

Independent auditor's report to the Members of Kent County Council

In our auditor's report issued on 18 March 2024, we explained that we could not formally conclude the audit and issue an audit certificate for Kent County Council (the Authority) and its group for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work in respect of a legal query with regard to the Council's ownership of certain assets;
- Completed the work necessary to issue our Whole of Government Accounts Component Assurance statement for the Authority for the year ended 31 March 2023. The National Audit Office has now concluded their work in respect of Whole of Government Accounts for the year ended 31 March 2023 and confirmed that audit certificates that are open in relation to this can be issued. We are therefore satisfied all required work is complete.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2023 issued on 18 March 2024 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Opinion on the pension fund financial statements

In our auditor's report for the year ended 31 March 2023 issued on 18 March 2024 we reported that, in our opinion the financial statements of Kent Pension Fund:

- give a true and fair view of the financial transactions of Kent Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except:

- On 06 February 2024, we identified that despite a number of programmes of work for improvement being undertaken by the Authority as a result of five key recommendations set out in the 2021/22 auditor's annual report, that the speed of which work progressed was not sufficient to prevent a downwards trend with respect to securing economy, efficiency and effectiveness in its use of resources. We recommended that the authority should:

- Strengthen its pace and tighten its corporate grip over progress with addressing Key Recommendations. A holistic approach should be taken towards improving financial sustainability, governance and performance across the board.
- On 06 February 2024, we identified a significant weakness in relation to the future financial sustainability of the Authority. The savings plan put forward by the Authority to address the financial pressures from the continued budget overspends is unlikely to prevent the Authority from needing to make further difficult decisions around the services it can afford. We recommended that the authority should:
 - Take necessary steps to control expenditure which may in some cases mean withdrawing or to pare back existing services
 - Going forward, savings and growth plans will require robust business cases. Management actions will also need to be supported by realistic planning.
- On 06 February 2024, we identified a significant weakness in the financial sustainability of the SEND service, with education, health and care plan (EHCP) referral rates remaining above the national average. The Authority's arrangements are not effective in managing SEND demand in a financially sustainable way. We recommended that the Authority should:
 - Take a holistic approach towards managing SEND demand and SEND financial management issues in Kent. This will involve the ruling administration making some difficult decisions.
 - To place a focus on EHCP demand and approval processes in the coming five years to return SEND services to a sustainable footing.
- On 06 February 2024, we have identified a significant weakness in the arrangements in place for decision making, including in arrangements for strategic prioritisation, challenge and scrutiny. Compliance with the Authority's decision-making arrangements needs to be strengthened. We are not satisfied that the council has proper arrangements in place to secure the economy, efficiency and effectiveness in its use of resources in 2022/23. We recommend that the authority should:
 - Ensure members and officers understand their roles and comply with the Authority's governance arrangements. Issues and complaints raised with the Monitoring Officer should be addressed and feed into good practice for the future.
 - The effectiveness of the scrutiny and challenge functions should be carefully considered. An action plan for implementing recommendations both from CIPFA and from our own 2023 review of governance should be adopted.
 - Given the need to focus on costs, the effectiveness of members roles on school transport panels should also be considered.
- On 06 February 2024, we have identified a significant weakness in the implementation rates of internal audit findings. The rates for management action on internal audit recommendations are significantly lower than four years ago (50% compared to 62%). This is judged to be a key reason in why a high-profile report on SEND transport re-procurement issued in September 2022 has yet to be followed up on. We recommend that the authority should:
 - Aim to maintain full implementation rates for internal audit findings and complete its review of the internal audit lessons learnt from the SEND transport re-procurement report.
- On 06 February 2024, we have identified a significant weakness in the councils ability to improve the economy, efficient and effectiveness of resources. An external regulator has found that performance standards in the SEND service fell significantly below expectations despite there being a £61.3 million deficit to clear on the service. Continued high rates of demand for the service make progress with improvement difficult. We recommend that the authority should:
 - Liaise with its partners to determine and agree the improvements that will be made in SEND services. An action plan with clear accountability and regular monitoring and reporting is required to ensure the findings and recommendations from Ofsted and CQC inspection reports are addressed and implemented.
 - Develop strategies for managing demand and expectations
- On 06 February 2024, we have identified a significant weakness in the Authority's ability to improve the economy, efficient and effectiveness of resources. During 2022/23, internal audit recorded three limited assurance opinions on procurement and contract management. Our own testing confirmed that Voluntary Ex Ante Transparency (VEAT) notices are not always used when required and procurements can be slow. We recommend that the authority should:

- Strengthen training around procurement strategy, policies and practice across the Council (for staff working in service lines as much as for staff working in commissioning and procurement team) to ensure an understanding of and compliance with procurement rules.
- Specialists support should be clearly signposted across the organisation. Staff commissioning and procuring complex services should recognise and plan early when they need that support and know where to get that support once they recognise they need it.
- Opportunities for value for money through procurement and contract management should be maximised. VEAT notices should be used when required.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Kent County Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Dossett

Paul Dossett, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

10 September 2026