 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 a Leader and nine Cabinet Members within the budget and policy framework supported by a majority of Members. Where there are powers and functions reserved to the Council, these are taken by or on behalf of the full Council. The County Council sets an annual budget which determines the resource available to deliver these decisions, strategies, and functions.

### **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.

The Code follows the seven principles identified in 'Delivering Good Governance in Local Government (2016)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), as a best practice framework for local authorities.

- Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2 - Ensuring openness and comprehensive stakeholder engagement.
- Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5 - Developing the local authority's capacity, including the capability of its leadership and the individuals within it.
- Principle 6 - Managing risks and performance through robust internal control and strong public financial management.
- Principle 7 - Implementing good practices in transparency, reporting and audit to effective accountability.

All elected Members have an important role to play in 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 any individual Member. Members and Officers have distinct codes of conduct, reflecting the legal differences between the two groups.

For Members there is the Kent Code of Member Conduct that is adopted under Section 27(2) 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.

All employees are required to abide by the Code of Officers Conduct, declare personal interests which may conflict with KCC's own interests, and treat all colleagues and customers with dignity and respect.

Members and Officers are expected to work together on a basis of mutual respect and trust. Members set the County Council's policy direction and Officers are responsible for implementing decisions taken and providing professional advice at all

stages. KCC's Scheme of Delegation sets out the framework for how specific delegations are allocated to Officers.

Kent Council Council's Cabinet Committees are constituted of elected Members and are established as advisory Committees of the Executive. Cabinet Committees review most key decisions prior to their being taken, together with related matters affecting Kent or its residents, in the subject area covered by the Committee. The Council also has a Scrutiny Committee whose role is to scrutinise the actions and decisions of the Executive and a suite of other Committees which undertake specific functions on behalf of the Council. The remit and membership of each Committee is set out on the County Council's website.

The County Council has designated Officers to act as each of the following: Head of Paid Service (Chief Executive), the Monitoring Officer (General Counsel), the Section 151 Officer (Corporate Director of Finance), Director of Adult Social Services, Director of Children's Services, and Director of Public Health. Their functions are explained in Section 11 of KCC's Constitution and responsibilities are placed on these individuals by a combination of legislation and the Council's own governance.

The responsibilities of the Monitoring Officer were expressly discussed by Members due to the presentation of a number of reports made under Section 5 of the Local Government and Housing Act 1989 relating to a breach of statutory duties by Kent County Council during the financial year: Kent County Council has been involved in three separate Judicial Review claims in relation to the care of unaccompanied asylum-seeking children (UAS children) and their accommodation in hotels by the Secretary of State for the Home Department (SSHD). Section 5 reports have been issues in previous years in connection with this, and the outcome of the judicial reviews continues to impact decision-making within the Council.

A Section 5/5A framework is currently in development and will set out guidance as to how the Monitoring Officer of the Council will approach their statutory duties under sections 5 and 5A (s5/5A) of the Local Government and Housing Act 1989.

The Head of Paid Service was changed to a Chief Executive role within the 2022/23 municipal year and changes to the Council's governance were made to recognise this shift. The Chief Executive remains responsible for the statutory duties of the Head of Paid Service and for ensuring that the appropriate resources and arrangements are lined up against these. The current Chief Executive's impact on the Council's governance is expanded on in the 'Operating Environment' section below.

The Corporate Director of Finance acts as the Council's Section 151 Officer and Chief Finance Officer responsible for making the necessary arrangements for local financial and management controls, under section 151 of the Local Government Act 1972. In an increasingly challenging financial position, the Section 151 Officer

reflected this in both a section 25 assurance statement to the budget in February 2025 and in reports/comments to Committees throughout the year.

## **Operating Environment**

At the outset of this statement, it is important to record the operating environment and context in which services were delivered and this AGS was drafted. Whilst it has been less than a year since the approval of the Annual Governance Statement for 2023/24 in December 2024, it is important to reiterate some of what has been stated previously and provide further information regarding the Council's current operating environment.

Firstly, it is important to note the continuing financial and operating position of the Council, which continues to operate within a context of unprecedented challenges and where there are significant ongoing risks which the Council continues to address. The delivery of savings and compliance with the budget remains an absolute priority to ensure the financial sustainability of the Council. Securing Kent's Future and a range of spending controls were introduced to address and significantly reduce an overspend in 2023/24 that was initially reported at the end of quarter 1 as £43.7m before management action. By the end of the financial year, the revenue overspend had been brought down to £12.4m.

The challenges persisted in 2024/25 and the overspend remained material and unsustainable in the longer term, primarily within Adult Social Care, as reported to Cabinet and elsewhere through the Council's governance.

This statement looks at the governance steps that are being taken to strengthen budget savings delivery and identifies further actions, placing an important emphasis on budget and savings delivery.

It is important to note the post-general election political context within which services are being delivered. Whilst KCC had been prepared for the occurrence of a general election in 2024, the termination point of the previous government's policy agenda was unknown. With a new Government, some work had to be put on hold or curtailed to align with new and developing policy positions.

KCC's challenges are heightened by its geographical position as the 'gateway' to Europe. The high levels of demand in relation to accommodation and support for UAS children, is due to Kent's proximity to mainland Europe. Having a major seaport and the nearest coastline to the European mainland means UAS children regularly arrive in large numbers in the county and are referred to KCC's children's services. Within the period of this AGS, the Council secured outcomes through litigation which was reported to Members and publicly to mitigate the financial and operational impacts.

Another example of a geographically related challenge that KCC is currently facing is the European Union's plan to introduce a new digital border check called the Entry/Exit system (EES). KCC is working closely with partners in the Kent and Medway Resilience Forum to identify the risks of significant events on our communities and plan to minimise their effects. This includes the potential impact of EES on Kent's roads.

A significant development and impact on the Council's operating position within the relevant period was the new Government's policy around devolution and local government reorganisation which began to be substantively discussed and proposed shortly before the end of 2024. The requirements and expectations of Government alongside the impact of the policy developments are having and will continue to have a significant impact on the operating position and capacity of the Council and sit on top of the issues and challenges previously reported.

On 5th February 2025, Kent County Council was notified that it had not been selected to be part of the Government's Devolution Priority Programme (DPP). Nevertheless, the Government continues to seek reform of the sector with future implications for residents of Kent, Members and Officers with Local Government Reorganisation (LGR) slated to precede any devolution deal for Kent. On 5 February 2025 wrote to Councils in Kent asking for interim proposals on LGR. On 21 March 2025, Kent County Council submitted its response to this request with feedback received from the Government on 15 May 2025. Work is continuing ahead of making any full business case submission by the 28 November 2025 deadline.

One consequence of not being selected for the DPP is that, after some uncertainty, the Council held elections in May. Significant work was undertaken to prepare for a new Council term and for the induction of those Members returning and those elected for the first time. Given the operating position of the Council, it remains important that the Council manages the transition carefully and that all 81 Members continue to adhere to their fiduciary duties and role within the organisation's governance and a range of detailed training has been and will continue to be provided to support this.

The majority of Members elected in May 2025 are new to the role of County Councillor. The Council has also seen the first change to the majority Political Group since 1997. The resource put into planning and preparing for the induction of the new Council has mitigated the impact of this change, but the coming financial year will see a resetting of the policy and priorities of the Council to reflect the new administration.

The Chief Executive is continuing to embed her approach to the management of the organisation which is reflected in the implementation of the newly reframed operating standards. A greater emphasis on providing world class business basics underpins a priority on compliance with the clarified and codified rules that Officers should work under. Spending the Council's Money was entirely rewritten within the relevant



period and followed a restructure of the way in which the Council advises on procurement issues.

The Chief Executive has strengthened the culture of professional accountability and responsibility with oversight of strategic management. Pursuant to Securing Kent's Future and in line with prior audit comments, she has progressed the Officer element of a "one council" approach to ensure joined-up planning and delivery by the whole organisation.

## **Internal Audit – Annual Opinion**

For addition in final version of the statement.

## **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, Law, and Democracy division and has involved a range of different activities.

Over recent years the way in which this review has been conducted has materially changed as a result of conversations between the statutory Officers and the Head of Internal Audit. This aligns with the earlier comments in the statement about the need to transform to meet the changing realities of the Council and the pressure facing its services. Accordingly, the static pro forma documents which sought narratives were replaced with questionnaires that sought direct answers and came from reviewing other arrangements in other authorities and the experience of the statutory Officers along with the input and advice from the Head of Internal Audit and his team.

In September 2024, the Governance and Audit Committee also had the opportunity to provide their views on the current shape of governance and thus inform the current Annual Governance Statement. Members of the previous administrative cycle were also surveyed to provide insights on areas of strength and improvement which will be reflected in the final version of this statement.

For 2024/25, three surveys have been carried out amongst officer cohorts to test understanding and assurance. The response rates were consistent with previous years and the comparative data has provided a means to measure the impact of prior years' actions.

## **Review of Prior Year Actions**

An important place to start is in reviewing the actions that have previously been identified to improve the Council's governance.

There has been a comparatively short period of time since the publication of the prior year's Annual Governance Statement. This is intentional and in pursuance of bringing the Annual Governance Statement reporting timescales in line with the Statement of Accounts. However, given activity around devolution, local government reorganisation and, subsequently, the elections, those actions that have not been completed have been added to the actions for 2025/26.

The actions from the prior year AGS are set out in the following table. In the final version of the AGS this table will be completed, actions are anticipated to be green status at that time and the further information section will be completed.

Action	Status	Further Information
<b>Living Within Budgetary Means</b>		
Provide financial training through directorate arrangements.		
Corporate Directors to liaise with Internal Audit and Counter Fraud to arrange Fraud Risk Assessment training for areas to allow them to provide full assurance for 2024/25.		
Review of savings plans with monitoring of key activity through Strategic Reset Programme, Corporate Board and Cabinet (through Budget Monitoring).		

Enhanced corporate support offer for the development of savings and early professional advice.		
Lessons learned activity around budget savings/overspend.		
<b>Member Governance and Behaviour</b>		
Report to Standards Committee before the Election		
New Member Induction Plan		
New Member Training Plan		
Refresh of the Convention on Member: Officer Relations (Section 22 of the Constitution)		
Complaints Report		
Increased meetings of the Standards Committee		
Improved completion by services of agreed actions with Internal Audit at the conclusion of audit activity		
Governance development and improvement plan for each directorate to increase assurance.		
Increased reporting to all Cabinet Committees on Directorate Performance on FOI and Subject Access Requests.		
Working with outstanding authorities – how do other authorities deal with Subject Access Requests.		

Review of report option appraisals to improve consistency of reports to include all options considered and not just the preferred ones		
All Corporate Directors to ensure refreshed and current data mapping is completed within their area.		
An effectiveness review of the Governance and Audit Committee be completed ahead of the May elections.		
Review of the Regulation Committee to be completed ahead of the May elections		

## **Key Findings**

In 2021, the concept of “Stay in Lane” was introduced as part of the governance reset triggered by the Annual Governance Statement. It remained the case throughout 2024/25, that there are examples of Members straying into operational areas wishing to make decisions and Members complain of Officers occupying the political space on occasion. However, the clear separation of functions between Member and Officer remains a core and vital part of the Council’s governance and has shown clear improvement since 2021.

Local Government Reorganisation (LGR) and Devolution present both opportunities and challenges. The new administration will take over the responsibility for developing a response to the Government’s request for proposals on LGR, due 28 November. This will build on, but may go in a different direction, from the interim response submitted in March. The Council cannot block, but can influence, the process and there is a lot of preparatory work required for any response. This must be done alongside establishing priorities for the new Council and maintaining statutory services in a difficult fiscal environment. Longer term, the outcome of LGR and potential for a devolution deal may unlock additional levers to improve outcomes for Kent residents.

Timely engagement with governance processes has improved since 2022/23. However, a high proportion of Officers still find that following the governance processes impacts on the timeliness of decisions or projects. Governance considerations being left too late is one of the main reasons why information presented to informal or formal decision-making bodies has not been presented in a timely way. There remains a need to embed governance processes into project timelines across all directorates.

The elections in 2025 were successfully delivered and were held in ‘normal’ conditions, unlike those in 2021 which took place during the Covid-19 pandemic. A new, robust induction programme had already been developed and was deployed with considerable success and extended to recognise the significantly higher number of new Members than in recent elections. It is important that all 81 Members are able to understand and deploy their role in the Council’s governance and this will be an area of focus and support for 2025/26.

The Council continues to overspend the budget in a number of areas, most materially in Adult Social Care and Health. In response to prior actions, the Council has undertaken a range of improvements to planning and oversight but this will require further attention and activity during 2025/26.

The Council has made changes to the Scrutiny Committee which strengthen the accountability and respond to the prior comments from the external auditor. As the new arrangements settle in the role of the role of the Scrutiny Committee in relation to the key areas of organisational challenge will need to remain under focus.

## **AGS Identified Actions for 2025/26**

The draft identified actions for 2025/26 are set out in the following table. The final version of the AGS will develop these further alongside further key activities.

<b>Specific to the Monitoring Officer</b>		
<b>Action</b>	<b>Responsible Person</b>	<b>Contact</b>
Ongoing monitoring of new governments legislative pipeline and the governance implications of proposals.	Ben Watts	Tristan Godfrey
Development of an annual schedule of governance training for Officers.	Ben Watts	Joel Cook
Adopting best practice governance around the Council's response to Government's requests regarding Local Government Reorganisation proposals.	Ben Watts	Tristan Godfrey
Monitor and evaluate the impact of the changes to the Scrutiny Terms of Reference, introduced in March 2025.	Ben Watts	Joel Cook
Develop Scrutiny Work Programme	Ben Watts	Joel Cook
Section 5 framework	Ben Watts	Tristan Godfrey

<b>Specific to the Section 151 Officer</b>		
<b>Action</b>	<b>Responsible Person</b>	<b>Contact</b>

Improve Corporate Director access to key assurance data.	John Betts	
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Actions for other officers		
Action	Responsible Person	Contact
To be completed		

### **Report of the Monitoring Officer**

To be completed in final statement.

### **Annual Governance Statement 2024/25 Conclusion**

### **Signatory Section**

To be completed in final statement after final assurances received.

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

## **Appendix 1: Update on Grant Thornton Governance Review Recommendations**

**To be added at time of completion**