

INITIAL DRAFT

NOTE:

This initial draft has been prepared for inclusion with the draft accounts as some key activity will not be reported until September 2022.

This draft will be updated and discussed at Governance and Audit Committee in September 2022 and proposed for approval as soon as possible thereafter. In this initial draft there are a number of areas of further follow up identified and these will be concluded and expressly referenced in the final draft that will be published in September 2022.

Further versions of this Annual Governance Statement as it is developed in draft will be published on the Council website.

The prior year Annual Governance Statement was approved in October 2021 and includes reference to activities and issues correct at the time of signing and which have relevance to the accounts for 2021/22. As such this has also been published for consideration for ease of reference for anyone interested.

Link to Annual Governance Statement 2020/21: [Annual Governance Statement 2020/21 - KCC Website](#)

Kent County Council

Annual Governance Statement 2021/22

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 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.

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.

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 will never end, 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 of 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.

During 2021/22 and in response to previous audit findings, the Council's Code of Corporate Governance was considered, reviewed and changed by Governance and Audit Committee. The updated Code was proposed and agreed by the County Council in March 2022.

The Code now 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 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.

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 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. 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.

2021/2022 Operating Environment

The financial year 2021/22 was one of the most challenging operationally, strategically and fiscally in the Council's history. Whilst ultimately reporting a modest underspend, the financial year so unprecedented external pressures which impacted on the Council.

The financial year started with elections for all 81 Council seats with the campaign, voting and the count all conducted amidst continuing COVID restrictions. The election was delivered within budget and without challenge. The new membership of the Council were duly inducted and the first two Council meetings of the new administrative cycle were conducted at external venues to manage concerns and legal liabilities around COVID. Despite the considerable hard work of all concerned, this was inevitably imperfect and induction and the training offer is being relaunched to Members in Autumn 2022.

COVID continued to impact on the operating capacity of the Council even after the relaxation of restrictions in summer 2021. Similarly, services began to see growth in demand as the impact of the pandemic were reflected in communities across the Council.

As the financial year progressed, the Council, as with much of the sector, experienced unprecedented service demand which spending has not kept pace with and representations were made by the Council to Government about the pressures within the system and within Kent specifically.

The Council's position as a gateway authority brought additional challenges in relation to unaccompanied asylum seeking children which after a robust position was adopted by the Council, the Government launched a new national approach which

alleviated some of the pressure on the County and which will hopefully improve outcomes for the young people concerned.

The Council responded to the government schemes around resettlement from Afghanistan and Ukraine. The invasion of Ukraine and resulting geopolitical and financial consequences placed further pressure on the operating position of the Council.

Audit Review of AGS Process

Opinion from Head of Internal Audit will be inserted here in the final version of the Annual Governance 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, Democracy and Law division and has involved Directors reviewing and evidencing compliance.

Key Findings from the Accountable Officer Survey

It is important to note that in May 2022, the Council resolved to adopt a changed governance structure with the creation of a Chief Executive Officer role and structure which will drive a considerable amount of transformation and governance plans for the year ahead. This includes a refresh of the constitution and operating standards.

In recent years, these key findings have been used to design and define the future activity around governance improvement and this year is no different. The survey provides information about current activity and the opportunity to embed and make changes. In the past few years, more detail on future actions has been explicitly included in the final version of this statement which has then been followed up in regular conversations at Corporate Management Team by Senior Officers. It remains important to candidly respond and state the position to inform and openly improve the Council's governance arrangements.

Section 1: Compliance with Policies and KCC's Operating Standards

Overall, the returns indicated that changes to policies had followed the correct processes and steps had been taken in most services to improve awareness.

- 100% of the returns confirmed they had consulted on all changes to policies and services where there had been a legal duty to do so

- Respondents were asked what actions they had taken to improve awareness and application of the council's governance and Operating Standards
 - 4 out of 7 responses indicated that action had been taken to increase awareness of processes with management meetings, wider team meetings and liaising with other services being the most frequently mentioned methods
 - 3 of the responses stated that they had taken limited or no action
 - The answers to the above focused mainly on raising awareness of governance processes and did not reference the Operating Standards

Section 2 : Improving awareness and application of governance and delegations

The findings showed that broadly there were encouraging levels of awareness in respect to governance processes across most services, with one area acknowledging that further improvement is necessary. In addition, the findings showed that there are potentially inconsistent approaches to providing training and/or guidance on delegations as well as monitoring compliance.

- 6 responses stated they were either 'extremely confident' or 'somewhat confident' that staff understood the obligations which they have been delegated
- Respondents were asked whether they could provide assurance that all officers within their service were aware of the appropriate governance relating to their role. 6 out of 7 responses confirmed they could provide assurance
- 3 of the 7 responses stated that all officers who utilise a delegation had been trained to understand their obligations
- 4 of the 7 responses confirmed that all officers appointed within the past 12 months had received guidance and training on delegations before they used them
- 5 of the 7 responses stated that they were assured officers were aware of which parts of the decision making processes were underpinned by constitutional requirements
- 5 of the 7 responses provided details of mechanisms for raising awareness with the cascading of information through management or wider meetings being the most referenced sources of information
- Other examples of good practice included information on governance being incorporated into in induction packs for new officers
- In terms of monitoring compliance, only two responses provided examples of how this is undertaken which could indicate that this is not fully embedded across the Council and further action is required

Section 3: Decision making

The findings demonstrated compliance with decision making procedures, particularly in regard to equality considerations.

- 5 respondents confirmed that all key and significant decisions were fully compliant with the Council's Constitution and Scheme of Delegation. This is subject to follow up at the time of this initial draft.
- 4 of the 7 returns confirmed that all reports considered at formal and informal meetings of Members set out the impact of proposed decisions and included advice on all options and not just the preferred ones. This is subject to follow up at the time of this initial draft.
- In terms of ensuring equality issues are properly considered in decision making, each respondent confirmed that they ensure Equality Impact Assessments (EQIAs) are completed. This is subject to follow up at the time of this initial draft.

Section 4: Risk Management

Responses indicated that officers are aware of and contribute to risk management and it is embedded in service delivery across the majority of services from the outset of projects.

- 6 out of 7 respondents confirmed that all officers are able to escalate risks
- 6 of the 7 respondents stated that all officers are aware of and contribute to risk management
- 4 out of 7 respondents stated that risks had been identified and formally documented for all projects and decisions. This is subject to follow up at the time of this initial draft.
- The responses showed the use of risk registers across KCC with 4 returns indicating that they are kept for all projects.
- The responses referenced mechanisms in place to ensure risk management is used effectively such as escalation processes, seeking advice from the Corporate Risk Team and integrating risk into strategy and planning discussions. However, two returns did not provide details, suggesting that further analysis as to how risk management remains effective across all services is needed. As such, this is subject to follow up at the time of this initial draft.

Section 5: Financial Management

The responses to the section on financial management indicated strong levels of awareness across the Council and timely engagement with the Finance team. The findings also showed that there are multiple internal mechanisms in which to monitor financial activity.

- 100% of respondents confirmed that timely engagement with Finance takes place when assessing the financial implications of strategies, service developments and project proposals
- 6 out of 7 respondents confirmed that relevant officers are aware of their responsibilities with regards to financial management
- 5 out of 7 respondents answered that staff have received the necessary financial training
- 4 returns confirmed that all reports considered at formal and informal meetings fully covered financial considerations. This is subject to follow up at the time of this initial draft.
- Respondents were asked how they monitor financial performance and activity. The responses demonstrated a range of practices in which performance is monitored internally within their service, with management meetings and supervision being the most referenced practices.

Section 6: Commissioning, Procurement & Partnerships

Whilst the findings showed positive levels of compliance in respect to commissioning, the extent to which governance is embedded in partnerships was less clear.

- For commissioning, the responses showed positive compliance with 100% of returns confirming the following:
 - Decision makers are provided with objective and rigorous analysis when commissioning a service
 - The use of open and effective mechanisms for documenting and recording evidence when choosing a commissioned service
 - All procurement and contracts had been compliant with the constitution and legislation
- In respect to partnerships, the questions highlighted scope for improvement:
 - 2 out of 7 responses were unable to confirm that there are clear arrangements for accountability in place for all partnerships
 - Similarly, 2 out of 7 responses were unable to confirm that risk management appraisals and exit strategies were in place when entering a partnership agreement
 - 3 out of 7 responses could not confirm that the accounting and financial arrangements for partnerships satisfied both the

requirements of the Council and allowed for a required audit of the partnership's affairs

- These are all subject to follow up at the time of this initial draft.

Section 7: Data Protection

The data protection section explored compliance and awareness with processes as well as the responsibilities of the Information Asset Owner (IAO). Overall, the responses showed that awareness of processes could be improved as well as highlighting that more support is required for IAOs.

- 4 of the 7 respondents stated that they were satisfied with the knowledge and skills of their officers in relation to data protection obligations
- Similarly, 4 respondents felt assured that data protection considerations were embedded at each stage of delivery
- 5 out of 7 respondents were confident that Data Protection Impact Assessments were completed by officers with the appropriate knowledge and skills
- 4 out of 7 responses confirmed that Screening Tools and DPIAs had been completed and submitted where appropriate
- Respondents were asked to outline the steps taken to reduce data breaches in their area. Overall, the responses highlighted that additional work needs to be done in this area with only 2 responses indicating that additional training and awareness raising had taken place
- In contrast to data breaches, steps taken to improve the timeliness of responses to Freedom of Information (FOI) requests demonstrated a more proactive approach. 2 of the responses highlighted the circulation of weekly reports to highlight outstanding FOI requests. There were also examples of good practice highlighted by the remaining responses including the development of a performance dashboard, reviewing of commissioning activity, a dedicated mailbox and regular meetings with the FOI team

Information Asset Owners

- Of the 5 IAOs to complete the survey, all 5 confirmed they were aware of their responsibilities
- 4 IAOs confirmed that additional support was needed to undertake their role
- Only 1 of the 5 IAOs confirmed that data mapping had been completed for their service

This area is subject to follow up at the time of this initial draft.

Section 8: Fraud

The responses to the fraud section suggests that officers across KCC are aware of their responsibilities in terms of reporting fraud. One area which requires improvement is awareness around the need to complete fraud risk assessments on any new initiative, strategy or policy.

- 6 out of 7 responses confirmed that staff across KCC were aware of their responsibility in reporting suspected/actual acts of fraud
- 5 of the 7 respondents were assured that effective counter fraud and anti-corruption arrangements are in place
- 6 of the 7 responses stated that staff were **not** aware of the need to complete a fraud risk assessment on any new initiative, strategy or policy

Section 9: Final Assurance Statement

To conclude the return, each respondent had the opportunity to provide details of any concerns that they had relating to governance: In total, 4 responses indicated one or more concern. A summary of the concerns are as follows:

- A perceived lack of capacity in the organisation and an inability to recruit at level of competence required across all services which heightens risk regarding assurance, governance and operational delivery
- Decisions taken by services without assurance or consultation which directly impacts other services
- Changes which will impact on the capacity of the senior leadership team as well as the wider workforce and will require significant resources, skills and capability to deliver
- Capacity to complete DPIAs
- Impact of the cost of living crisis on services
- Ability to drive and deliver in respect of the Equalities Action Plan

New issues/Challenges/Governance Implications/ Action Plan

Opinion from Monitoring Officer will be inserted here in the final version of the Annual Governance Statement.

Progress on 2020/21 actions

Progress on actions for prior years has been reported to the Governance and Audit Committee in their April and July meetings. Given the AGS for 2020/21 was signed in October 2021, work is ongoing.

Opinion from Monitoring Officer will be inserted here in the final version of the Annual Governance Statement.

Governance improvements we have made and headlines

Opinion from Monitoring Officer will be inserted here in the final version of the Annual Governance Statement.

Annual Governance Statement 2021/22 Conclusion

Opinion from Monitoring Officer will be inserted here in the final version of the Annual Governance Statement.

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