GOVERNANCE AND AUDIT COMMITTEE

Tuesday, 3rd November, 2026

10.00 am

Council Chamber, Sessions House, County Hall, Maidstone

AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Tuesday, 3rd November, 2026, at 10.00 am
Council Chamber, Sessions House, County Hall, Maidstone

Ask for: **James Clapson**
Telephone: **0300 041 7387**

Membership (15)

Reform (7):	Mr M Brown (Chairman), Mr M Paul (Vice-Chair), Mr A Cecil, Mr J Eustace, Mr J Finch, Mr A Kibble and Mr T Mallon
Liberal Democrat (2):	Mr M Munday and Mr G R Samme
Restore Britan (1):	Mr O Bradshaw
Green (1):	Mr R Yates
Conservative (1):	Mr H Rayner
Labour (1):	Mr A Brady
Independent Members (2)	Ms C Black and 1 Vacancy

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

1. Apologies and Substitutes
2. Declarations of Interest in items on the agenda for this meeting
3. Minutes of the meeting held on 15 October 2026
   Report to follow.
4. Governance and Audit Chair's Annual Report (Pages 1 - 10)

5. Oracle Cloud Programme: Programme Status, Programme Assurance and Lessons Learned (Pages 11 - 28)

6. Internal Audit Progress Report (Pages 29 - 50)

7. Annual report on KCC's use of covert enforcement techniques (Pages 51 - 70)

8. Counter Fraud Update (Pages 71 - 94)

9. Schools Audit Annual Report (Pages 95 - 98)

10. Corporate Risk Register Update (Pages 99 - 106)

11. Kent County Council Annual Customer Feedback Report (Pages 107 - 138)

12. Treasury Management Mid-Year Update (Pages 139 - 160)

EXEMPT ITEMS

(At the time of preparing the agenda there were no exempt agenda items. During any such items which may arise, the meeting is likely NOT to be open to the public)

Benjamin Watts
Deputy Chief Executive
03000 416814

Monday, 26 October 2026

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From: Michael Brown, Chair of the Governance and Audit Committee

To: Governance and Audit Committee, 3 November 2026

Subject: Draft Annual Report from the Chair of the Governance and Audit Committee to County Council

Status: Unrestricted

Summary: The Chair's Annual Report provides County Council with an overview of the work undertaken by the Governance and Audit Committee during 2026 and highlights the key governance, audit, risk management and assurance matters considered throughout the year

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1) Introduction

1.1. The report demonstrates the Committee's ongoing role in providing independent assurance over the Council's governance, risk management and internal control arrangements, while supporting transparency, accountability and continuous improvement.

1.2. The attached report has been prepared as an example of good governance practice and provides an overview of the Committee's activity and achievements during 2026.

1.3. The report is intended to highlight the assurance role undertaken by the Committee during the year, rather than revisit operational matters or areas identified for improvement, which have been considered separately through the Committee's regular work programme.

2) Key Highlights

2.1. During 2026, the Committee maintained oversight of key governance and assurance matters, including the Annual Governance Statement, Corporate Risk Register, Internal and External Audit, Counter Fraud, Treasury Management, company governance and the Oracle Cloud Programme. Across six formal meetings, Members provided challenge and scrutiny to support effective governance arrangements.

2.2. The Committee received positive assurance from both Internal and External Audit. The Acting Head of Internal Audit issued an Adequate Assurance Opinion for 2025/26, confirming that the Council's governance, risk management and control arrangements remain effective overall. External Audit reported no material misstatements in the Statement of Accounts and indicated that an unqualified audit opinion is anticipated.

2.3. The Committee also maintained oversight of the Council's preparations for Local Government Reorganisation and received assurance that

appropriate governance arrangements are being developed to support effective oversight during this period of significant change.

3) Conclusion

3.1. A significant focus during the year has been the continued development of the Governance and Audit Committee. This has included Member training, a review of Committee effectiveness, engagement with external providers and dedicated sessions to strengthen understanding of the Committee's role and responsibilities.

3.2. The Committee recognises the importance of ongoing development to ensure it remains effective in discharging its responsibilities within an increasingly complex governance environment.

3.3. Looking ahead, the Committee will continue to monitor delivery of governance improvement actions arising from the Annual Governance Statement and maintain oversight of key strategic risks facing the Council. Particular areas of focus will include Local Government Reorganisation, financial sustainability, SEND-related pressures, governance and oversight arrangements, and continued development of Committee effectiveness.

Recommendations

The Governance and Audit Committee is asked to:

1. DISCUSS, COMMENT and APPROVE the Draft Update Report from the Chair of the Governance and Audit Committee to County Council.

2. DELEGATE authority to the Monitoring Officer to finalise the Governance and Audit Committee's Annual Report to County Council, in consultation with the Chair of the Governance and Audit Committee.

2) Appendices

Appendix: Chair of the Governance and Audit Committee's Draft Annual Report to County Council

3) Relevant Director

Petra Der Man
petra.derman@kent.gov.uk

From: Michael Brown, Chair – Governance and Audit Committee

To: County Council

Subject: Chair of the Governance and Audit Committee's Draft Annual Report to County Council

Classification: Unrestricted

Recommendation:

County Council is asked to NOTE the report.

1. Introduction & Purpose of the report

1.1. This annual report provides Members with an overview of the work of the Governance and Audit Committee during 2026, highlights significant governance issues considered throughout the year, and draws attention to key areas requiring ongoing focus and improvement.

1.2. The report forms part of the Committee's commitment to transparency, accountability and continuous improvement within the Council's governance framework.

2. Assurance for 2025/2026

- The Council's external auditors confirm that no material misstatements were identified in the 2025/26 Statement of Accounts.
- The Committee has received assurance regarding the robustness of key financial reporting processes, including property valuations and pension liabilities.
- The Committee has received assurance that the implementation of the Oracle Fusion finance system has not resulted in any material financial reporting errors.
- The Committee notes that an unqualified audit opinion is anticipated for the Council's 2025/26 financial statements.
- The Committee has maintained oversight of the Council's governance, risk management and internal control arrangements throughout the year.
- The Committee has reviewed the Council's response to Local Government Reorganisation and received assurance that appropriate

governance arrangements are being developed to support effective oversight during the transition.

- The Committee has reviewed and approved the Annual Governance Statement and will monitor delivery of the associated governance improvement actions throughout 2026/27.

- The Committee has undertaken development activity to strengthen Member understanding of governance and audit responsibilities and improve overall Committee effectiveness.

- The Committee has continued to provide independent challenge and scrutiny in support of good governance, accountability and transparency across the Council.

3. Committee Purpose, Membership & Training

3.1. The Governance and Audit Committee provides independent assurance on the Council's governance, risk management and internal control arrangements and promotes accountability, transparency and value for money.

3.2. The Committee comprises of 13 elected Members and up to two independent non-voting Members, providing a broad range of knowledge and experience to support its work. A list of Committee Members and the Terms of Reference can be found here: Governance and Audit Committee Details

3.3. In 2022, the Committee agreed that, given the nature and complexity of its responsibilities, all Governance and Audit Committee Members, should undertake appropriate and mandatory induction training. This helps to ensure the Committee remains effective in an increasingly complex and changing governance environment.

3.4. It should be noted that any Members who wish to sit as a substitute on the Committee, must also undertake mandatory induction training.

3.5. The delivery of mandatory training has been revised to provide greater flexibility and better align with Member availability. Training is now delivered through a pre-recorded session, replacing the previous face-to-face format. Attendance continues to be supervised to provide support where required and to ensure accurate participation records are maintained.

3.6. As Chair, I consider it essential that the Committee maintains its political neutrality and upholds the highest standards of integrity. While robust debate and constructive challenge are integral to the Committee's work, all participants are expected to conduct themselves professionally and respectfully. Inappropriate behaviour towards any individual attending a meeting will not be tolerated.

4. Strengthening the Effectiveness of the Committee

4.1. Strengthening the effectiveness of the Committee is an ongoing process. Throughout the year, several training sessions have been delivered for Members by both internal and external officers and providers. The Committee recognises the importance of maintaining and enhancing Members' knowledge and skills to support effective scrutiny, challenge and assurance activities.

4.2. The findings of the Council's external auditors (Grant Thornton), contained in their Findings Report for 2025-26, have reinforced the importance of continuing to strengthen Committee effectiveness, Member cohesion and training as key elements of the Council's governance arrangements. Kent County Council - Audit Findings Report 2025-26 . The Committee will continue to review its development programme, encourage attendance at training sessions, and identify opportunities to enhance its collective effectiveness in discharging its responsibilities.

4.3. Grant Thornton issued their Interim Auditor's Annual Report: Interim Auditor's Annual Report for Kent County Council Year ending 31 March 2026. It is important to both note, and effectively seek, to address their observations for going forward. I wish to highlight the following observations made by the external auditors in relation to the Committee's effectiveness:

"Significant weaknesses in governance arrangements identified. A key recommendation has been made relating to improving committee effectiveness, member cohesion and training. No improvement recommendations made."

"The Governance and Audit Committee is an essential component of the Council's control environment. However, our work has established committee arrangements are not optimal and need to be strengthened."

As Chair, I am committed to building on this feedback to enhance Member engagement, strengthen the Committee's effectiveness and support robust governance, scrutiny and assurance.

4.4. Member training

- Corporate Risk Register Briefing – 28 January 2026
- The Charter Institute of Public Finance and Accountancy – 21 September 2026
- Member Reset meeting – 30 September 2026
- Mandatory Induction Training - At the time of writing, one mandatory induction training session has been delivered this year, on the 3 September 2026, with additional sessions scheduled in line with Members' availability. 3 induction training sessions were delivered in 2025.

4.5. An annual review of Committee effectiveness was presented on 23 July 2026, based on feedback from an anonymous Member survey and an exit interview with a former

Independent Member. The review supported the Committee's commitment to continuous improvement and identified opportunities to enhance effectiveness through further Member training and development.

4.6 Members discussed engagement, participation, challenge, meeting culture, attendance of key officers and Cabinet Members, and the volume and complexity of reports. Officers confirmed that survey methods, training arrangements, and approaches to officer and Cabinet Member engagement would be reviewed to support continuous improvement. Members were also invited to submit further suggestions, with potential future workshops proposed to consider the Committee's operation and identify further improvements. Review of the Governance and Audit Committee Effectiveness.

4.7. Committee Reset Training

The Committee had a training session with CIPFA on 21 September, and Committee Members met to discuss a re-setting of its purpose on 30 September and in early October. These two re- setting meetings were facilitated by Statutory KCC Officers and the Deputy Chief Executive.

4.8. Independent Member

Following the departure of the previous Independent Member in March 2026, a recruitment process was completed, and a new Independent Member has been appointed, subject to the completion of pre-employment checks. It is anticipated that they will join the Committee shortly.

5. Activity of the Committee

5.1. The Committee held 6 meetings during 2026. As part of their work, Members considered the following:

i. Annual Governance Statement and arrangements for its implementation.
ii. The Corporate Risk Register and review of the Risk Management Strategy, Policy and Programme.
iii. External Audit findings and progress reports for Kent County Council and Kent Pension Fund
iv. External Audit plans for Kent County Council and Kent Pension Fund
v. Internal Audit Annual report, External Quality Assessment Outcomes and Progress Reports
vi. Counter Fraud Update with an annual Surveillance Activity
vii. Biannual Treasury Management Update
viii. Schools Audit Annual Report
ix. Company Governance Review
x. KCC Annual Customer Feedback Report
xi. Review of Statutory Accounts of companies which KCC has an interest
xii. Performance of KCC wholly owned companies
xiii. The implementation and ongoing review of the Oracle Cloud Programme

5.2. Internal Audit

The Acting Head of Internal Audit issued an Adequate Assurance Opinion for 2025-26, confirming that the Council's governance, risk management and internal control arrangements remain effective overall, consistent with previous years.

Of the 26 audits completed, 50% achieved High or Substantial Assurance and none received a No Assurance opinion. Audit outcomes demonstrated continued improvement in assurance levels and implementation of agreed actions.

5.3. Counter Fraud

The Counter Fraud Annual Report 2025-26 provided assurance that the Council's counter fraud arrangements continue to strengthen. During the year, 649 referrals were received, a 25% increase on the previous year, and the Kent Intelligence Network generated an estimated £1.78 million financial benefit.

The Committee noted continued progress in fraud awareness, training and risk management and endorsed the 2026-27 Counter Fraud Action Plan.

5.4. Risk Management

The Committee received assurance on the Council's corporate risk profile and risk management arrangements. During the year, risks relating to the Safety Valve Agreement, budget pressures and Local Government Reorganisation increased, while several other corporate risks reduced or were de-escalated following improvement.

The Committee noted the Risk Register for assurance.

6. Local Government Reorganisation

6.1. Local Government Reorganisation presents a range of strategic, governance and operational risks, including potential impacts on organisational capacity, decision-making and the delivery of business-as-usual services.

6.2. Governance arrangements are being developed to support the Council's response, with dedicated programme governance, officer resource and engagement with government and local partners helping to ensure effective oversight throughout the transition.

7. Focus on the Future & Actions for 2027

7.1. The Annual Governance Statement (AGS) identified several governance improvement actions for delivery during 2026/27. These include:

i. Development of governance arrangements to support Local Government Reorganisation activity.
ii. Continued review of governance and oversight arrangements for Council-owned companies.
iii. Strengthening Member training and awareness of constitutional responsibilities and standards requirements.
iv. Further development of the Governance and Audit Committee following the recent effectiveness review.
iv. Enhancing fraud risk awareness and governance assurance activities across the organisation.

It is expected that progress against these actions will be monitored throughout 2026/27 and reported through the Council's established governance arrangements.

7.2 Overall, Grant Thornton anticipates issuing an unqualified audit opinion, confirming that KCC's 2025/26 financial statements present a true and fair view of the Council's financial position.

Key areas of concern identified four significant weaknesses in the Council's Value for Money arrangements:

i. Continuing financial pressures within Adult Social Care.
ii. Growing SEND/Dedicated Schools Grant deficit and uncertainty beyond 2027/28.
iii. Opportunities to strengthen the effectiveness, training and cohesion of the Governance and Audit Committee.
iv. Delays and increased costs associated with the Oracle Cloud Programme.

7.3 External Auditor’s identified several priorities for 2026/27, including delivering savings and improving financial sustainability within Adult Social Care, implementing the SEND Reform Plan and addressing future DSG funding risks. Further priorities include continuing governance improvements and Member development for the Governance and Audit Committee, strengthening oversight of the Oracle Cloud Programme, embedding lessons learned from Phase 1, and rebuilding general reserves while improving Oracle reporting and controls.

8. Conclusion

8.1. The Committee Effectiveness Review concluded that the Committee continues to provide independent assurance. However, improvements are needed in:

i. Member engagement.
ii. Understanding of the Committee's role and Terms of Reference.
iii. Constructive challenge.
iv. Training and development.
v. Forward work planning.

8.2 While the external audit provides assurance over the Council's financial statements, Grant Thornton highlights ongoing risks relating to financial sustainability, SEND pressures, governance effectiveness and delivery of the Oracle Cloud Programme. These areas should remain a key focus during 2026/27.

8.3 The effectiveness of the Governance and Audit Committee is an area which requires continued focus and improvement, in fact, a genuine re-setting of purpose. As Chair, I remain dedicated to working with officers to continue the progress trajectory.

Recommendation:

County Council is asked to note the report.

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From: Brendan Arnold, Corporate Director for Finance

To: Governance and Audit Committee – 3rd November 2026

Subject: Oracle Cloud Programme: Programme Status, Programme Assurance and Lessons Learned

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Summary: This report details the progress of the Oracle Cloud Programme which encompasses the background of the programme, outcomes of the PwC and Internal Audit reviews, the financial position of the programme and provides assurance to the Committee on these matters.

Recommendation(s):

To note the progress of the Oracle Cloud Programme and the assurances provided.

1.0 Introduction

This report details the progress of the Oracle Cloud Programme which encompasses the background of the programme, outcomes of the PwC and Internal Audit reviews, the financial position of the programme and provides assurance to the Committee on these matters.

2.0 Assurances

2.1 The following assurances are available to the Committee:

a. The Oracle product is a widely used and suitable platform to meet the needs of a complex organisation such as the Council.

b. There is a detailed programme plan to assure delivery.

c. Both the System Implementation Partner (SIP) and the Council team are resourced to deliver the first use of the new payroll system in May 2027 subject to successful achievement of testing exit criteria.

d. Relationships between the SIP and the Council team are productive and cooperative.

e. Financial management of the programme has driven efficiencies in the programme and will continue to do so. This report contains a forecast of expenditure against the assigned resources and identifies an efficiency target with the aim of achieving delivery to budget.

f. There is a financial assessment that is based on the programme plan.

g. Combined with the existing Phase 1 implementation (which is working well), the delivery of Phase 2 creates the potential for the presentation of a common Oracle platform to any new unitary authorities formed in the future under Local Government Reorganisation (LGR).

h. Further to (g) above, any such platform is likely to be associated with major cost savings for successor authorities in Kent, although costs of transitioning other systems will need to inform future LGR Business Case development.

i. Two project assurance reviews have been commissioned, one externally from PwC and one from the Council's Internal Audit function. Of the 45 recommendations form these two reviews combined, 33 have now been completed and the remaining 12 are underway.

j. The programme has reset the governance, working arrangements, key relationships and resource profile to emphasise informed decision making at pace.

3.0 The Programme: Strategic Imperatives

3.1 The Council is part way through the implementation of the Oracle Cloud Programme (OCP). This is a significant and complex programme that - like all complex programmes of this kind - carries risk in the implementation phase whilst also mitigating other risks faced by the Council.

3.2 The programme objective is to replace the Council's legacy Oracle E-Business Suite (an earlier version of Oracle). In 2019, the Enterprise Business Capabilities (EBC) Programme was established to review the current arrangements and examine future options to move to a new EBC approach. This included overseeing the support arrangements for the then current Oracle system and transition to a new system and support arrangements.

3.3 The Oracle E-Business Suite (EBS) is a significantly outdated system for which it was no longer possible to receive adequate technical support from Oracle Corporation due to the obsolescence of the system and the attenuation of the user community. A programme of replacement was therefore essential to avoid consequential business risks relating to system failure and cyber-attack. Both of these risks could have resulted in catastrophic financial and reputational damage

to the Council. The strategic drivers for the investment decision made in June 2023 are therefore considered sound.

3.4 In July 2023 the then Cabinet Member for Finance signed decision 23/00063. This decision provided for the award of an 8-year contract (reflecting the maximum procurement period of eight years plus a possible two-year extension) covering the provision of the Oracle Cloud system for the Council's Finance, Procurement, HR and Payroll services. The decision also provided for the award of a contract to a SIP supplier. Finally, the decision delegated authority to the Director of Technology, in consultation with the Deputy Leader and Cabinet Member for Finance for the necessary contractual negotiations and the authority to enter into any legal agreement to implement the decision. At this point the programme transformed from the EBC to the Oracle Cloud Programme (OCP).

3.5 The programme delivery has been split into two distinct, yet highly inter-dependent phases; the July 2023 Key Decision provided for the implementation of both phases. Phase 1 successfully delivered the Council's Finance and Procurement functions and was implemented in August 2025. The successful implementation of Phase 1 has allowed, amongst other benefits, the production of the Council's full financial statements to a high degree of quality and timeliness for financial year 2025/26.

3.6 Phase 2 is in progress and is set to deliver the HR and Payroll functions. Following review work undertaken from a programme assurance review and a re-set of programme leadership, Phase 2 is scheduled to see the first payroll run in the new system in May 2027.

4.0 Phase 2 Progress

4.1 An in-depth process of system testing is underway to provide the Programme Director, the OCP Board and Senior Responsible Officer with the assurance that the system will perform as required once it goes live. This is complemented by a business engagement programme (based on successful practice from Phase 1) to assist staff across the organisation to prepare for the change.

4.2 Overall, Phase 2 has completed a series of stages to reach this point:

4.2.1 Discovery – the requirements of the business were detailed with the technical team to define the functionality the new system needed to deliver.

4.2.2 Design – the requirements were relayed back to the business through a series of collaborative design sessions to determine how the system would work in principle.

4.2.3 Build – the SIP builds the system based on the outputs of the previous stages.

4.2.4 System Integration Testing (SIT) – this is the first stage of testing and is undertaken by the SIP to identify any fundamental issues with the system following the initial build so that these can be rectified ahead of the subsequent undertaking of User Acceptance Testing (UAT).

4.3 The following activities are presently underway:

4.3.1 User Acceptance Testing (UAT) – this is where the Council's HR Team - and colleagues from across the Council - test the system in detail to ensure that the required functionality is in place and that the end product delivers on the requirements set out at commencement.

4.3.2 Payroll Comparison Testing (PCT) – this is underway and is where verification takes place that payroll will transfer correctly to the new system. It is a key 'pass/fail' criterion for the Oracle Cloud Programme Board and accordingly the new system will not go live until there is reassurance that the payroll will run correctly in the new system.

5.0 The Programme Assurance Commissions

5.1 In the course of the programme, two commissions have been let to provide programme assurance advice to the Council; one of which was let to consultants PwC LLP and the other assigned to the Council's Internal Audit practice.

5.2 The reasons for this were as follows:

5.2.1 To gain assurance that the programme governance and organisation was operating in an optimal way which reflected best practice.

5.2.2 To acknowledge (a) that there is necessarily inherent complexity when implementing a cloud-based system in an organisation covering the size and scope of the Council and (b) that the existence of this complexity gives rise to a portfolio of risks that require mitigation.

5.2.3 To give assurance to the Council that the activity to build and test the new system proceeds in a manner which gives full confidence in the delivery and reflects best practice in the sector.

5.2.4 To advise on any recommended changes to programme governance, organisation and controls to ensure adequate management protocols were adopted across the programme.

5.2.5 To advise on any recommended changes relating to the commercial management of the supplier base.

External Advice - PwC Recommendations

5.3 PwC LLP were commissioned to undertake a review of the Programme governance and performance. In May 2026 PwC provided a series of recommendations in response to the assurance requirements listed above. The recommendations were made over four areas: Governance, Relationships, Strengthening Delivery Control and Future Support.

5.4 Table 1 below sets out the status of the recommendations. As the table indicates, of the 18 recommendations, 15 have now been completed and 3 are in underway, although the 3 remaining are activities within the revised programme plan.

Table 1: PwC Recommendations Status

Total Recommendations	Complete	In Flight/Ongoing	Yet to Start
21	18	3	0

Internal Audit Lessons Learned Report

5.5 Further to the PwC review detailed in the section above, Internal Audit were commissioned to complete an advisory review to support OCP Phase 2 implementation. As this review was taken in an advisory capacity an audit opinion was not provided.

5.6 The Internal Audit review made 72 observations, and Table 2 below sets out how many of those observations have been accepted, how many are considered limited or require clarification and how many have not been accepted.

Table 2: Internal Audit Observations

Accepted/ Partially Accepted	Limitation/ Clarification Required	Not Accepted	Total
41	6	25	72

5.7 The conclusion of the Internal Audit Report states the following:

The lessons learned review found that the Oracle Cloud Programme has faced governance, project management, resourcing and financial management challenges, which can be typical of a large and complex transformation programme. Key areas for improvement included clarity of roles and responsibilities, reporting arrangements, evidencing of contractor and supplier oversight, record management, and financial transparency.

Management has positively accepted the majority of the findings and has already made significant progress in strengthening programme governance and control arrangements. This includes a revised funding envelope, a review of board membership, a review of contractor resources and accountability and enhancements to the financial monitoring arrangements. The follow up review has confirmed that several recommendations have been completed or are in progress / ongoing.

5.8 The Internal Audit review also made 24 recommendations for the Oracle Cloud Programme SRO to consider. These recommendations address the observations made within the Internal Audit review. As shown in Table 3 below 15 of these recommendations have been completed, while 9 are either 'In Flight' or 'Ongoing' actions.

Table 3: Internal Audit Recommendation Summary

Total Recommendations	Complete	In Flight/Ongoing	Yet to Start
24	15	9	0

5.9 Where recommendations are listed as 'In Flight' this means that the activity has been captured at the appropriate point in the programme plan and has clear responsibility identified for its delivery. Where recommendations are listed as 'Ongoing' this means that the activity is undertaken in a continuous manner across the rest of the programme period as opposed to a one-off action.

5.10 In line with standard procedure, Internal Audit will be conducting a follow up exercise over the coming weeks in order to formally verify the completion of the recommendations.

6.0 Governance

6.1 Table 4 below sets out the points at which Members have been provided updates on the Oracle Cloud Programme.

Table 4: Summary of Member Engagement

Session	Purpose	Date
Cabinet: Key Decision 23/00063	Original programme approval and budget allocation	July 2023
Full Council Budget Meeting	Budget allocation	Feb2025
Member Briefing	Programme Update	March 2025
Member Briefing	Programme introduction for new members	Sept 2025
Full Council Budget Meeting	Budget allocation	Feb 2026
Governance and Audit Committee	Programme Update and Financial Position	May 2026
Policy and Resources Committee	Ahead of Key Decision	July 2026
Cabinet: Key Decision 26/00040	Additional Funding	July 2026

Governance and Audit Committee	Programme Update and Financial Position	July 2026
Governance and Audit Committee	Lessons Learned	Nov2026

6.2 Since the beginning of the programme the Oracle Cloud Board has met monthly. Since the governance reset, the purpose of the Board has become more focused on escalation of key risks and decision making to drive the programme delivery.

6.3 The Oracle Cloud Programme has reported to the Strategic Reset Programme Board (now the Strategic Priorities Board) 15 times since August 2024, including to scrutinise and ratify the Phase 1 Go Live decision.

6.4 The Internal Audit team have provided a series of embedded assurance reviews and reports throughout the Oracle Cloud Programme. Table 5 below sets out the reviews undertaken by Internal Audit.

Table 5: Internal Audit Reviews

Audit Review	Status	Opinion
RB47-2025 OCP Programme and Financial Management	Complete	Limited – All items closed.
RB55-2025 OCP Business Readiness	Complete	Advisory – No opinion 1 of 7 actions remaining.
RB06-2026 OCP Finance and Programme Management Follow Up	Complete	Adequate All items closed.
RB44-2026 Security of Data Migration Part 1 (Part 2 to follow)	Finalising	Adequate 3 items closed 3 items verifying closure. Follow up audit scheduled.
RB45-2026 Communication & Engagement and Training Plans	Finalising	Adequate Follow up scheduled.
RB47-2026 OCP Lessons Learned Review	Finalising	Advisory – No opinion

7.0 Financial Decision Making

7.1 Table 6 below sets out the evolution of the programme budget and the funding sources.

Table 6: Financial Summary

Date/Decision	Budget	Funding	Notes
February 2021 EBC Board (subsequently OCP Board)	£13m	£13m ICT Reserve	Based on initial Business Case to inform Key Decision and to inform discovery and procurement.
July 2023 Cabinet Member	£15m	£15m ICT Reserve	• Following procurement activity.

Key Decision 23/00063			
February 2025 SRP Board Decision to agree financial position.	£25.4m	£25.4m ICT Reserve	Reported in Budget monitoring (January Cabinet). • Scale and complexity more defined following Discovery activity. • Programme extended to accommodate Year End activities. • Market rate for resource increases over two years. • Oracle Redwood interface introduced.
November 2025 SRP Board Decision to agree funding from available reserves.	£29.8	£19.7m ICT Reserve £2.1m Base Budget £8m Flexible use of Capital Receipts.	• Additional resource required to manage Phase 1 Go Live and post go-live support arrangements. • Additional reporting workstream resources. • Technical resource for ongoing finance workstream. • Extension of Phase 2 timeline to April 2026.
April 2026 SRP Board Decision to agree programme continuation and funding.	£40.1m	£25m ICT Reserve £2.1m Base Budget £13m Flexible use of Capital Receipts	Reported in Budget Monitoring (January Cabinet). • Extension of Phase 2 timeline to Aug 2026.
July 2026 Cabinet Member Key Decision 26/00040	£43.9m	£17m ICT Reserve £2.1m Base Budget £24.8m Flexible use of Capital Receipts	• Extension of Phase 2 timeline.

Funding Summary	
IT Reserve	£17m
Base Budget	£2.1m
Flexible use of Capital Receipts for revenue costs linked to transformation projects	£24.8m

7.2 The initial Key Decision set aside £15m for the implementation of the programme, including the Oracle licence costs and the costs for the SIP supplier. The £15m sum was set as part of the procurement and tender process and was in line with market feedback at the time. It is apparent since the tender process that the original implementation budget was too low, despite being driven by procurement activity.

7.3 The funding for the Oracle Cloud Programme was originally drawn wholly from the ICT Reserve.

7.4 The cost increase has been met partly through the delegated use of further funding from the ICT Reserve, and partly through the flexible use of capital receipts as part of the government's statutory direction to allow local authorities to use capital receipts for certain revenue costs relating to transformation projects.

7.5 As reported at the Q3 monitoring that went to Cabinet on 29th January 2026, the 2025/26 revenue budget included the use of £8m of capital receipts funding to support the delivery of the Oracle Cloud project. An additional £7m of capital receipts had been identified as available in 2025/26 for use against transformational activity in 2025/26 although only £5m of the available capital receipts was allocated to the OCP, thereby increasing the total receipts used to £13m by April 2026.

7.6 Key Decision 26/00040, taken in July 2026, allocated a further £7m of capital receipts to the OCP. Thereby the total funding from the delegated use of the ICT Reserve is £23.9m and the total capital receipt allocation across 2025/26 and 2026/27 is £20m.

7.7 As Table 6 sets out, the primary reason for the increase in cost of the programme is the extension of the time required for the safe delivery of the programme.

7.8 Table 7 below sets out the draw down of the funding identified for the programme over the financial years 2023/24 to 2027/28.

Table 7: Funding drawdown

Year	£m	Funded from
2023-2025	15.3	ICT Reserve
2025-2026	1.7	ICT Reserve
2025-2026	2.1	Base Budget
2025-2026	13	Flexible use of capital receipts
2026-2028	11.8	Flexible use of capital receipts
	43.9	

8.0 Current Financial Position and Forecast

8.1 Having received the Programme Assurance reports a deliberate decision has been made with the Council's SIP that they will take on more of the technical responsibility for the delivery of the programme. As part of this care has been taken to ensure the adequate resource within both the Implementation Partner and within the council. This has led to a revised implementation plan. This revised plan leads to a first payroll run in the new system of May 2027. has added £2.9m to the forecast, bringing the total cost to £46.9m.

8.2 However, the mitigation measures set out in Table 8 have already been implemented, bringing the funding variation down from £2.9m to £944,000. The remaining variation has been set by the SRO as an Efficiency Target for the programme and the intention is that the programme will be delivered to the current budget that has been approved.

Table 8: Funding Variation

Oracle Programme Forecast at 16 October 2026	**£m.**
Latest Forecast	46.891
less Funding Agreed	-43.963
Gross Efficiency/Cost Reduction Target	2.928
less action taken:	
Apply Cantium Credit Note	-1.300
Underspend vs. contractor budget	-0.300
Downward negotiation of contractor rates	-0.247
Underspend in September budget	-0.137
Efficiencies/Cost Reductions applied	-1.984
Remaining Efficiency/Cost Reduction Target	0.944
Remaining Efficiencies/Cost Reductions yet to be identified	-0.944
Target Programme Variation	0.000

9.0 Conclusions

9.1 It is acknowledged that programmes of this scope, scale and complexity are forced to contend with balancing significant risk throughout the implementation. A complete transformation of a system that has been in place for over twenty-years and on which so much functionality relies was never going to be an easy or a simple programme. Undoubtedly, mistakes have been made during the implementation process; for example, the initial budget estimate from 2023 was significantly lower than it should have been and decision making could have been swifter at critical moments. The report above draws attention to the improvement opportunities that have come to light during the programme and sets out how they have been addressed.

9.2 In acknowledging the capacity for improvement that has come to light through the programme assurance commissions, it is important to note that Phase 1 has been delivered successfully. Equally, Phase 2 continues to progress with demonstrable assurance and with recommendations from the programme assurance reviews having been adopted and delivered at scale – resulting in tighter financial management together with strengthened controls and governance.

Recommendation(s):

To note the progress of the Oracle Cloud Programme and the assurances provided.

10.0 Appendices

Exempt – Programme Update

11.0 Contact details

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From**:**	Russell Smith – Interim Head of Internal Audit
To:	Governance and Audit Committee – 3rd November 2026
Subject:	INTERNAL AUDIT PROGRESS REPORT
Classification:	Unrestricted

Summary:

Governance & Audit Committee receives the Quarterly Internal Audit Progress Report for assurance purposes. This Progress Report details summaries of completed Audit reports for the period July 2026 – October 2026.

Recommendation:

The Governance and Audit Committee note the Internal Audit Progress Report for the period July 2026 to October 2026.

FOR ASSURANCE

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1. Introduction

1.1 Professional Internal Audit standards require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.

1.2 This report provides the Governance and Audit Committee with an update on delivery of the 2026/27 Internal Audit Plan, as agreed by the committee. It supports the committee's oversight of the adequacy and effectiveness of the Council's governance, risk management and internal control arrangements, and highlights any significant matters requiring its attention.

2. Roles and Responsibilities

2.1 The Governance and Audit Committee oversees the adequacy and effectiveness of the Council's governance, risk management and internal control arrangements. Internal Audit supports this oversight by providing independent assurance on whether those arrangements are appropriately designed and operating effectively.

2.2 Management, as the first line, is responsible for establishing an effective internal control framework. This includes suitable risk management processes, control activities, accounting records and governance arrangements.

2.3 Internal Audit's role is to deliver an objective assessment to management regarding the effectiveness and proper functioning of systems and controls.

2.4 As a vital component of the Council's internal control system, Internal Audit independently assesses and evaluates the adequacy and efficacy of these controls so that:

a) the Council can determine the extent to which it can rely on the overall system of controls in place; and

b) individual managers can gauge the reliability of the systems and controls for which they are responsible.

3. Overview and Purpose of the Progress Report

3.1 The progress report provides an update on the assurance and advisory work completed since July 2026 in which Members can gain assurance on the internal control environment. In appendix A, significant findings are highlighted with themes of issues raised.

3.2 The work undertaken by the Internal Audit throughout 2026/27, together with the work of some other assurance providers, will contribute to the Head of Internal Audit's overall annual opinion on the systems of control for inclusion within the 2026/27 Annual Governance Statement.

4. Progress Update Summary

4.1 The Internal Audit Plan FY2026/27 was presented to Governance & Audit Committee for endorsement in July 2026. Progress has been made against the Q1 allocated assurance work with four audits and three consultancy engagements now delivered to draft or final report stage. No corporate issues or concerns are being raised from the work undertaken.

4.2 There have been some minor changes to the approved plan, all of which have been endorsed by Senior Management and by the Interim Head of Internal Audit. These changes are included in the progress report.

4.3 Internal Audit resourcing levels are currently judged to be sufficient to deliver an annual assurance opinion in July 2027 in addition to the audit plans for our external fee-paying clients however due to a recent resignation, recently reduced hours for two members of the team and continued existing vacancies this will need to be kept under review.

5. Recommendation

5.1 Members are requested to note the Internal Audit Progress Report for the period July 2026 to October 2026.

6. Background Documents

Internal Audit Progress Report.

Internal Audit progress Report – Exempt.

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Relevant Director

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Internal Audit Progress Report

Governance and Audit Committee
3rd November 2026

The engagements included were conducted in conformance with the Global Internal Audit Standards and UK Public Sector Application Note

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1. Introduction

The Accounts and Audit Regulations 2015 require that the council must establish an effective internal audit service to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance.

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team is targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

This report provides members of the Governance and Audit Committee with a progress update against the audit plan agreed in July 2026 and sets out how our work to date provides assurance to the Governance and Audit Committee to enable it to fulfil its role.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of our audit and consultancy engagements will contribute towards an annual opinion on the effectiveness of internal control within the organisation and this will be reported to the Governance and Audit Committee in July 2027.

Internal Audit assurance work is largely driven by the approved rolling Internal Audit Plan. Audit assignments are undertaken in accordance with this plan.

Please see **Appendix B** for the latest status for all Planned Internal Audit work for 2026/27 as at October 2026.

2. Internal Audit Progress Update

The table below contains a list of core audit and assurance activity completed as October 2026.

Each completed assurance assignment includes its respective "assurance opinion" rating together with a judgement on prospects for improvement based on the adequacy of management actions plans provided by senior management. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as detailed on Annex D.

	Core Audit and Assurance Activities completed between July 2026 and October 2026		
No	**Audit**	**Assurance Opinion**	**Prospects for Improvement**
RB12-2026	ASCH Re—commissioning Risk Management	**Adequate**	**Good**
RB44-2026	Oracle Cloud Programme (OCP) Phase 2 - Security of Data Migration	**Adequate**	**Adequate**
RB01-2027	Clarity System Assurance Checks and Data Quality	**Limited**	**Adequate**
RB18-2027	ASCH Achievement of Savings – Governance Follow-up	**Adequate**	**Good**

	Internal Audit Advisory Activities completed between July 2026 and October 2026	
No	**Advisory Activities**	**Status**
RB02-2027	Early Years Funding - (mapping / consultancy)	Draft Report issued
RB26-2027	Risk Appetite implementation and Risk Reporting	Draft Management Letter issued
RB47-2026	OCP Lessons Learned	Draft Report issued

Further to these completions, eight audits are in Fieldwork, and eleven audits are in planning. A Rolling Audit Plan means that Internal Audit has some flexibility to prioritise internal audit activities towards areas of highest risk or value to the organisation. The pause to Local Government Reorganisation in Kent means that we continue with the approved plan and that this will be kept under review until such time that the Government releases more news on next steps and timelines.

Appendix A – Assurance Summaries

Audit: Re-commissioning Risk Management RB12-2026	**Audit Opinion: Adequate**	**Prospects for Improvement: Good**

Business Objective: To ensure that risks affecting ASCH re-commissioning and transformation activity are identified, assessed, managed, monitored and escalated effectively, enabling informed decision-making, delivery of strategic outcomes and the sustainable provision of high-quality adult social care services.

Audit Objective: As part of the 2025/2026 Audit Plan, Internal Audit undertook a review of risk management within the ASCH Commissioning and Transformation program. The aim of the audit was be to provide assurance regarding the design and operational effectiveness of the risk management arrangements within the programme, focusing specifically on whether risk management arrangements are appropriately designed, consistently applied and sufficiently robust to support informed decision-making and successful programme delivery.

Issues Raised

Priority	Issues Raised	Agreed	Risk Accepted
High	1	1	0
Medium	1	1	0
Low	2	2	0

Summary of Assurance Work:

This audit was undertaken to support Corporate Risk CRR0066, which recognises the challenge of delivering efficiencies through the Adult Social Care and Health (ASCH) recommissioning programme while maintaining provider sustainability and ensuring pricing arrangements remain fair to providers and affordable to the Council.

- Risk management arrangements continue to mature. Governance, oversight and reporting have strengthened, supported by the introduction of the Risk Management Advisory Group (RMAG).
- RMAG provides independent challenge, structured oversight and clear escalation routes to senior governance forums, improving visibility of risk exposure across the programme.
- Project teams actively identify and manage risks. RMAG's involvement has improved risk descriptions, identification of existing controls and ownership of mitigating actions.
- The audit identified an issue with cross-project dependencies, interrelated risks and interaction with business-as-usual activities. Management have therefore committed to a more coordinated programme-wide approach to identifying, assessing and monitoring dependencies and cumulative impacts.
- Management have also committed to improvements and updates in relation to supporting documentation such as Terms of Reference, commissioning-specific guidance aligned to corporate policy and targeted refresher training in addition to improvements in coordination between programme management, project leads and RMAG.

Appendix A – Assurance Summaries

Audit: ASCH Achievement of Savings – Governance Follow-up RB18-2027	Audit Opinion: Adequate	Prospects for Improvement: Good

Business Objective: To ensure Adult Social Care and Health (ASCH) delivers its approved savings plans through effective governance, robust monitoring, clear accountability, and timely management of risks and delivery issues, thereby supporting the Council's financial sustainability, achievement of Securing Kent's Future objectives, and continued delivery of statutory services to Kent residents.

Audit Objective: The aim of the audit is to provide assurance that the agreed management actions have been implemented and that lessons have been learnt. Where the actions have been superseded Internal Audit will work to capture and understand the changes so that a future audit can be planned and undertaken to assess any new arrangements and approach.

Issues Raised

Priority	Original Issues Raised	Implemented	Issues Outstanding	Risk Accepted
High	3	2	1	0
Medium	3	2	1	0
Low	1	1	-	-

Summary of Follow-up work:

Internal Audit's original review of Adult Social Care and Health (ASCH) Savings Delivery Plan Governance in March 2026 to support Corporate Risk CRR0045 - 'Maintaining effective governance and decision making in a challenging financial and operating environment' originally concluded Limited Assurance and identified seven issues: three high, three medium and one low priority.

- This follow-up review assessed progress against the agreed management actions and found that five actions have been implemented and two remain in progress or partially implemented. As a result, the audit opinion has improved to Adequate Assurance, with Good prospects for improvement.
- Management has strengthened governance through improved management information, clearer corporate RAG definitions, greater operational transparency, action tracking and revised Directorate Management Team terms of reference.
- There is evidence that learning from previous savings performance has informed a broader focus on affordability and high-value savings opportunities, which should support the Directorate's 2026/27 financial position.
- Management have aknowledged that further work is required to ensure the intended improvements are fully implemented.
- Overall, good progress has been made, and the control environment has improved. Management should continue to prioritise completion of the two outstanding actions to embed consistent governance and provide stronger assurance over delivery of the savings plan.

Appendix A – Assurance Summaries

Audit: Clarity System – Management Assurance Checks and Data Quality RB01-2027	Audit Opinion: Limited	Prospects for Improvement: Adequate

Business Objective: Complete, accurate and consistent booking data supports reliable information for financial reporting, budget monitoring and management decision making. Consistent, risk-based management assurance framework in place to help prevent and detect errors, fraud and mis-use.

Audit Objective: As part of the 2026/27 Internal Audit Plan, Internal Audit undertook a pilot data-driven assurance review of the Clarity system, which is used across the Council to arrange travel and accommodation for both service users and, in some cases, staff. The review was commissioned in response to management interest in the effectiveness of system controls, the reliability of management information, and the level of assurance available over travel and accommodation expenditure, particularly as future procurement arrangements for Clarity were being considered.

Issues Raised

Priority	Issues Raised	Agreed	Risk Accepted
High	2	2	0
Medium	3	3	0
Low	2	2	0

Summary of Assurance Work:

The Clarity System is not linked to a specific Corporate Risk. The system is used to book travel and hotel bookings across the Council and in 2025/26 just over £500k of bookings and fees were recorded on the system. The system was introduced to support the Council's No Purchase Order, No Pay approach and to reduce reliance on purchase cards by providing a centralised booking route. The implementation of the Clarity system took place during a period of significant organisational change, including the rollout of Oracle Cloud, development of the Supplier Incentive Programme, and implementation of the No PO No Pay policy. While this context helps explain some of the issues identified, the review highlighted the importance of robust controls, clear guidance, reliable data and effective management oversight.

The audit was informed by an initial in depth data analytics exercise, which identified areas of potential risk and inconsistency within the system. Given that over 90% of Clarity activity relates to Children, Young People and Education (CYPE) and Adult Social Care and Health (ASCH), the review focused on these service areas to assess data quality, financial coding arrangements and management assurance processes.

- The review identified potential issues and inconsistencies within the data being captured which management have since committed to fix.
- Finance and Procurement have put together a joint management action plan to address these issues some of which would be addressed through a timely re-procurement exercise.
- Since the audit concluded assurance methodologies have started to improve. Internal Audit have created an interactive dashboard and as a result Management now have access to internal audit data driven analysis and insights to help inform intelligence led assurance activities.

Appendix A – Assurance Summaries

Audit: Oracle Cloud Programme – Security of Data Migration **RB01-2027**	**Audit Opinion:** **Adequate**	**Prospects for Improvement:** **Adequate**

Business Objective: To ensure that data is migrated from legacy systems to Oracle Cloud securely, accurately, completely and in compliance with legal, regulatory and business requirements, enabling the Council to maintain operational continuity, data integrity and effective service delivery throughout and following the migration process.

Audit Objective: As part of the 2025/26 Audit Plan, Internal Audit have reviewed the adequacy and effectiveness of controls in place to ensure the secure and accurate migration of data as part of Phase 2 of the Oracle Cloud Programme.

The aim of the audit was to provide assurance that data migration activities are appropriately governed and controlled, including the extraction, transformation, reconciliation, testing, and secure handling of data throughout the migration process.

Summary of Assurance Work:
A summary of Assurance activity is included within a separate exempt paper for members of the Governance and Audit Committee.

Appendix A – Assurance and Advisory Summaries

As part of the Rolling Internal Audit Plan, advisory or embedded assurance engagements provide insights and advisory recommendations aimed at enhancing the Council's operations. These engagements extend beyond traditional assurance activities, focusing on areas of known weakness to help management tackle specific challenges, streamline processes, and increase overall efficiency. Drawing upon their expertise in risk management, control, and governance, internal auditors deliver objective evaluations and bespoke solutions that align with the Council's strategic priorities. Advisory engagements also cultivate a cooperative relationship between internal audit and other departments, fostering a culture of ongoing improvement and proactive risk management.

This approach reduces potential issues in future audits and reinforces the overall control environment. In such cases, an audit opinion will not be rendered. The table below provides an update on the consultancy activities completed between July 2026 and October 2026.

Ref	Engagement	Business Objective	Status	Key Assurance Insights
RB02-2027	Early Years Funding - (mapping / consultancy)	To ensure Early Years Funding is allocated, administered, and monitored effectively, efficiently, and in accordance with statutory requirements, so that eligible children receive high-quality early education and childcare, providers are funded fairly and accurately, and public resources deliver positive outcomes and value for money.	Draft Report issued	Assurance Mapping has identified the following: - 1x second line assurance activity weakness in relation to 'provider oversight' - Lack of sufficient third line of assurance coverage for all five Early Years Funding Assessment themes
RB26-2027	Risk Appetite implementation and Risk Reporting	To establish and maintain a risk management framework that clearly defines the Council's appetite for risk, supports informed decision-making, and enables effective oversight of risks to the achievement of corporate objectives.	Draft Management Letter issued	Our advisory work identified opportunities to further strengthen the Council's risk appetite and reporting framework which when implemented would help improve governance, strengthen accountability and support decision making across the authority.
RB47-2026	OCP Lessons Learned	To identify lessons learnt to support with phase 2 of the OCP implementation.	Draft Report issued	A report is on the agenda for the G&A Committee on 3rd November 2026 that will cover a number of areas of risk and this includes a summary of the recommendations made from this internal audit advisory work. The project SRO has also requested a follow-up to provide assurance that the accepted recommendations have been implemented.

Appendix B – 2026-27 Rolling Internal Audit Plan Status

Ref	Audit	Planning	Fieldwork	Draft Report	Final Report	Assurance Opinion	Delivery Notes / Comments
RB01-2027	Clarity System Assurance Checks and Data Quality					Limited	Reported to G&AC November 2026
RB02-2027	Early Years Funding					Advisory	Reported to G&AC November 2026
RB04-2027	Annual Governance Statement (AGS) Directorate Action Plans						
RB05-2027	CYPE to ASCH Transitioning Arrangements						03/11/2026 - Decision to Defer
RB06-2027	Contract Management Framework Assurance						Planned Delivery – February 2027
RB07-2027	Post-Implementation Review of Commissioning					Advisory	
RB08-2027	Local Government Reorganisation					Advisory	Planned Delivery – April 2027
RB09-2027	Supporting Staff Performance						Planned Delivery – May 2027
RB10-2027	Verifying Goods and Services						Planned Delivery – May 2027
RB11-2027	Oracle Cloud Programme Embedded Assurance					Advisory	Planned Delivery – April 2027
RB12-2027	Ongoing Review of Identified Actions					Ongoing	
RB13-2027	Data Security Protection Toolkit (DSPT)						Planned Delivery – May 2027
RB14-2027	Management of Capital Projects by Schools						
RB15-2027	PCI DSS Follow-up						Planned Delivery – March 2027
RB16-2027	Data Driven Assurance - Purchase Cards						Planned Delivery – December 2026
RB17-2027	Oracle Cloud Programme – HR Connect						
RB18-2027	Achievement of Savings ASCH – Governance Follow-up					Adequate	Reported to G&AC November 2026
RB19-2027	ASCH Debt Generation Process Management						Planned Delivery – December 2026
RB20-2027	ASCH Assurance Mapping and Reporting					Advisory	
RB21-2027	Direct Payments (ASCH) – Data Driven Assurance						Planned Delivery – February 2027

Ref	Audit	Planning	Fieldwork	Draft Report	Final Report	Assurance Opinion	Delivery Notes / Comments
RB22-2027	Safeguarding – Protecting adults at risk						**Planned Delivery – November 2026**
RB23-2027	ASCH Contract Management (OPRN Contract)						**Planned Delivery – March 2027**
RB24-2027	Public Health NHS Health Checks – In-sourcing Programme						**Planned Delivery – December 2026**
RB25-2027	Core Financial Controls						**Planned Delivery – January 2027**
RB26-2027	Risk Appetite implementation and Risk Reporting					**Advisory**	**Reported to G&AC November 2026**
RB27-2027	Management of Reserves						**Planned Delivery – March 2027**
RB28-2027	CYPE Assurance Mapping					**Advisory**	
RB29-2027	Education, Health and Care Plans (EHCP)						**Planned Delivery – February 2027**
RB30-2027	No Recourse to Public Funds						**Planned Delivery – February 2027**
RB32-2027	Community Learning & Skills (CLS) - financial viability						
RB33-2027	Individual Tutoring (CYPE)						**Planned Delivery – February 2027**
RB34-2027	Funding of Children's Integrated Care Board (ICB) Placements						
RB35-2027	Legacy IT Works						**Planned Delivery – May 2027**
RB36-2027	New Contact Centre contract						
RB37-2027	Cyber Security Topical Requirements						**Planned Delivery – December 2026**
RB38-2027	Sickness Absence Management						**Planned Delivery – November 2026**
RB39-2027	Payroll						**03/11/2026 - Decision to Defer**
RB40-2027	Application of Data Protection Impact Assessments (DPIA)						
RB41-2027	GET Capital Investment & Asset Management						**Planned Delivery – May 2027**
RB42-2027	Economic Strategy						**Planned Delivery – February 2027**

Ref	Audit	Planning	Fieldwork	Draft Report	Final Report	Assurance Opinion	Delivery Notes / Comments
RB43-2027	Strategic Workforce Planning						**03/11/2026 - Decision to Defer**
RB44-2026	Oracle Cloud Programme (OCP) Phase 2 - Security of Data Migration (Part 1)					**Adequate**	**Reported to G&AC November 2026**
RB12-2026	ASCH Re-commissioning Risk Management					**Adequate**	**Reported to G&AC November 2026**
RB47-2026	OCP Lessons Learned					**Advisory**	**Reported to G&AC November 2026**
RB44-2027	No PO No Pay KPI and Dashboard Development Consultancy (NEW)					**Advisory**	**Planned Delivery – December 2026**
RB45-2027	Employee Mileage Policy Change Consultancy (NEW)					**Advisory**	**Planned Delivery – December 2026**

Appendix C - Approved Changes to the Rolling Internal Audit Plan

Internal Audit will regularly re-visit and adjust our rolling programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems, and controls. Details of our current work areas are provided in Appendix B. Our rolling plans are agreed with the Senior Leadership Team quarterly from the list of unscheduled audit areas that constitutes the rolling Audit Plan. Members of the Audit Committee are welcome to identify area where they need assurance for priority work to assist in their role in seeking assurance. The following table highlights some changes to the rolling audit plan with a rationale.

Engagement	Amendment	Rationale
Payroll	Defer & Replace	Due to delays relating to the implementation of OCP Phase 2 it is not possible to audit the new payroll arrangements until at least 2027/28. A deferral allows for Internal Audit to replace this audit with some No PO No Pay consultancy work detailed below.
No PO No Pay KPI and Dashboard Development Consultancy	New Inclusion / Replacement	Data Driven Consultancy to be included in to audit plan for 2026/27 as this will build on the Internal Audit consultancy work completed in 2025/26 and help the Finance Function design and implement key performance indications and dashboards using our Data Analytical capabilities.
GET Strategic Workforce Planning	Defer	Due to LGR uncertainty there are other higher priority higher risk areas to focus on within the rolling Internal Audit Plan and the closer we get to LGR the less benefit the organisation will get from this audit.
CYPE to ASCH Transitioning Arrangements	Defer & Replace	With the LGR uncertainties and the likelihood that service re-designs are likely in the near future it has been decided that our audit resource would be best placed focusing on other areas and key risks. ASCH has a lot of assurance coverage in this year's plan so we would propose to replace this with an advisory piece on Employee Mileage Policy Change – Consultancy.
Employee Mileage Policy Change Consultancy	New Inclusion / Replacement	The objective of this consultancy is to use advanced data analytics to analyse relevant mileage claims data and present clear, reliable information on the estimated financial impact of the proposed £0.10 per mile increase for both the Council and employees, including key assumptions, limitations and variations across the organisation.

Appendix D - Definitions

Audit Opinion

High	Controls are well designed, consistently applied, and operating effectively. No significant weaknesses were identified, and objectives are highly likely to be achieved.
Substantial	A sound control framework is in place and operating effectively. Only minor weaknesses were identified, with limited impact on the achievement of objectives.
Adequate	Controls are generally in place and operating effectively, but some weaknesses exist that could affect the achievement of objectives. Improvements are recommended.
Limited	Significant control weaknesses exist and there is a high risk that objectives may not be achieved. Improvements are required to address identified deficiencies.
No Assurance	Fundamental weaknesses in governance, risk management, or controls mean objectives are unlikely to be achieved. Immediate management action is required.
Advisory/ Embedded Assurance	In addition to our opinion-based work we will provide consultancy services. The "advice" offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.

Prospects for Improvement

Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.

Issue Risk Ratings

Each issue has been given a priority rating at a service level with the following definitions:	
High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Advisory	These are recommendations proposed by Internal Audit as part of advisory/ Embedded Assurance work proposed to improve the control environment.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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From: Richard Palmer, Cabinet Member, Community and Regulatory Services
Simon Jones, Corporate Director, Growth, Environment & Transport

To: Governance & Audit Committee

Date: 3rd November 2026

Subject: The use of covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2025 – 31 March 2026

Classification: Unrestricted

Summary This report outlines the use by KCC Officers of the covert investigatory techniques of surveillance, covert human intelligence sources (CHIS) and access to communications data governed by the Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act (IPA) during the 2025/26 business year.

Recommendations The Governance and Audit Committee is asked to

(a) note for assurance the use of covert investigative techniques during the period and:
(b) endorse the policy in relation to the use of covert investigative techniques.

FOR ASSURANCE

1. Background

1.1 The document sets out the extent of Kent County Council's use of covert surveillance, covert human intelligence sources and access to telecommunications data. The County Council wishes to be as open and transparent as possible, to keep Members and senior officers informed and to assure the public these powers are used only in a lawful, necessary and proportionate manner.

1.2 To achieve transparency and in accordance with the Codes of Practice, an annual report outlining the work carried out is submitted by the Senior Responsible Officer (SRO) to an appropriate Committee. The last report was submitted and approved by the Governance and Audit Committee on 24th September 2025. The SRO is Simon Jones, Corporate Director for Growth, Environment and Transport.

2 What this report covers

2.1 Covert Surveillance – Surveillance which is intended to be carried out without the person knowing and in such a way that it is likely that private information

may be obtained about a person (not necessarily the person under surveillance). Local authorities are only permitted to carry out certain types of covert surveillance and, for example, cannot carry out surveillance within or into private homes or vehicles (or similar "bugging" activity).

2.2 Covert Human Intelligence Source (CHIS) – the most common form is an officer developing a relationship with an individual without disclosing that it is being done on behalf of the County Council for the purpose of an investigation. In most cases this would be an officer acting as a potential customer and talking to a trader about the goods / services being offered for sale. Alternatively, a theoretical and rare occurrence would be the use of an 'informant' working on behalf of an officer of the Council. In such cases, due to the potential increased risks, KCC has agreed a memorandum of understanding with Kent Police.

2.3 Access to communications data – Local authorities can have access to data held by telecommunications providers. Most commonly this will be the details of the person or business who is the registered subscriber to a telephone number, internet address or social media account. Local authorities are not able to access the content of communications and so cannot "bug" telephones or read text messages.

2.4 In each of the above scenarios an officer is required to obtain authorisation before undertaking the activity. This decision is logged in detail, with the authorising officer considering the lawfulness, necessity and proportionality of the activity proposed and then completing an authorisation document.

After authorisation has been granted (if it is), in relation to surveillance and CHIS, the officer applies for judicial approval and attends a Magistrates' Court to secure this.

For surveillance and CHIS the approval document is then held on a central file. There is one central file for KCC, held on behalf of the SRO, which is available for inspection by the Investigatory Powers Commissioner (IPC). For telecommunications data authorisations KCC uses the services of the National Anti-Fraud Network (NAFN) to manage applications and keep our records, as recommended by the Investigatory Powers Commissioner. Authorisation for communications data requests is not carried out by KCC managers but, by law, is undertaken by the Office for Communications Data Authorisations, which is part of the Investigatory Powers Commissioner's Office. KCC managers are required only to confirm that officers are seeking authorisation in the course of their duties. Any inspection of this type of approval carried out by IPCO is conducted at the offices of NAFN.

2.5 The last inspection of KCC by the Investigatory Powers Commissioner was carried out in 2025. The outcome of the inspection, which was to confirm the inspector's assurance that KCC complied with the legal requirements, did not require further inspection that year and would be scheduled for re-inspection in 2028, was reported to the Governance and Audit Committee at their meeting on 24th September 2025.

3 Covert authorisations carried out between 1 April 2025 – 31 March 2026

Total number of authorisations granted for 2025/26 (figure for 2024/25 in brackets):

Surveillance – 1 (2)

Covert human intelligence source (CHIS) – 1 (1)

Access to telecommunications data – 6 (1)

4. Purposes for which covert techniques used

The surveillance authorisation was to facilitate an operation carrying out test purchases of age restricted goods to children using an underage volunteer. Two sales of vape devices were made. Both cases were concluded by issuing formal warnings to the company directors and the individuals who made the sale.

The CHIS authorisation was for a case involving the sale of counterfeit goods. The authorisation allowed a Trading Standards Officer to act as a buyer of the goods. That purchase was successful. Further enquiries led to the seizure of the sellers stock of such goods together with a sum of cash for which forfeiture as being the proceeds of crime is now being sought. The offender was offered and accepted a formal caution for the offending.

One telecommunications data request was in relation to the counterfeit goods investigation detailed above.

All of the other five telecommunications data requests were in relation to a single investigation into a property repair fraud valued at a minimum of £400,000 with multiple victims. The data revealed was used to link the offenders to victims and locations. Three offenders have now pleaded guilty and are awaiting sentencing. One offender has pleaded not guilty and is listed for trial in 2029.

All of the cases where these techniques have been used in the reported period are Trading Standards cases. No use of these techniques has been made by Internal Audit or Environmental Crime.

5. Update on cases highlighted in earlier reports

Covert techniques were used by Trading Standards in a £1.3m building works fraud with multiple victims. In May 2026 Samuel O'Hanlon was jailed for 10 years and Jack Sargeant for 5 years and 9 months for their respective roles. Proceeds of crime confiscation proceedings are ongoing.

Fraudster Kevin Woods was jailed for 2 years for his role in running a fraudulent vehicle repair business.

Three men were handed jail sentences for their roles in a solar panel fraud. Jesse Hitchins was jailed for 3 years and disqualified from being a company director for seven years. Ian Hitchins was sentenced to 23 months imprisonment suspended for two years with 240 hours of community service.

He was also disqualified from being a director for seven years. Matthew Kyte was sentenced to 16 months imprisonment suspended for two years with 180 hours of community service. Proceeds of crime confiscations proceedings are ongoing.

6. Reportable errors

These are errors which are required, by law, to be reported to the Investigatory Powers Commissioners Office (IPCO) for either surveillance or communications data requests. The errors can include those made by KCC or those made by third parties including communications data providers.

There were no reportable errors during the reported period.

7. KCC Policy

The statutory codes of practice which cover public authority use of covert investigative techniques require that the elected members of a local authority should review the authority's use of these techniques and set policy at least once per year.

Appendix 1 to this report is KCC's policy.

Some minor administrative updates have been made to accommodate changes to job titles.

The Policy includes a requirement that that the Monitoring Officer will review it every two years and will seek assurance from Corporate Directors that no services other than those permitted to do so have used these techniques. That review was last carried out in January 2025 and it was confirmed that no non-permitted activity had taken place.

8. Recommendations

The Governance and Audit Committee is asked to

(a) note for assurance the use of covert investigative techniques during the period and:
(b) endorse the policy in relation to the use of covert investigative techniques.

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Kent County Council

Policy in relation to the use of covert investigative techniques

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1. Introduction

This policy document is based on the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) as amended, The Protection of Freedoms Act 2012, The Investigatory Powers Act 2016 and the Home Office's Codes of Practice for Directed Surveillance, Covert Human Intelligence Sources (CHIS) and Acquisition and Disclosure of Communications data.

Links to the above documents can be found at:

http://www.legislation.gov.uk/ukpga/2000/23/contents

http://www.legislation.gov.uk/ukpga/2012/9/contents

http://www.legislation.gov.uk/ukpga/2016/25/contents

https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice/covert-surveillance-and-property-interference-code-of-practice-accessible

https://assets.publishing.service.gov.uk/media/63985c2fe90e077c2e1ce84c/Revised_CHIS_Code_of_Practice_December_2022_FINAL.pdf

https://assets.publishing.service.gov.uk/media/68419a3d58bd5a53d0211cf7/Communications_Data_Code_of_Practice_-_June_2025.pdf

1.1 Surveillance plays a necessary part in modern life and law enforcement. It is used not just in the targeting of criminals, but also as a means of preventing crime and disorder. The Regulation of Investigatory Powers Act 2000 (RIPA) introduced a system of authorisation and monitoring of activities, to ensure that the rights of the individual were not unnecessarily compromised in the pursuance of regulatory compliance. The Protection of Freedoms Act and Investigatory Powers Act have refined the system introduced by RIPA.

1.2 Within the County Council, Trading Standards Officers may need to covertly observe and then visit a shop, business premises, website, social media page or to follow a vehicle or individual as part of their enforcement functions. During a visit or a test purchase situation it may be necessary to covertly video record a transaction, as it takes place. Environmental crime enforcement staff may also need to observe or record at places where illegal tipping or other similar crimes take place and access communications data when investigating such crimes. Similarly, KCC's Internal Audit fraud investigators may need to carry out covert surveillance or acquire communications data when they are investigating a crime which they intend to prosecute using the criminal law. They need to use covert surveillance techniques as part of their official duties.

1.3 Only those officers designated as "authorising officers" from the specified units or services are permitted to authorise the use of techniques referred to in RIPA. Trading Standards may use Covert Directed Surveillance, Covert Human Intelligence Sources and acquisition of communications data. Environmental

Crime enforcement team may use Covert Directed Surveillance and acquisition of communications data. Internal Audit fraud investigators may use Covert Directed Surveillance and acquisition of communications data.

1.4 Covert Directed Surveillance is undertaken in relation to a specific investigation or operation, where the person or persons subject to the surveillance are unaware that it is, or may be, taking place. The activity is also likely to result in obtaining private information about a person, whether or not it is specifically for the purpose of the investigation.

1.5 Investigations may also require the use of Covert Human Intelligence Sources (CHIS). These may be under-cover officers, agents or informants. Such sources may be used by the County Council to obtain and pass on information about another person, without their knowledge, as a result of establishing or making use of an existing relationship. This clearly has implications as regards the invasion of a person's privacy and is an activity which the legislation regulates. A CHIS (other than our own staff) would be used only rarely and in exceptional circumstances.

1.6 The Investigatory Powers Act (IPA) also requires a control and authorisation procedure to be in place in respect to the acquisition of telecommunications data. The County Council needs to comply with these requirements when obtaining, for example, telephone or internet subscriber, billing and account information.

1.7 In addition, the IPA put in place the Investigatory Powers Commissioner whose duties include inspection of those public bodies undertaking covert surveillance and the acquisition of communications data and introduced an Investigatory Powers tribunal to examine complaints that human rights may have been infringed.

2. Policy Statement

2.1 Kent County Council will not undertake any activity defined within RIPA or the IPA without prior authorisation in the legally prescribed form.

2.2 The Corporate Director of Growth, Environment and Transport has been appointed as the overall Senior Responsible Officer (SRO) with responsibility for the use of covert techniques and, as such, has been given authority to appoint Authorising Officers for the purposes of RIPA (for surveillance and CHIS activities), a Senior Responsible Officer and “Made Aware” Officers for the purposes of the IPA (for access to communications data). The Corporate Director is a member of the corporate leadership team currently called Corporate Management Team.

2.3 The Authorising Officer will not authorise the use of surveillance techniques or CHIS unless the authorisation can be shown to be necessary for the purpose of preventing or detecting crime or of preventing disorder.

2.4 In addition, the Authorising Officer must believe that the surveillance or use of CHIS is lawful, necessary and proportionate to what it seeks to achieve. In making this judgment, the officer will consider whether the information can be obtained using other less intrusive methods and whether efforts have been made to reduce the impact of the surveillance or intrusion on other people, who are not the subject of the operation.

2.5 Applications for authorisation of surveillance or the use of a CHIS will be made in writing on the appropriate form (see Annexes 1 or 2 for example forms).

2.6 Intrusive surveillance operations are defined as activities using covert surveillance techniques on residential premises or in any private vehicle, which involves the use of a surveillance device or an individual in such a vehicle or on such premises. Kent County Council officers are NOT legally entitled to authorise or undertake these types of operations. Operations must not be carried out where legal consultations take place at the places of business of legal advisors or similar places such as courts, police stations, prisons or other places of detention.

2.7 Public bodies are permitted to record telephone conversations, where one party consents to the recording being made and an appropriate authorisation has been granted. On occasions, officers do need to record telephone conversations, to secure evidence.

2.8 It is the policy of this authority to be open and transparent in the way that it works and delivers its services. To that end, a well-publicised KCC Complaints procedure is in place and information on how to make a complaint will be provided on request being made to the Corporate Director or Authorising Officer.

3. Internet and social media investigations

3.1 On-line communication has grown and developed significantly over recent years. The use of this type of communication in the commission of crime is a recognised aspect of routine investigations.

3.2 Observing an individual's lifestyle as shown in their social media pages or securing subscriber details for e-mail addresses is covered by the same considerations as off-line activity.

3.3 Staff using the internet for investigative purposes must not, under any circumstances, use their personal equipment or their personal social media or other accounts.

3.4 KCC will provide equipment not linked to its servers for this purpose and will maintain a number of "legends" (false on-line personalities) for use in investigations. A register of all such legends will be maintained by the Trading Standards Service.

3.5 Under no circumstances will a legend include personal details of any person known to be a real person, including their photograph, or a name known to be linked to the subject of the covert technique.

3.6 A log will be maintained by the Trading Standards Service of the use of each legend. The log will include details of the user, time, date and enforcement purpose for which the legend is used. The log will be updated each time a legend is used.

3.7 It is unlikely that single viewing of open source data will amount to obtaining private information and it is therefore unlikely that an authorisation will be required. If in doubt, the investigating officer should consult a RIPA Authorising Officer.

3.8 Where data has restricted access (e.g. where access is restricted to “friends” on a social networking site), an application for CHIS and, if appropriate, directed surveillance should be made before any attempt to circumvent those access controls is made.

4. Obtaining Authorisation

4.1 The Corporate Director will designate by name one or more Directors, Heads of Service, Service Managers or equivalent to fulfil the role of Authorising Officer (for the purposes of Surveillance and CHIS authorisation), Senior Responsible Officer and “Made Aware” Officers (for the purposes of access to communications data). The Corporate Director will cause to be maintained a register of the names of such officers.

4.2 Where a CHIS is a juvenile or a vulnerable person, or there is the likelihood that the information acquired by covert surveillance will be Confidential Information (see Glossary), then the authorisation must be from the Head of Paid Service or, in their absence, a Corporate Director nominated by the Head of Paid Service to deputise for them. In the event of such circumstances, the KCC Monitoring Officer will also be informed.

4.3 Authorisations from the Authorising Officer for directed surveillance or to use a CHIS shall be obtained using the appropriate application form (see annexes 1 and 2 for example forms). Also see Section 12 in relation to CHIS.

4.4 Applications for access to communications data shall be made using the system provided by the National Anti-Fraud Network.

4.5 Guidance for completing and processing the application forms is attached (annexes 3 or 4). Guidance for use of the NAFN portal is published and updated on that website.

4.6 If authorisation is granted by the Authorising Officer, the applicant, or a suitably experienced officer nominated by the applicant, will make the necessary arrangements to secure judicial approval of the authorisation in compliance with the requirements of the Protection of Freedoms Act 2012. This requires the applicant, or their nominee, to attend a Magistrates’ Court and seek an approval order.

5. Duration of authorisations

5.1 All records shall be kept for at least 3 years.

5.2 A written authorisation (unless renewed) will cease to have effect at the end of the following periods from when it took effect:

a) Directed Surveillance - 3 months
b) Conduct and use of CHIS - 12 months

6. Reviews

6.1 Regular review of authorisations shall be undertaken by the relevant Authorising Officer to assess the need for the surveillance or CHIS to continue. The results of the review shall be recorded on the central record of authorisations (see annexes 1 or 2 for review forms). Where surveillance or CHIS activity provides access to Confidential Information or involves collateral intrusion, particular attention shall be given to the review for the need for surveillance or activity in such circumstances.

6.2 In each case, the Authorising Officer shall determine how often a review is to take place, and this should be as frequently as is considered necessary and practicable.

7. Renewals

7.1 If, at any time, an authorisation ceases to have effect and the Authorising Officer considers it necessary for the authorisation to continue for the purposes for which it was given, they may renew it, in writing, for a further period of:

- three months – directed surveillance
- twelve months – use of a CHIS
- (see annexes 1 or 2 for examples of renewal forms)

7.2 A renewal takes effect at the time at which the authorisation would have ceased to have effect but for the renewal. An application for renewal should not be made until shortly before the authorisation period is drawing to an end. Any person who would be entitled to grant a new authorisation can renew an authorisation. Authorisations may be renewed more than once provided they continue to meet the criteria for authorisation.

8. Cancellations

8.1 The Authorising Officer who granted or last renewed the authorisation must cancel it if they are satisfied that the Directed Surveillance or the use or conduct of the CHIS no longer meets the criteria for which it was authorised (see annexes 1 or 2 for examples of cancellation forms). When the Authorising Officer is no longer available, this duty will fall on the person who has taken over the role of Authorising Officer or the person who is acting as Authorising Officer.

8.2 As soon as the decision is taken that Directed Surveillance should be discontinued or the use or conduct of the CHIS no longer meets the criteria for which it was authorised, the instruction must be given to those involved to stop all surveillance of the subject or use of the CHIS. The authorisation does not ‘expire’ when the activity has been carried out or is deemed no longer necessary. It must be either cancelled or renewed. The date and time when such an instruction was given should be recorded in the central register of authorisations and the notification of cancellation where relevant.

9. Central Register and Oversight by Corporate Director

9.1 A copy of any authorisation, any renewal or cancellation (together with any supporting information relevant to such authorisation or cancellation) shall be forwarded to the Corporate Director or a person nominated by them within 5

working days of the date of the application, authorisation, notice, renewal or cancellation.

9.2 The Corporate Director shall:

(a) ensure that a register of the documents referred to in paragraph 9.1 above is kept;
(b) monitor the quality of the documents and information forwarded;
(c) monitor the integrity of the process in place within the Council for the management of CHIS;
(d) monitor compliance with Part II of RIPA and with the Codes;
(e) oversee the reporting of errors to the relevant Oversight Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors;
(f) engage with the IPCO inspectors when they conduct their inspections, where applicable; and
(g) where necessary, oversee the implementation of post-inspection action plans approved by the relevant Oversight Commissioner.

10. Training

10.1 The Authorising Officers shall be provided with training to ensure awareness of the legislative framework.

10.2 All officers seeking to apply for authorisations must complete the KCC online training before doing so.

11. Planned and Directed Use of KCC CCTV Systems

11.1 KCC's CCTV systems shall not be used for Directed Surveillance, without the Corporate Director, Monitoring Officer or other senior legal officer confirming to the relevant operational staff that a valid authorisation is in place.

12. Special Arrangements

12.1 The use of a CHIS can present significant risk to the security and welfare of the person. Each authorisation will have a specific documented risk assessment and the CHIS (and all members of any support team) will be briefed on the details of that assessment. Kent County Council has a Memorandum of Understanding with Kent Police for circumstances where the CHIS is not an employee or other agent working for or on behalf of the authority. In other circumstances such as a member of public, "whistle-blower" or informant then Kent Police will handle the operation of the CHIS. Kent Police will ensure the compliance with the Regulations, codes of practice and all other risks such as the security and welfare of the CHIS (and associated persons). Any necessary and relevant information will be provided following best practice as to not risk identifying CHIS unless this is appropriate and approved by Kent Police. In such cases, Kent Police are responsible for all records and monitoring processes.

13. Oversight

13.1 The Corporate Director shall ensure that this policy is reviewed on an annual basis by presenting a report of activity to the Governance and Audit Committee (or similar Committee). There shall also be brief details of all activity under this policy provided to the Corporate Director and shared with the appropriate Cabinet Member at such intervals between the annual reports as the Corporate Director sees fit.

13.2 Every two years the KCC Monitoring Officer will review the policy, and also contact the Corporate Directors responsible for all other units and services within Kent County Council to inform them of any changes or alterations. The communication will also seek to highlight the details of the restrictions imposed by RIPA, the IPA and Human Rights legislation and will seek reassurance from those Corporate Directors that services or units other than those permitted to do so by this policy have not used any of the covert techniques it covers. Should any unit or service other than those permitted by this policy consider that any actions it may have taken (or are considering taking) might infringe this policy, they must be raised with the KCC Monitoring Officer as soon as practicable.

14. Use of Artificial Intelligence (AI)

14.1 In line with the Investigatory Powers Commissioner's Office (IPCO) guidance on the scope of interest in Artificial Intelligence, Kent County Council recognises the potential for AI technologies to support covert investigatory activities.

14.2 Where AI systems, defined as software capable of autonomous decision-making, adaptive learning, or large-scale data processing, are used in connection with covert investigatory powers, such use must be explicitly documented and subject to the same authorisation, oversight, and proportionality assessments as traditional methods.

14.3 AI may be used to assist with the review and analysis of evidence; however, investigators remain fully responsible for verifying the accuracy and relevance of any AI assisted outputs.

14.4 Decisions must not be based solely on AI generated insights. Instead, AI should be viewed as a tool to enhance investigative efficiency, not to replace human judgment.

14.5 Where AI is used to review data received from a RIPA or IPA request, this must be clearly recorded in the investigation records, and consideration should be given to referencing these methods in disclosure management documents. This ensures transparency, accountability, and compliance with both statutory oversight, disclosure and data protection obligations.

Glossary

"Confidential information" consists of matters subject to legal privilege, confidential personal information, or confidential journalistic material.

"Directed Surveillance" is defined in section 26 (2) of RIPA as surveillance which is covert, but not intrusive, and undertaken:

(a) for the purpose of specific investigation or specific operation;
(b) in such a manner is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation); and
(c) otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of RIPA to be sought for the carrying out of the surveillance.

"Intrusive Surveillance" is defined as directed surveillance which takes place on residential premises or within a private vehicle.

"A person is a Covert Human Intelligence Source" if:

- he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything within paragraph (b) or (c);
- he covertly uses such a relationship to obtain information or to provide access to any information to another person; or
- he covertly discloses information obtained by the use of such a relationship, or as a consequence of the existence of such a relationship.

"Communications data", in relation to a telecommunications operator, telecommunications service or telecommunication system, means entity data or events data—
(a)which is (or is to be or is capable of being) held or obtained by, or on behalf of, a telecommunications operator and—
(i)is about an entity to which a telecommunications service is provided and relates to the provision of the service,
(ii)is comprised in, included as part of, attached to or logically associated with a communication (whether by the sender or otherwise) for the purposes of a telecommunication system by means of which the communication is being or may be transmitted, or
(iii)does not fall within sub-paragraph (i) or (ii) but does relate to the use of a telecommunications service or a telecommunication system,
(b)which is available directly from a telecommunication system and falls within sub-paragraph (ii) of paragraph (a), or
(c)which—
(i)is (or is to be or is capable of being) held or obtained by, or on behalf of, a telecommunications operator,
(ii)is about the architecture of a telecommunication system, and
(iii)is not about a specific person,
but does not include any content of a communication or anything which, in the absence of subsection (6)(b), would be content of a communication.

Annex 1 – Surveillance forms

Application for Authorisation to Carry Out Directed Surveillance

Review of Directed Surveillance Authorisation

Cancellation of a Directed Surveillance Authorisation

Application of Renewal of a Directed Surveillance Authorisation

(Forms available at http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-forms/)

Annex 2 – Covert Human Intelligence forms

Application for Authorisation of the Use or Conduct of a Covert Human Intelligence Source

Review of a Covert Human Intelligence Source Authorisation

Cancellation of an Authorisation for the use of or Conduct of a Covert Human Intelligence Source

Application for renewal of a Covert Human Intelligence Source Authorisation

(Forms available at https://www.gov.uk/government/collections/ripa-forms--2)

Annex 3 - Guidance on completing surveillance forms

Details of Applicant

Details of requesting officer's work address and contact details should be entered.

Details of Application

1. **Give rank or position of authorising officer in accordance with the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003; No. 3171**

   Fill in details of Authorising Officer (see paras 4.1 and 4.2 of Policy)

2. **Purpose of the specific operation or investigation**

   Outline what the operation is about and what is hoped to be achieved by the investigation. Indicate whether other methods have already been used to obtain this information. Give sufficient details so that the Authorising Officer has enough information to give the Authority e.g. "Surveillance at Oakwood House and Mr. X".

3. **Describe in detail the surveillance operation to be authorised and expected duration, including any premises, vehicles or equipment (e.g. camera, binoculars, recorder) that may be used**

   Give as much detail as possible of the action to be taken including which other officers may be employed in the surveillance and their roles. If appropriate append any investigation plan to the application and a map of the location at which the surveillance is to be carried out.

4. **The identities, where known, of those to be subject of the directed surveillance**

5. **Explain the information that it is desired to obtain as a result of the directed surveillance**

   This information should only be obtained if it furthers the investigation or informs any future actions

6. **Identify on which grounds the directed surveillance is necessary under section 28(3) of RIPA**

   The ONLY grounds for carrying out Directed Surveillance activity is for the purpose of preventing or detecting crime or of preventing disorder.

   This can be used in the context of local authority prosecutions, or where an employee is suspected of committing a criminal offence e.g. fraud.

7. **Explain why this directed surveillance is necessary on the grounds you have identified (code chapter 3)**

   Outline what other methods may have been attempted in an effort to obtain the information and why it is now necessary to use surveillance.

8. **Supply details of any potential collateral intrusion and why the intrusion is unavoidable (code chapter 3) Describe precautions you will take to minimise collateral intrusion**

   Who else will be affected by the surveillance, what steps have been done to avoid this, and why it is unavoidable?

9. **Explain why the directed surveillance is proportionate to what it seeks to achieve. How intrusive might it be on the subject of surveillance or on others? And why is this intrusion outweighed by the need for surveillance in operational terms or can the evidence be obtained by any other means? [Code chapter 3]**

   If the Directed Surveillance is necessary, is it proportionate to what is sought to be achieved by carrying it out? This involves balancing the intrusiveness of the activity on the target and others who may be affected by it against the need for the activity in operational terms. Reasons should be given why what is sought justifies the potential intrusion on the individual's personal life and his privacy. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means.

10. **Confidential information (Code chapter 4)**

    Will information of a confidential nature be obtained (i.e. communications subject to legal privilege, or communications involving confidential personal information and confidential journalistic material) if so the appropriate level of authorisation must be obtained (see para 3.2 of the Policy).

12. **Authorising Officer's Statement**

13. **Authorising Officer's comments**

    Must be completed outlining why it is proportionate and why he/she is satisfied that it is necessary.

Annex 4 - Guidance on completing Covert Human Intelligence forms

Details of Application

1. **Authority Required**
   Fill in details of Authorising Officer (see paras 4.1 and 4.2 of the Policy)

   Where a vulnerable individual or juvenile source is to be used, the authorisation MUST be given by the Head of Paid Service or, in their absence, the Corporate Director deputising for them.

2. **Describe the purpose of the specific operation or investigation**

   Sufficient details so that the Authorising Officer has enough information to give Authority. Outline what the operation is about and the other methods used already to obtain this information.

3. **Describe in detail the purpose for which the source will be tasked or used**

   Give as much detail as possible as to what the use of the source is intended to achieve.

4. **Describe in detail the proposed covert conduct of the source or how the source is to be used**

   Describe in detail the role of the source and the circumstances in which the source will be used

5. **Identify on which grounds the conduct or the use of the source is necessary under Section 29(3) of RIPA**

   The ONLY grounds for carrying out Directed Surveillance activity is for the purpose of preventing or detecting crime or of preventing disorder

6. **Explain why this conduct or use of the source is necessary on the grounds you have identified (Code chapter 3)**

   Outline what other methods may have been attempted in an effort to obtain the information and why it is now necessary to use surveillance for the investigation.

7. **Supply details of any potential collateral intrusion and why the intrusion is unavoidable (Code chapter 3)**

   Who else will be affected, what steps have been done to avoid this, and why it is unavoidable?

8. **Are there any particular sensitivities in the local community where the source is to be used? Are similar activities being undertaken by other public authorities that could impact on the deployment of the source? (see Code chapter 3)**

Ensure that other authorities such as the police or other council departments are not conducting a parallel investigation or other activity which might be disrupted.

9. Provide an assessment of the risk to the source in carrying out the proposed conduct (see Code chapter 6)

A risk assessment will have to be carried out to establish the risks to that particular source, taking into account their strengths and weaknesses. The person who has day to day responsibility for the source and their security (the 'Handler') and the person responsible for general oversight of the use made of the source (the 'Controller') should be involved in the risk assessment.

10. Explain why this conduct or use of the source is proportionate to what it seeks to achieve. How intrusive might it be on the subject(s) of surveillance or on others? How is this intrusion outweighed by the need for a source in operational terms, and could the evidence be obtained by any other means? [Code chapter 3]

If the use of a Covert Human Intelligence Source is necessary, is it proportionate to what is sought to be achieved by carrying it out? This involves balancing the intrusiveness of the activity on the target and others who may be affected by it against the need for the activity in operational terms. Reasons should be given why what is sought justifies the potential intrusion on the individual's personal life and his privacy. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means.

11. Confidential information (Code chapter 4). Indicate the likelihood of acquiring any confidential information

Will information of a confidential nature be obtained (i.e. communications subject to legal privilege, or communications involving confidential personal information and confidential journalistic material) if so the appropriate level of authorisation must be obtained (see para 3.2 of the Policy).

13. Authorising Officer's comments

Must be completed outlining why it is proportionate and why he/she is satisfied that it is necessary to use the source and that a proper risk assessment has been carried out.

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COUNTER FRAUD PROGRESS REPORT

2026-27

01 April 2026 – 30 September 2026

Introduction

The roles of the Counter Fraud function are to:

- Receive, track and, where required, investigate financial irregularities (fraud and error) that occur within Kent County Council;
- Provide advice and support to management in mitigating the risk of financial irregularities occurring within their area; and
- Provide awareness and assess the risk of financial irregularities with management and front-line staff.

The Counter Fraud team (CFT) work alongside Internal Audit as one function to provide an independent assurance that the control, risk, and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives.

The Governance and Audit Committee are asked to:

- Note the counter fraud progress report including delivered proactive work, reported irregularities from 01 April 2026 – 30 September 2026 and progress of the Counter Fraud Action Plan for 2026/27 (Appendix B);

Key Assurance Messages

- The Council of Europe Group of States against Corruption (GRECO) evaluation recognised Kent County Council's strong and well-developed anti-corruption and integrity framework, while highlighting opportunities for further enhancement. This provides assurance that arrangements to prevent and detect corruption and promote integrity are operating effectively and are subject to ongoing review and improvement;
- Proactive work continues to assess fraud and error risks, provide insights to management, and raise awareness of threats. This provides assurance that fraud and error risks are being systematically identified, evaluated, and communicated across Kent County Council to support informed decision-making and effective risk management;
- Total value of closed financial irregularities between 01 April and 30 September 2026 **£382k** (0.013% of revenue expenditure). This provides assurance that financial irregularities are being appropriately identified and reported by directorates. Where necessary, these cases are investigated, and management is addressing the root causes of recurring issues to reduce the risk of future occurrences:
- During Quarter 1, the Kent Intelligence Network (KIN) delivered **£1.632m** in savings, including **£516k** attributable to Kent County Council. This demonstrates the continuing effectiveness of partnership intelligence activity in identifying fraud, reducing error, and supporting debtor tracing, thereby protecting public resources and contributing to the maintenance of a healthy tax base.

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Proactive Work

The Council of Europe Group Against Corruption evaluation report has been published - GRECO: UK 6th round evaluation report published - GOV.UK

The evaluation has highlighted that KCC has good practices that support an anti-corruption and integrity environment, in particular:

- Regular review and up to date anti corruption policy documents;
- Collaboration across internal and external teams, including law enforcement;
- Layered approach to public procurement;
- A statutory requirement for Members code of conduct, incorporating the Nolan Principles of Public Life;
- Transparency in gifts and hospitality offered and accepted to Members;
- Transparency in Members pecuniary interests and ad-hoc declarations within committee meetings;
- The National Fraud Initiative data matching between payroll data, creditor data and company house information;
- Transparency in meetings including, agendas, reports, minutes and decisions, as well as public consultations processes and Let's Talk Kent Community;
- Whistleblowing policies, clear identification of contact points and regular awareness raising.

Areas of improvement have also been identified, both for KCC and for the Ministry of Housing, Community and Local Government (MHCLG) to progress, these being:

- MHCLG fully establish and operationalise the Local Audit Office.
- MHCLG clarify and strengthen the statutory framework relating to sanctions for breaches of codes of conduct by members;
- MCHLG regulate the requirements for transparency of lobbying by lobbyists and 3rd parties, in the absence of regulation for KCC to improve disclosure of contacts of Members involved in decision making with persons carrying out lobbying activities;
- KCC develop mechanisms to keep raising awareness in integrity matters for Members;
- KCC identify a dedicated officer to provide advice on integrity, conflicts of interest and corruption prevention;
- KCC to require annual nil returns to be made by Members if they have not received any gifts and hospitality.

The above improvements have been shared with management with actions identified and assigned to move these forward.

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Proactive Work – Quarters 1 & 2 - 2026 / 27

The Counter Fraud Team have delivered the following key proactive work to raise awareness and strengthen the counter fraud culture:

Fraud Risk Assessments:

The Counter Fraud Team have assisted with Fraud and Error Risk Assessments for the following areas,

- Grant for Oil heating users
- Cash handling within CYPE
- Home to School Transport
- Depravation of Liberty Mental Health Assessments

This is to support management in assessing the risk of fraud and error, providing advice on controls to mitigate the risk. Including risks associated to the Economic Crime and Corporate Transparency Act (failure to prevent fraud). Deployment of the Cabinet Office AI Risk Assessment Tool has been used, as part of the live trial period.

Relationship Management:

Relationship management liaison meetings have progressed with Serious & Organised Crime (SOC) team, Kent and Medway Fraud Panel, No Recourse to Public Funds oversight board and South East regional panels.

This continuation of relationship management meetings enables the reporting on emerging and current fraud and error risks identified through investigations. Fraud and awareness updates have been presented to ASCH and CYPE Departmental Management Teams to inform them of current trends and emerging risks. Continued attendance at the Commercial & Procurement Oversight Board & Contract Management Review Group.

Local Government Reorganisation

A Fraud and Error Risk Register was created and shared with other fraud leads across all councils of Kent. This covered risks in the creation of the new authorities and then business as usual post vestment. This is now on hold due to the recent central government announcement.

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Proactive Work – 2026 / 27 Continued

Whistleblowing Hotline and log

The Counter Fraud Team manage the Council's Central Whistleblowing Log and the Whistleblowing helpline. The KCC Whistle blowing policy is being reviewed in relation with SOC and legislative changes on sexual harassment in the work place.

Fraud Awareness

During Q1 26/27 6 fraud awareness training sessions have been delivered to 85 officers.
The training rose awareness about new emerging fraud risks and current risks and also continued to strengthen the anti-fraud and integrity culture.

Member training on the Nolan Principles has been delivered in conjunction with the Monitoring Officer.

Internal Audit

The Counter Fraud Team reviewed 6 draft engagement plans and provided key fraud risk reports to the auditors leading. This was to ensure any issues identified through investigations or relationship management meetings help inform the scope of the planned audits.

Gifts and Hospitality Monitoring

Counter Fraud have developed and are starting to provide management with a gifts and hospitality dashboard to provide insight into gifts and hospitality, including who, what, when, why a gift of hospitality is being offered and accepted/ refused. This will support on building on policy compliance of declaring offers and (when applicable) acceptance of gifts and hospitality.

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Irregularity Referrals – Quarters 1 & 2 – 2026 / 27

376 irregularity referrals were received in Q1 & Q2, following the work by Counter Fraud and Internal Audit within CYPE on Essential Living Allowance processes, irregularities are now being identified and reported by management. Root cause analysis has been embedded to provide insight for management to prevent these occurring. Although the referral numbers are high the losses are low.

There has been a small increase in contract management referrals, this is attributed to working with services where there is evidence of invoicing for services not being delivered. Counter Fraud are continuing to work in this space as a critical friend to management to ensure there are relevant controls to detect and prevent any financial loss.

An increase in Direct Payment referrals in both ASCH & CYPE is being monitored to ensure financial recovery is occurring and where needed arrangements are reviewed to prevent any misuse of funds intended for care delivery.

The types and volumes of irregularities reported are shown in **Appendix A**

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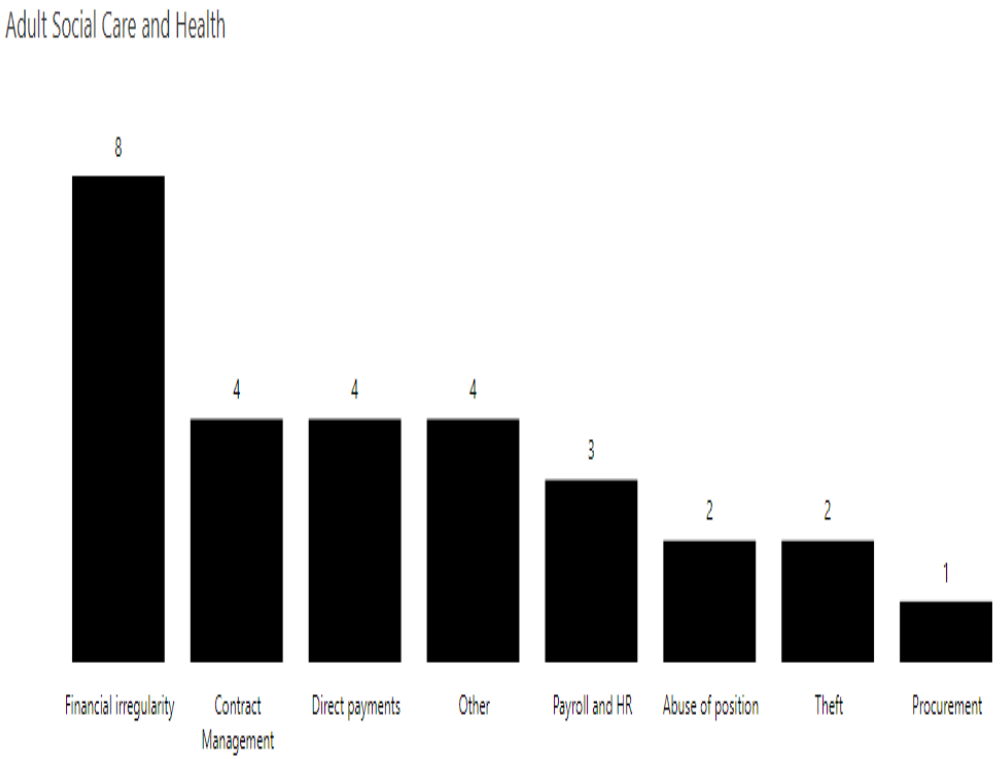
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Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health

There have been a further 27 referrals (excluding blue badges) reported to Counter Fraud between April 2026 to September 2026.



Direct Payments

- Four irregularities relating to direct payments have been received. Six direct payment cases have been closed, resulting in recovery of £48K .
- One case of theft due to a salary overpayment within a direct payment has been reported, with £8,054 of funds being recovered from the recipient.

Contract Management

- Four irregularity referrals relating to contract management have been received. Five financial irregularities have been concluded by the Invoice Validation Team who have identified £45k of invoicing for services not being delivered, all amounts are subject to full financial recovery.

Theft

- Two cases of missing laptops have been received, five missing laptops have been recovered.

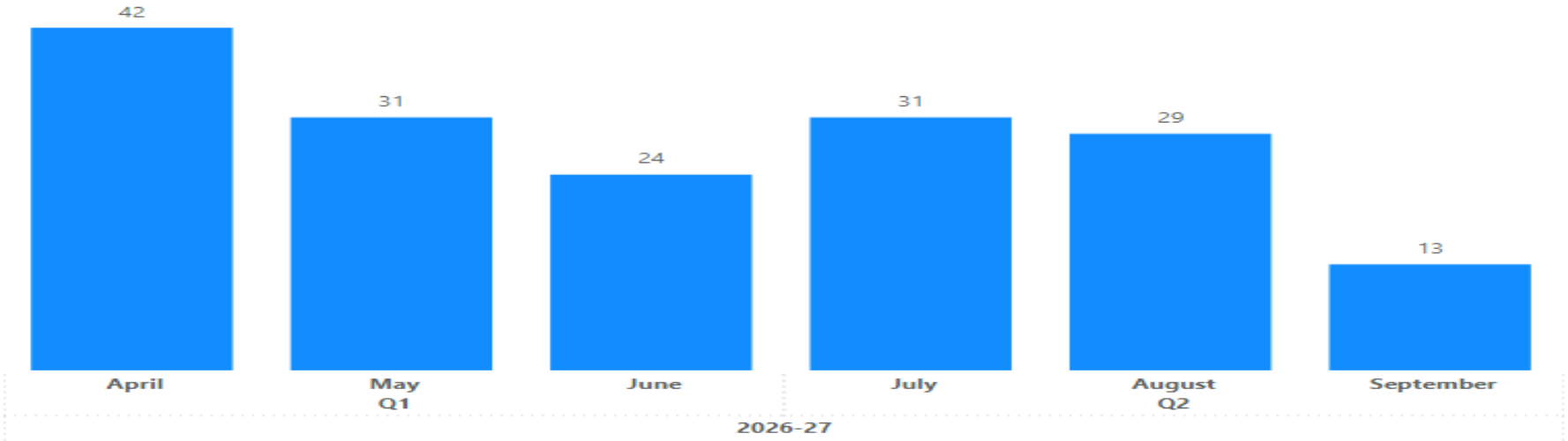
Salary Overpayments

- Two cases of salary overpayment irregularities totalling £15k have been reported, all subject to full recovery. Managers have been supported in ensuring correct processes are followed to prevent these occurring again.

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Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health - Continued

Adult Social Care – Blue Badge Q1 & 2 2026 / 27



Blue badges:

There have been a further 170 referrals relating to blue badges received. This represents a decrease of 16% compared to the same reporting period in 2025/26. A breakdown of referrals by district is held at **Appendix A,** Swale, Ashford and Maidstone reporting the most blue badge misuse cases across Kent. Work is in progress to establish a task and finish group with nominated managers, this will be chaired by the chief executive of Gravesham Council with all bar one local authority signed up to participate. The aims will be to knowledge share best practice to support stronger enforcement activity.

The outcomes of these referrals are:

- 142 Penalty Charge Notices being issued across Kent resulting in an estimated £4,260 of additional parking revenue for the parking enforcements teams.
- 161 Warning Letters to reminder users of the appropriate use.
- 39 badges removed from being misused again, this includes lost, stolen, deceased and expired badges.

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Irregularity Referrals by Directorate and Fraud Type – Children Young People and Education

There were 159 irregularity referrals reported during the reported period.

CYPE – Q1 & 2 2026 / 27

Essential Living Allowance:

Following the work by the Counter Fraud Team and Internal audit review, 93 irregularities relating to ELA overpayments totalling £16k have been reported. The root causes are being captured to address any reoccurring themes.

Home to School Transport:

68 Contract Manager H2S irregularities with a total value of £256k has been reported. All amounts are subject to full financial recovery. Work continues supporting management in addressing these, with engagement from legal services to strength contract management approaches and sanctions.

Mandate Fraud

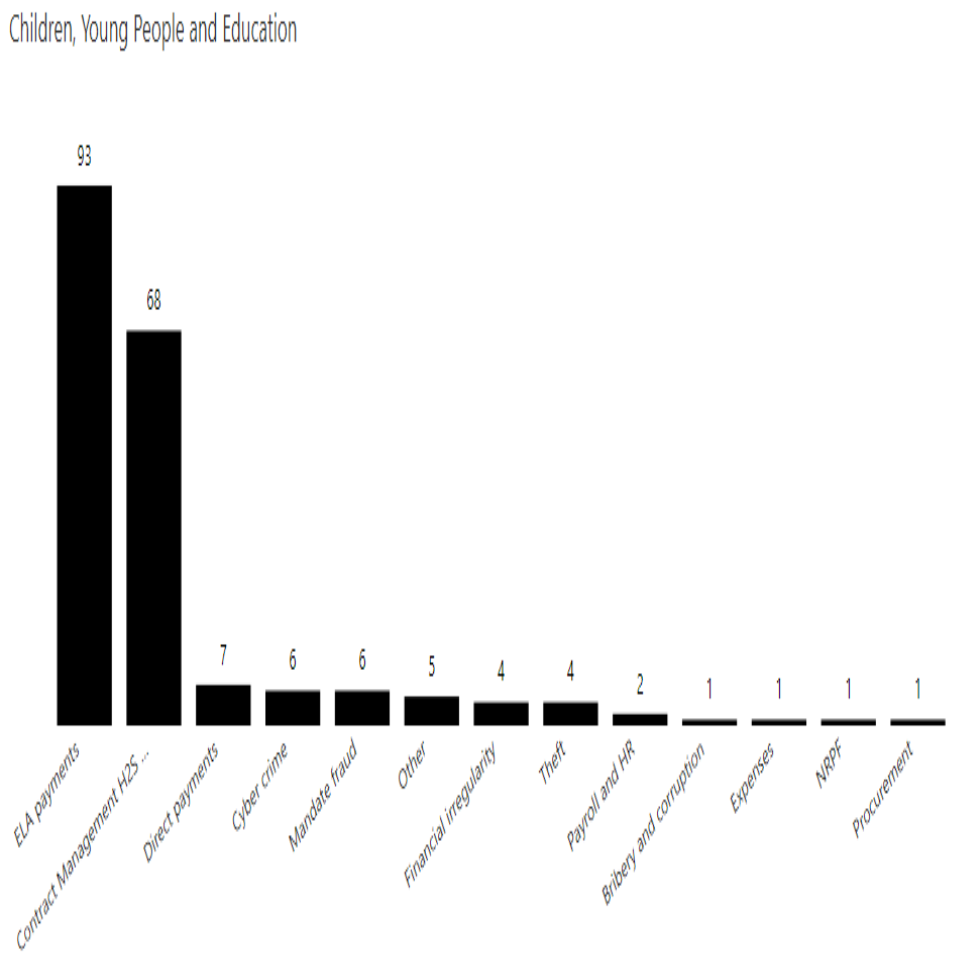
6 mandate fraud referrals have been reported, 5 relating to school payroll with a loss of £7k, additional controls have been implemented to prevent any further loses.

Theft

7 missing laptops have been recovered. In addition a £750 irregularity within an imprest account has been reported.

Direct Payments

7 direct payment irregularities have been received, resulting in £11k of financial loss recovery action is occurring to recover these funds.



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Irregularity Referrals by Directorate and Fraud Type – Growth, Environment and Transport

5 irregularity referrals have been reported.

Other

1 referral relating to misuse of KCC property, unfounded, and 1 referral relating to the Regional Growth Fund, advice provided.

Bribery and Corruption

Unfounded allegation made, monitoring officer oversight.

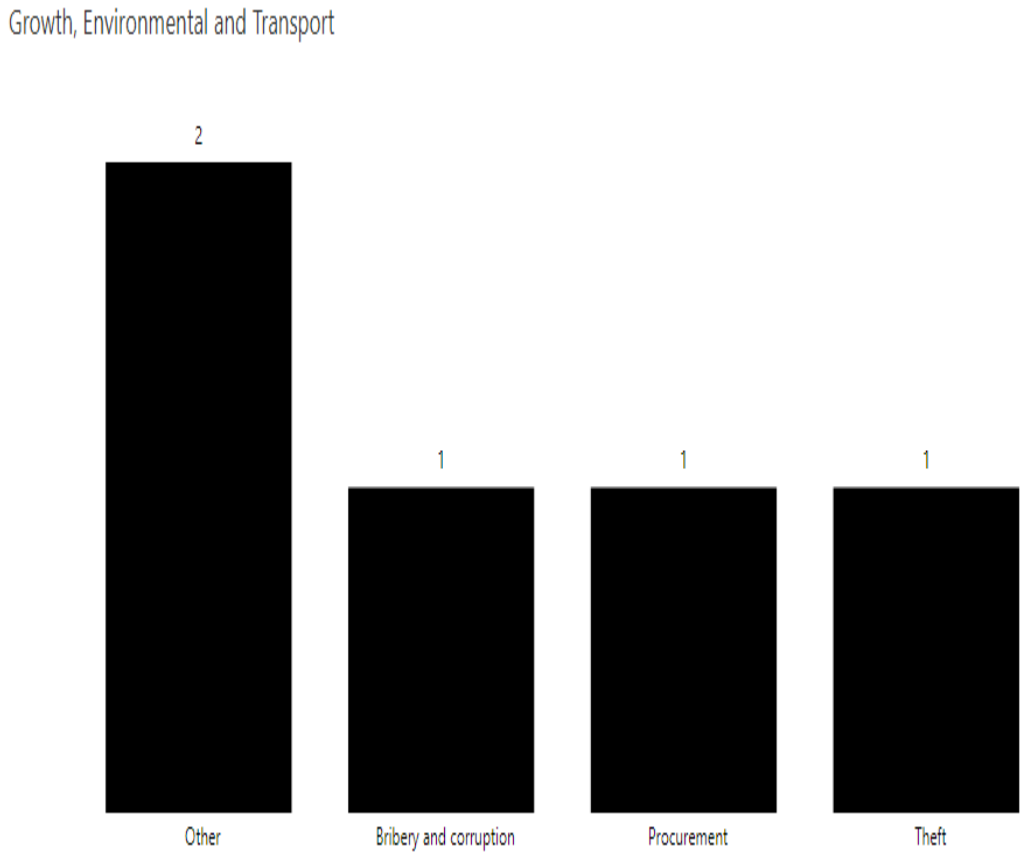
Procurement

Allegation investigated, no further action required.

Theft

Laptop recovered.

GET – Q1 & 2 - 2026/27



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Irregularity Referrals by Directorate and Fraud Type – Chief Executive/ Deputy Chief Executive Departments

CED/CDED – Q1 & 2 – 2026 / 27

7 irregularity referrals have been reported.

Financial Irregularity & Other

Two minor issues relating to an unauthorised transaction on a Kent Card & an attempt to change bank details to a company KCC did not have a contract with.

Both cases were detected and resolved with no loss by services through normal controls.

Salary Overpayment

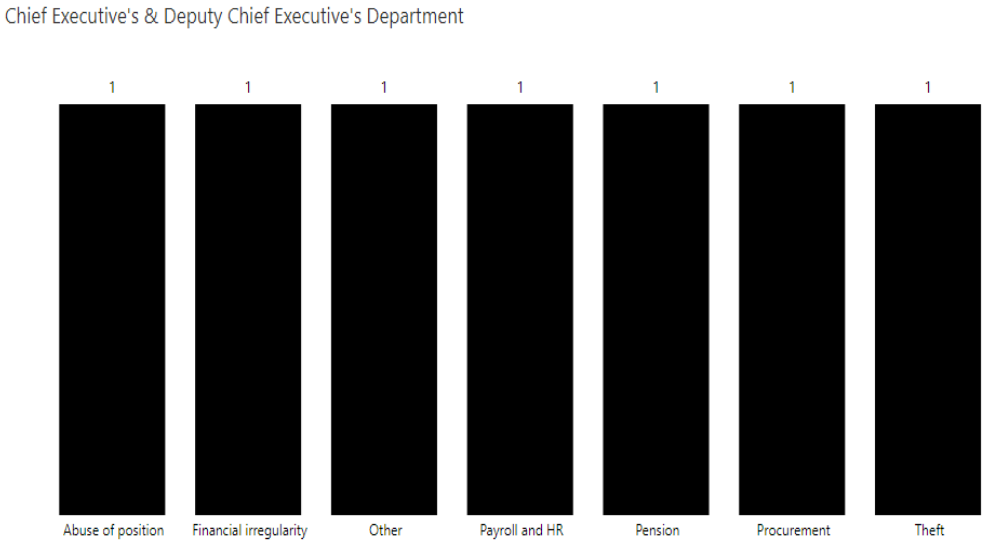
1 salary overpayment resulted in a loss of £6k due to management not ending an assignment in a timely manner, repayment plan in place.

Pensions

1 irregularity relating to a mandate fraud resulting in an eventual loss of £60.

Theft

1 laptop has been recovered.



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Kent Intelligence Network (KIN) Overview – 01 April 2026 to 30 June 2026

The KIN continues to provide valuable financial support to KCC, Police, Fire Authority and District Councils and the outcomes for the period 1 April 2026 to 30 June 2026, set out below, show the results and financial returns achieved. .

Business Rates Activity

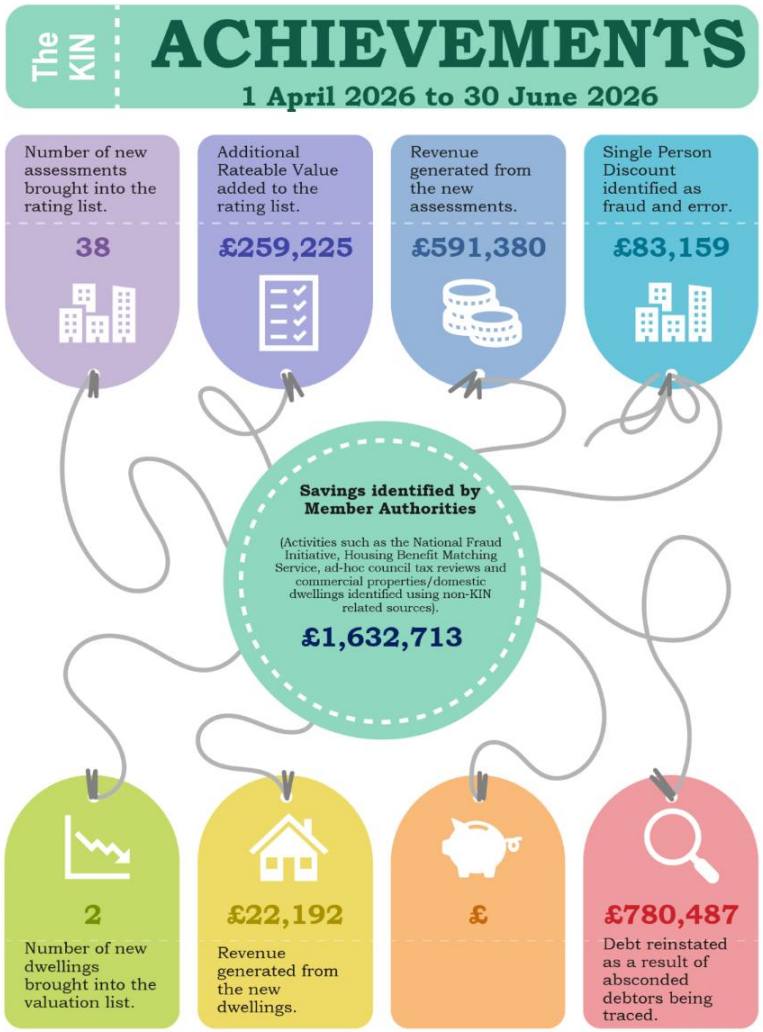
38 commercial properties, amassing a combined rateable value of £245,725 (£259,225 including Medway), have been identified that were previously missing from the rating list. These properties have now been brought into the list by the Valuation Office Agency (VOA) and consequently, the businesses occupying these properties are now liable for business rates.

The additional business rates revenue generated from the identification of these missing properties is £567,965 (£591,380 including Medway), of which broadly 9% (£51,117) comes to KCC, once collected, is a combination of the following:

The total amount of business rates billed for both the current financial year and previous financial years of £215,749 (£221,668 including Medway); and

A 'future loss prevention' provision of 3 years of £352,216 (£369,712 including Medway). This represents the amount of additional income that would have been lost if the respective properties had not been identified by the KIN.

It is also pertinent to highlight that on 30 June there were 97 cases with the VOA awaiting assessment/valuation, none of which are included in the figures stated above, and a further 173 cases which are currently under investigation by billing authorities



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Kent Intelligence Network (KIN) Overview – 01 April 2024 to 31 December 2025

Council Tax

The KIN also helped to identify dwellings missing from the valuation list and an additional 2 dwellings have been identified in this financial year.

The additional council tax revenue generated from the identification of these missing properties is £8,155 (£22,192 including Medway), of which broadly 73% (£5,953) comes to KCC, once collected, is a combination of the following:

The total amount of council tax billed for both the current financial year, and previous financial years is £2,039 (£7,572 including Medway); and

A future loss prevention' provision of 3 years of £6,116 (£14,620 including Medway). This represents the amount of additional income that would have been lost if the respective dwellings had not been identified by the KIN.

It is also pertinent to highlight that on 30 June there were 374 cases with the VOA awaiting assessment/valuation, none of which are included in the figures stated above, and a further 267 cases which are currently under investigation by billing authorities.

Dwellings added to the Valuation List before April 2026 contributed to housing growth and, under the previous funding arrangements, helped generate New Homes Bonus (NHB) funding for local authorities, including District Councils and KCC. The NHB has now ended, with the associated funding returned to the core Local Government Finance Settlement and redistributed through the new needs and resources-based funding system. Consequently, this report no longer separately references the NHB generated as a result of KIN activity.

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Debtor Tracing

In respect of the £780,487 that has been traced from absconded council tax debtors, this will generate additional income for KCC, depending on the amount that is collected. Even if a bad debt provision of 30% is applied to the amount of debt brought back into recovery, KCC would broadly receive 73% of £546,341, once collected, and this would amount to £398,829.

Single Person Discount

Finally, the proactive work being done in respect of identifying erroneous claims for Council Tax Single Person Discounts has resulted in the additional billing of Council Tax amounting to £83,159, of which broadly 73% (£60,706) comes to KCC, once collected.

Conclusion

In total, the financial benefit to KCC from the KIN related initiatives and successes detailed above amounts to £516,605.

It is also important to highlight the investment made by KCC to help billing authorities achieve these outcomes. This investment is by way of an annual grant given to the respective billing authorities, the components for which are broken down as follows:

- A grant of £440,374 for the provision of additional resources to help carry out KIN related work, and also to assist with non-KIN related initiatives that help to increase the tax base and rates base.

- A grant of £24,615 towards a product that helps to trace absconded council tax debtors.

Solely in respect of KIN-related work, the £464,989 financial investment made by KCC for 2026/27 has already been fully offset within the first three months by additional revenue generated through KIN initiatives. KIN activity during the remainder of this year will therefore deliver a positive return-on-investment for KCC.

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Counter Fraud Action Plan 2026/2027

Updates to the 2026/27 Counter Fraud Action Plan are set out in Appendix B.

The balance between pro-active and re-active activity is working to drive improvements across KCC to ensure management understand and can manage the risks as well as ensuring staff are aware of the threats. Reactive work continues to deliver outcomes to ensure any financial loss is fully recovered and appropriate sanctions applied. Resource levels below include staff working within the shared service with Tonbridge and Malling Council (0.4 FTE Counter Fraud Manager/ specialist, 1 FTE Counter Fraud Technician & 0.8 FTE Intelligence Officer) as well as our other external client base.

The Action Plan has been delivered for 2025/26 with an increase of awareness being seen through more irregularities being reported, this helps

Counter Fraud Resources

Position	Current number of employees
Interim Head of Counter Fraud	1
Interim Deputy Counter Fraud Manager	2
Counter Fraud Specialists	1
Counter Fraud Technician	2.8
Intelligence Officer	0.8
Intelligence Assistant	1

A recruitment exercise has taken place, this resulted in the intelligence assistant moving to the newly created Counter Fraud Technician position. The intelligence assistant position has been filled by an external candidate.

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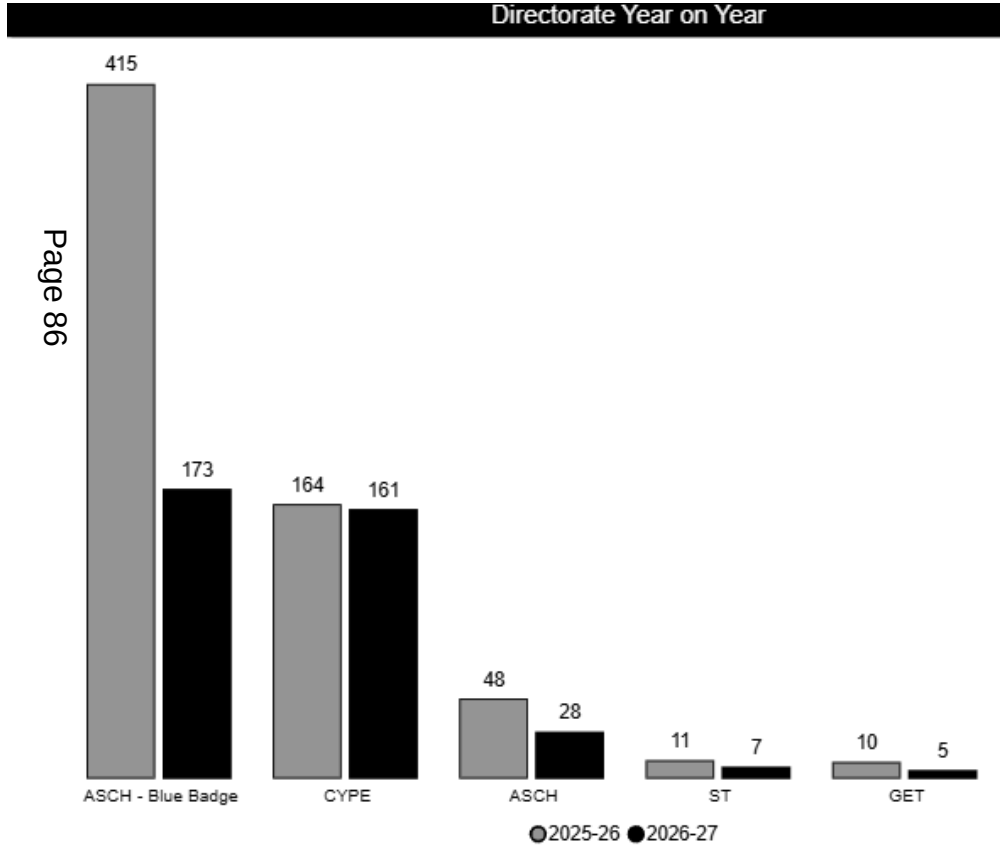
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Appendix A - Year on Year Comparison – by Directorate

Blue Badge cases still represent the largest number of referrals the Counter Fraud service receives although with a 16% decrease compared to this time last year. CYPE Essential Living Allowance irregularities have resulted in the total number of referrals for Q1 &Q2 nearly matching the total numbers received for 2025/26. As the service addresses root causes these numbers should reduce.



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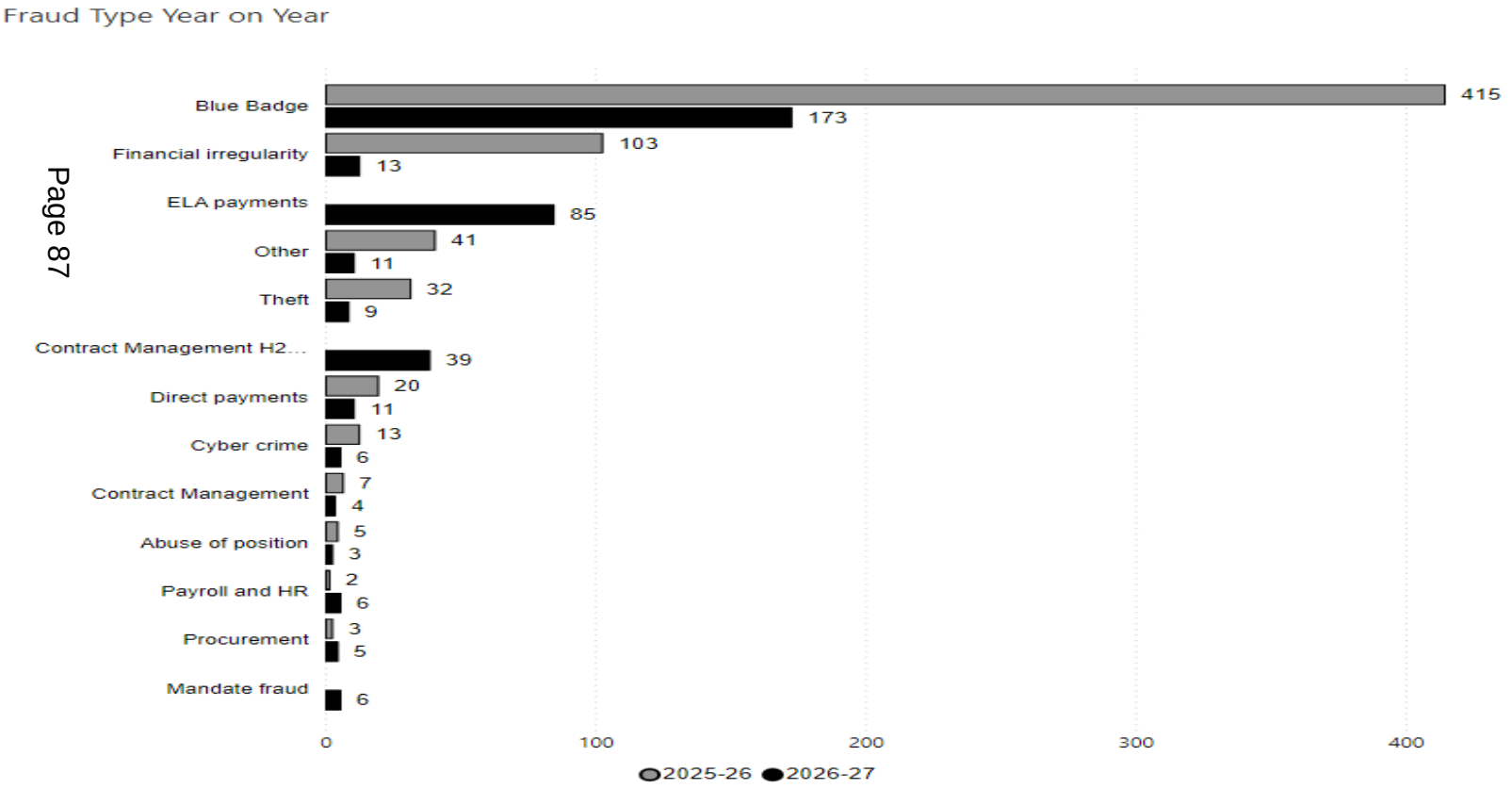
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Appendix A - Year on Year Comparison – by Fraud Type

Financial Irregularities being reported to the Counter Fraud Team have increased by 18% compared to this time last year. Enabling insight for management to address root causes.

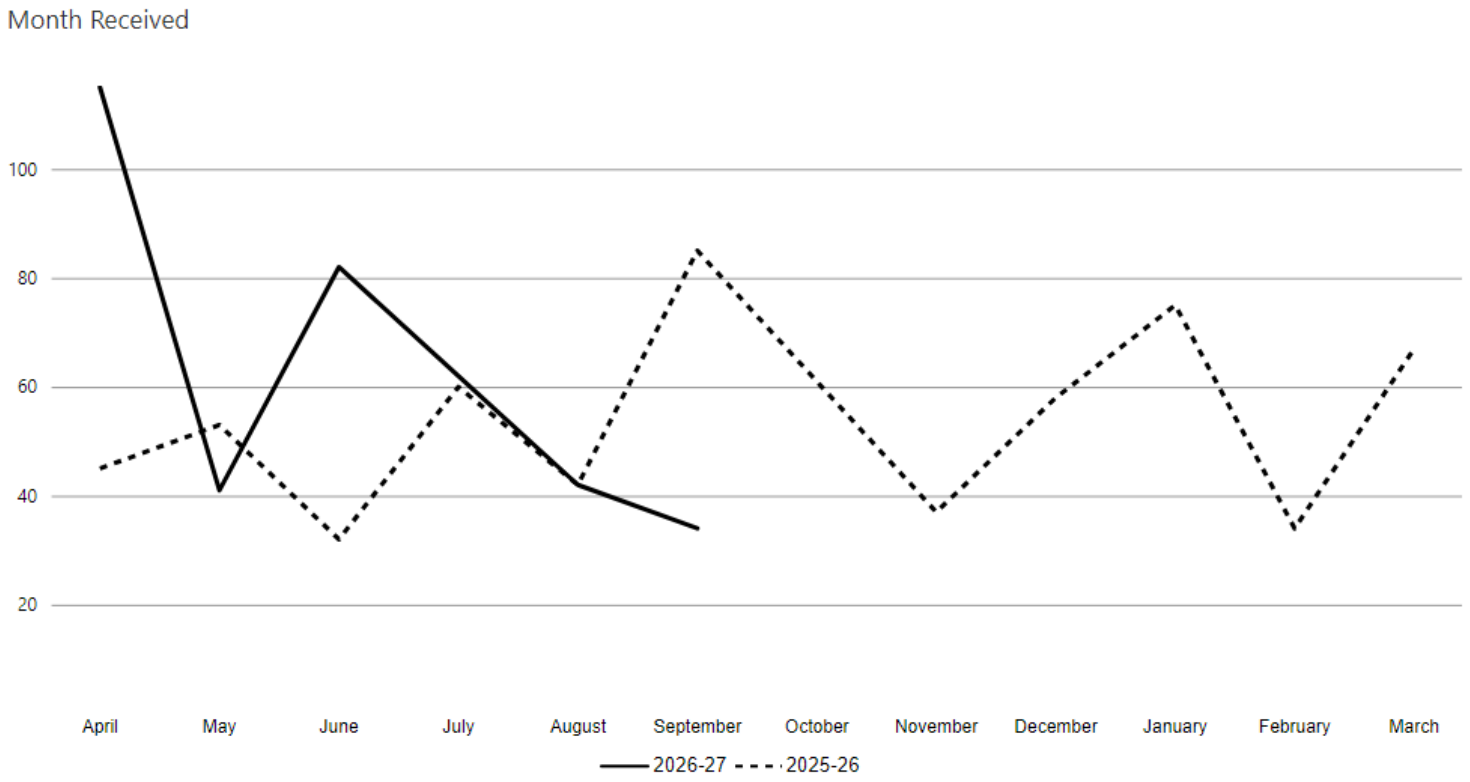
A new fraud type for Contract Management – Home to School Transport has been added for Q2 2026/27 reporting, which is currently being reported as a financial irregularity.



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Appendix A - Year on Year Comparison – by Month Received

The spike in referrals received in April relate to the Essential Living Allowance being added. Referrals are being managed within resource levels, with advice provided to management on civil reclaims where needed and identification of root causes to support management with better processes and when needed additional controls.



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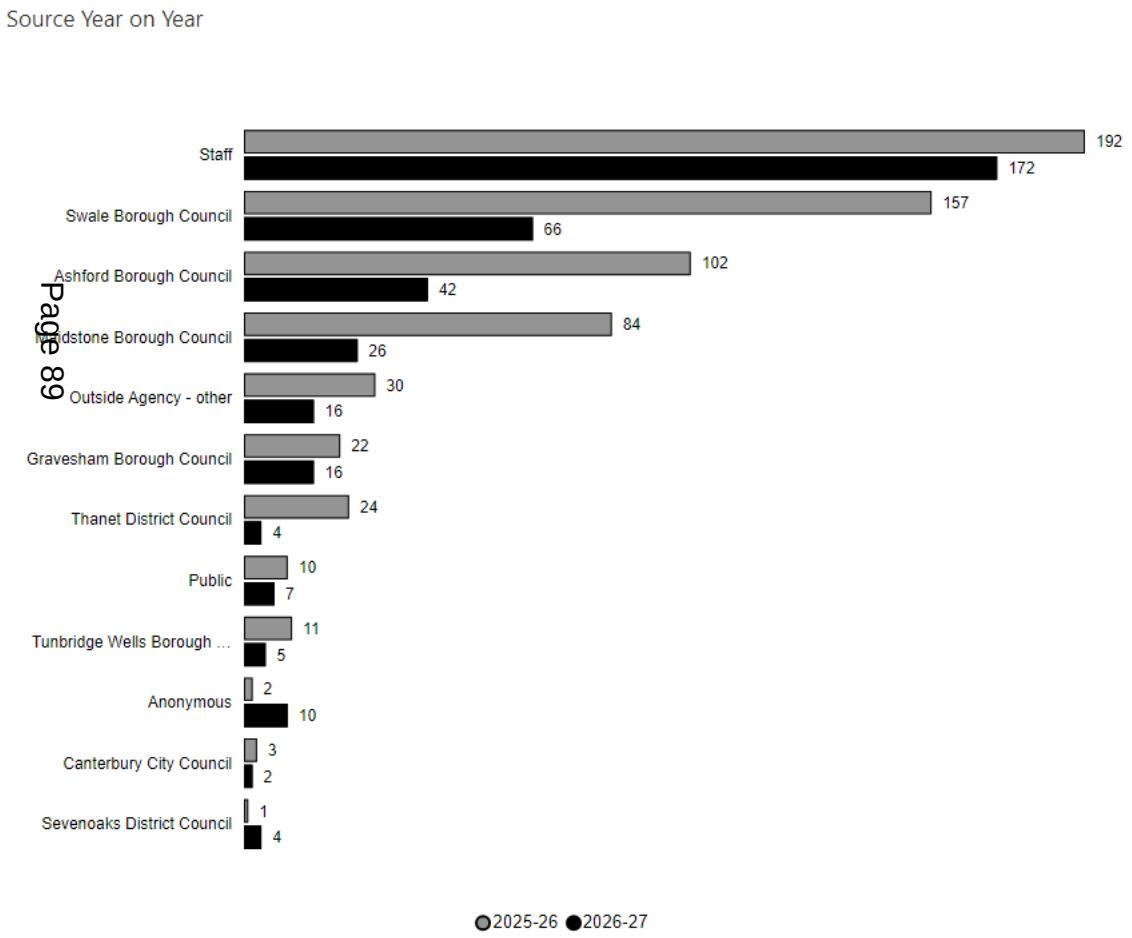
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Appendix A - Year on Year Comparison – by Source of Referral

Relationship management/ awareness continues to work, as in most cases, the number of referrals received from KCC staff and Parking Enforcement Officers is showing continued awareness of reporting financial irregularities to Internal Audit and Counter Fraud.



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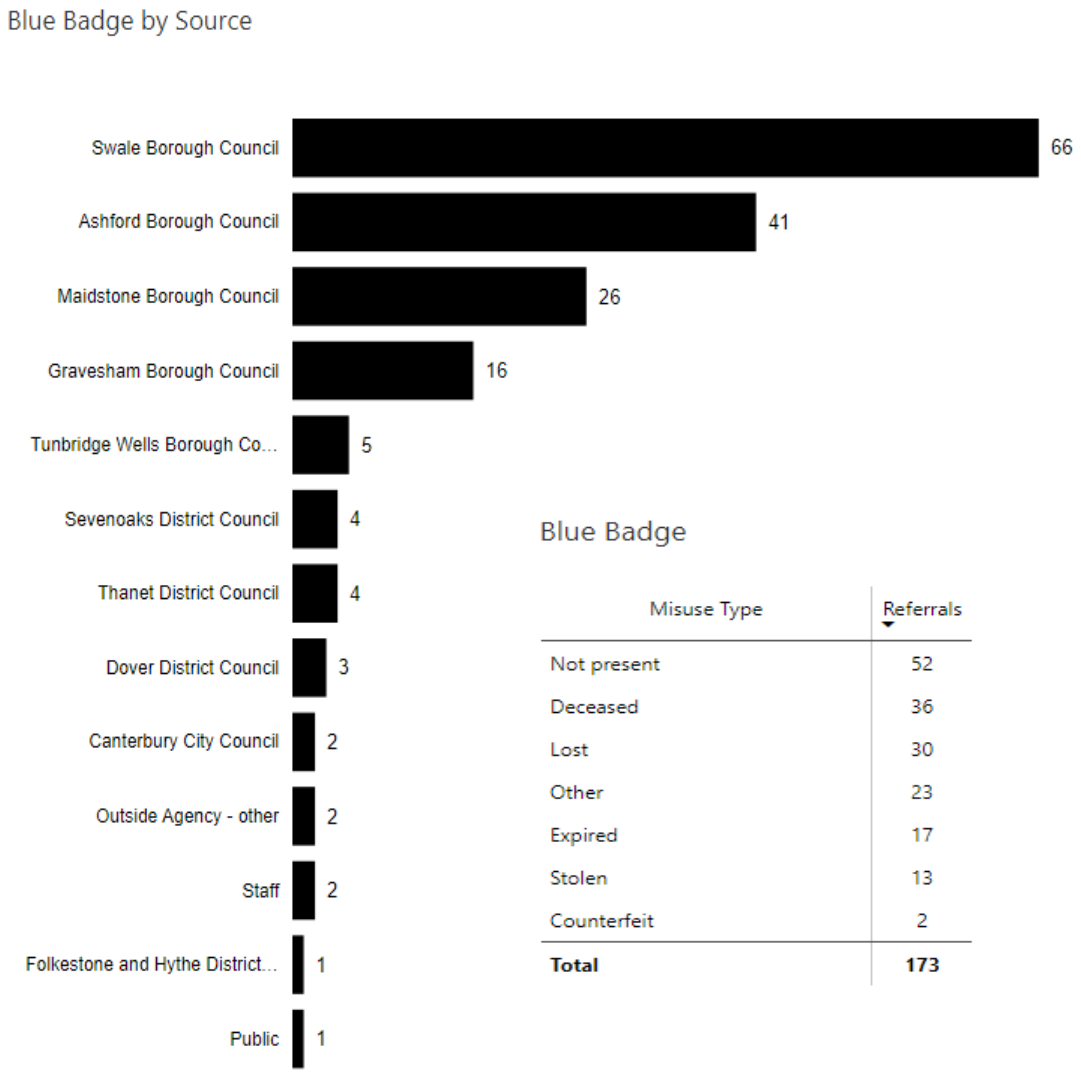
Appendix A - Blue Badge Referrals – by Type and Referring Parking Team

Swale Borough Council is detecting the highest number of blue badge misuse compared with other District/Borough Councils. This is a good indication of the level of misuse occurring across the whole of Kent.

Badge holder not present is the highest detected misuse type, followed by use of cancelled badges due to the badge holder being deceased or reported as lost.

'Other' reasons include, badges being used following them being reported as damaged or being cancelled as they were no longer needed.

The task and finish working group with parking managers is in progress to support parking teams with improving detection rates that will benefit the disabled community in ensuring that parking is available for their use.



Blue Badge

Misuse Type	Referrals
Not present	52
Deceased	36
Lost	30
Other	23
Expired	17
Stolen	13
Counterfeit	2
Total	**173**

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Appendix B - Fraud Action Plan 2026/27

Pillar	Activity	Detail	Update
Govern - Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Counter Fraud Update, Audit Committee	At least two yearly Counter Fraud update will be provided to Corporate Management Team and the Audit Committee to demonstrate the activities undertaken by the Counter Fraud Team against the plan to prevent and detect Fraud, Bribery and Corruption.	Q1 & Q2 Progress report provided to November 2026 G&A Committee
Acknowledge - An organisation must acknowledge and understand fraud risks and demonstrate this by having the right support and appropriate resource to tackle fraud.	Fighting Fraud and Corruption Locally Checklist	The Counter Fraud Team to undertake an assessment of the authority against the Fight Fraud and Corruption Locally Checklist.	Due Q4
	Fraud Risk Assessments	The Counter Fraud Team to support management in assessing the risk of fraud and error, providing advice on controls to mitigate the risk. Including risks associated to the Economic Crime and Corporate Transparency Act (failure to prevent fraud). Deployment of the Cabinet Office AI Risk Assessment Tool to be deployed to key areas as fraud risk owners.	On going – Proactive details covered in main report
	Relationship Management	Strengthening the anti-fraud culture within the organisation requires Counter Fraud to continue with relationship management meetings to report on emerging and current fraud and error risks identified through investigations.	On going – Proactive details covered in main report
	Local Government Reorganisation	Support in the preparation of de-aggregation of services ahead of vestment day. This will Include fraud risk assessing the de-aggregation process as well as informing delivery of counter fraud services post vestment.	Paused
	Whistleblowing Hotline and log	The Counter Fraud Team manage the Councils Central Whistleblowing Log and the Whistleblowing helpline.	On going – working with HR&OD on review

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Appendix B - Fraud Action Plan 2026/27

Pillar	Activity	Detail	Update
Prevent - Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture	Fraud Awareness	Deliver fraud awareness training to teams to ensure that sessions delivered to officers on a risk- based approach. The training will seek to raise awareness about new emerging fraud risks and current risks, continue to strengthen the anti-fraud and integrity culture.	On going – Proactive details covered in main report
	Internal Audit	The Counter Fraud Team will review draft engagement plans to ensure any issues identified through investigations or relationship management meetings help inform the scope of any audits.	On going – Proactive details covered in main report
	International Fraud Awareness Week Campaign	To deliver an internal campaign to officers during International Fraud Awareness week.	Due in Q3
	National Fraud Initiative	The Counter Fraud Team will lead on the NFI submission that matches data within and between public and private sector bodies to prevent and detect fraud. A nominated person from each of the data sets will be identified and liaised with through the project to ensure matches are cleared.	Due in Q3
	Kent Intelligence Network	The Counter Fraud Team will support the Kent Intelligence Network on activities that benefit KCC and the wider Kent Residents.	On Going – Update on Q1 in main report
	Artificial intelligence – Counterfeit/ Forgery	To explore the use of AI as a detection tool to identify counterfeit/ forged documents used to access services.	Awaiting a suitable test site

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Appendix A: Current Year Referrals in Detail

Appendix B: Counter Fraud Action Plan 2025/26 in detail

Appendix B - Fraud Action Plan 2026/27

Pillar	Activity	Detail	Update
Pursue **Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders.** **Collaborating across geographical and sectoral boundaries. Learning lessons and closing the gaps**	Investigations	The Counter Fraud Team will apply a risk-based approach to investigating all instances of actual, attempted and suspected fraud and financial irregularities. The Counter Fraud Team will ensure; that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice the Council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council employee appropriate sanctions are applied Staff meet the standards of the Government Counter Fraud Profession	On going – relevant oversight by commissioning managers for secondary investigations. Section 151 Officer updated on progression of secondary investigations. All staff have a completed self-assessment to the Government Counter Fraud Professional Standards. Reviews progressing on evidence that supports self-assessment.
	Partnership Working	To maintain and develop working with key partner agencies in the prevention and detection of fraud such as the Kent Intelligence Network, Local Authorities, Kent Police as well as internal teams within KCC.	On-Going

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Appendix A: Current Year Referrals in Detail

Appendix B: Counter Fraud Action Plan 2025/26 in detail

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By:	Beverley Fordham, Cabinet Member for Education and Skills Christine McInnes, Corporate Director - Children, Young People and Education
To:	Governance and Audit Committee – 3 November 2026
Subject:	SCHOOLS AUDIT ANNUAL REPORT- PERIOD APRIL 2025 TO MARCH 2026
Classification:	Unrestricted

Summary:

The Council's Chief Finance Officer (CFO) has to certify annually to the Department for Education (DfE) that there is a system of audit for Local Authority (LA) Maintained schools that gives adequate assurance over the standards of financial management and the regularity and propriety of their spending.

This assurance is provided by:

- The Schools Financial Value Standard
- Budget and monitoring statutory returns
- Financial compliance programme
- Training
- KCC annual audit of accounts

FOR ASSURANCE

1. Introduction

1.1 The DfE requires that the Chief Finance Officer (CFO) signs an assurance statement by the 31 May each year, confirming that there is a system of audit for KCC maintained schools which gives adequate assurance over their standards of financial management and the regularity and propriety of their spending.

1.2 KCC maintained schools receive delegated budgets from the County Council, and are required to manage these in accordance with its Scheme for Financing Maintained Schools. There were 288 schools/pupil referral units maintained by KCC at the time of the audit.

1.3 The content of this report provides detail of processes, metrics and controls that give the necessary assurance needed for the CFO to sign the annual DfE assurance statement.

2. Approach

2.1 The following are processes, metrics and controls that provide assurance over the financial management standards in LA schools, these processes unless stated are carried out by Schools Financial Services (SFS), a service within The Education People.

2.2 Schools Financial Value Standard (SFVS) - Schools complete an annual self-assessment which is agreed by governors and is sent to SFS as part of schools' statutory returns. This document is referred to when conducting a compliance visit and is referenced within the report against any recommendations made. All 288 LA schools submitted a return that met the required deadline.

2.3 Budget and monitoring statutory returns – LA schools are required to submit a three-year budget plan by 31 May each year, along with six and nine-month monitoring returns during the year and a final year-end submission. All applicable schools have complied with these requirements. SFS scrutinises financial returns robustly, using trend analysis and other review processes to identify, at the earliest opportunity, any indications that a school may be experiencing financial difficulty.

2.4 Financial Compliance Programme – Each LA school receives a financial compliance visit at least once every four years. The visit comprises of 118 targeted questions across eight areas of control, including Governance and Leadership, Financial Planning and Monitoring, and Procurement. Questions are split into two categories – *critical* and *requires action.*

2.5 During the period April 2025 to March 2026, 68 schools received a compliance visit, ensuring the programme continues to meet the four-year visit cycle.

2.6 Of the 8,024 questions asked across the 68 schools visited:

- 91.61% of responses were compliant (a slight reduction compared with 2024-25 when 93.45% of responses were compliant).
- Responses to 8.58% of the critical questions resulted in recommendations. This indicates that the schools concerned did not fully comply with the Scheme for Financing Schools or Financial Controls.
- Responses to 8.26% of the requires action questions resulted in recommendations. These areas require attention but are not considered as urgent or serious as critical recommendations.

2.7 Where a school receives a recommendation it receives a detailed report showing areas of non-compliance, the risks attached to continued non-compliance and detailed findings of the areas that need to be corrected. The compliance team then follow up with the school to check that the actions have been implemented. In cases of more significant non-compliance a follow-up compliance visit will take place.

2.8 The main issues leading to critical recommendations related to schools not adhering to procurement policy, governance and leadership, and Payroll.

2.9 As result of this, to help keep schools informed of policy and process, both procurement and financial controls (including Finance Policy) were covered at these events:

- The Procurement Act presentation at the Finance Information Group, June 2025. Presentation by KCC's Strategic Commercial and Procurement Lead and Head of Commercial and Procurement Division.
- "Ensuring your school is financially well managed" workshop, November 2025, presented by Emma Baldock, SFS Service Lead.

- Statutory Finance Updates on Financial Controls and Finance Policy, given at the June 2025 and October 2025 Finance Information Groups.
- Emails to all Kent Maintained Schools regarding updates to the Model Finance Policy, Financial Controls and reminders on the training available relating to statutory responsibilities.

2.10 The findings from the compliance programme inform updates and training provided to schools.

2.11 Training - SFS provides comprehensive finance training for Headteachers, senior leaders, bursars and governors, alongside Finance Information Groups for bursars and other finance staff. During 2025-26, 41 training courses were delivered, attended by 341 delegates. 812 delegates attended the three Finance Information Groups.

2.12 The training team is reviewing the programme, including new courses and alternative delivery methods, to reach as many schools and delegates as possible. Ensuring that school staff are appropriately trained in their financial responsibilities supports effective internal financial control and is in the best interests of Kent Maintained Schools, KCC and SFS.

2.13 School Finance Systems Support – A key component of maintaining effective financial management standards in schools is ensuring that schools have access to appropriate financial systems and tools. KCC, through SFS, currently supports Business Planning Software, a monitoring and budgeting system provided by TES. SFS also supports the several finance systems used by Kent maintained schools.

2.14 KCC annual audit of accounts – Following the recommendation from Grant Thornton that all schools must reconcile their bank account at year-end up to the 31st March, SFS successfully got the majority of schools (one school reconciled up to the 27th March and two schools reconciled up to 30th March 2026) to do this for financial year-end 2025-26. There have been no recommendations for schools following the 2025-26 audit (to date).

2.15 Deficit Schools – The level of schools in financial deficit has remained consistent over recent years, with three Kent Maintained Schools ending in deficit for 2025-26, with a combined deficit of £87,756. The total value of deficit balances over recent years has been: 2022-23 - £114,901; 2023-24 - £472,878; and 2024-25 - £48,725.

2.16 For schools in deficit, Kent continues to remain well below the national average, as this table indicates. Although it is not the only indication of good financial management in Kent schools, it is a stable marker.

Percentage of schools with a negative revenue balance (deficit)	2021-22	2022-23	2023-24	2024-25	2025-26
National average published by the DfE	8%	13.10%	15.30%	17.8	TBC
Kent %	1.6% (5 Schools)	0.98% (3 Schools)	1% (3 Schools)	1% (3 Schools)	1% (3 schools)
Total number of Kent Maintained Schools (KMS)	312	304	297	291	288
Number of KMS's if National average %	25	40	45	52	

3. Summary of Findings

3.1 In addition to the compliance programme, analysis of returns, and training programme, SFS works closely with colleagues across KCC and The Education People who support schools. This includes regular engagement with Assistant Directors of Education, School Improvement Officers and Governor Services Officers, helping to ensure KCC has a comprehensive view of each school and can provide appropriate support to Headteachers, finance staff and governors to maintain effective financial management.

3.2 SFS continues to collaborate with relevant KCC Officers to ensure the Scheme for Financing Schools and Budgetary controls are kept up to date, edited and communicated with key changes when necessary.

3.3 The comparative data shows favourably the number of schools in deficit and the value of the deficits, which strongly suggests that financial management controls in place and non-financial support network are robust and effective for Kent LA schools.

4. Opinion

4.1 It is considered that the comprehensive compliance programme, analysis of statutory returns, financial training programme, support for schools in deficit or at risk of deficit, traded services, and schools' own self-assessments provide sufficient assurance for the CFO to sign the annual DfE assurance statement.

4.2 Emerging risks – the principal risk for the KCC is smaller schools getting in to financial difficulty as a consequence of falling school rolls. These schools have less scope to manage the staffing reductions necessitated by falling rolls without impacting on the quality of education or support. In 2025-26 there were 88 primary schools with fewer than 150 pupils on roll. 60 of these were maintained schools, 68% of the total. 53% of primary schools were maintained at this point, demonstrating that small schools were more likely to have remained with the County Council.

5. Recommendations

5.1 Members are asked to note the contents of this report for assurance.

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From: Brian Collins, Deputy Leader

Amanda Beer, Chief Executive Officer

To: Governance and Audit Committee – 3rd November 2026

Subject: **CORPORATE RISK REGISTER UPDATE**

Classification: Unrestricted

Summary: Governance & Audit Committee is receiving an update report on the Corporate Risk Register as it goes through its more formal, annual refresh, ahead of a full report to the next meeting of this Committee.

FOR ASSURANCE

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1. Background

1.1 The Corporate Risk Register is regularly reviewed and updated to reflect any significant new risks or changes in risk exposure that arise due to internal or external events; and to track progress against mitigating actions.

1.2 The Governance & Audit Committee receives updates on the Council's Corporate Risk Register throughout the year for assurance purposes.

1.3 The risk landscape is always evolving, particularly as the Council, along with the local government sector, continues to operate in a challenging and uncertain operating environment.

1.4 In addition to regular review throughout the year, there is a more structured annual refresh process for the Corporate Risk Register that takes place each autumn. The next meeting of this Committee will receive the updated register for assurance, after presentation to Cabinet.

2. Corporate Risk Register summary

2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in January 2026. Regular risk updates have continued throughout the year to senior management forums.

2.2 Changes to risk ratings on the register since last reported to this Committee are:

INCREASED RISK RATING

2.2.1 CRR0042: Border fluidity, infrastructure and resilience. The EU's Entry / Exit System (EES) was introduced on 12th October 2025. KCC has been working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios. The risk rating has fluctuated between Medium and High from planning to implementation and continues to be reviewed regularly. The risk most recently had a slight reduction in rating from 20 to 16 due to the likelihood reducing from 5 (very likely) to 4 (likely) but remains High currently. The Summer peak period had minimal impacts from EES border checks due to additional traffic management, revised arrangements between ports and the Police aux Frontieres and dynamic local flexibilities. The risk remains high due to potential for disruption once 100% checks commence.

RISK RATING REDUCTION

2.2.2 CRR0015: Social Care Market - Inability of the Council to obtain the right kind of provider supply at affordable prices. This risk was previously titled, "Sustainability of the social care market", and was refreshed in early 2026 to provide more appropriate focus on the council's ability to obtain the right kind of provider supply at affordable prices. The risk rating was reduced from the maximum rating of 25 down to 20, due to the recommissioning activity so far suggesting that market capacity is sufficient, and recent conversations relating to fee uplifts not yet leading to significant hand backs or provider failure. However, there are still pockets of challenges where provider failure remains a concern and KCC needs to be robust in its oversight even if response options can be limited.

2.2.3 CRR0059: Risk of significant adverse variance to the level of savings and income agreed in KCC's budget. Any overspend is a concern for the authority and presents a risk to the Council's future financial sustainability and it is essential that the need to draw down from reserves is reduced as far as possible, as drawdowns from reserves weaken the Council's financial resilience and increase the requirement to replenish reserves in future years. However, the risk rating has been reduced from High to Medium after recent review, due to latest forecast information and projected reduced impact on reserves.

PROPOSALS UNDER DISCUSSION

2.3 CRR0009: Future financial and operating environment for Local Government. This is a longstanding risk on KCC's Corporate Risk Register that has historically taken several factors into account, including uncertainty relating to one-year funding settlements from government, sufficiency of resource and spending growth pressures. There are proposals currently under discussion to

narrow the scope of this risk due to various elements now being captured as part of other KCC corporate risks.

2.3.1 A new risk relating to critical importance of delivering the SEND Reform Plan is being developed, to replace the previous risk relating to the Safety Valve agreement, which has now ended, as well as taking into consideration outcomes from the recent SEND inspection.

2.3.2 The Council's Oracle Cloud Programme has been undergoing an intensive period of review and refinement, with a revised programme plan developed ahead of planned system implementation in Spring 2027. The corporate risk relating to system implementation is being reviewed in light of these revisions.

RISK ON HOLD

2.4 CRR0069: Implementation of Local Government Reorganisation (LGR). On the 7th September, the Minister for Local Government, Devolution and Regional Growth wrote to council leaders in local government reorganisation areas to request that work ceases on implementing the decisions that were announced in July 2026, until a review of the LGR programme has concluded. On this basis, the corporate risk relating to KCC's implementation of LGR has been withdrawn from the corporate risk register until further information is available. Consideration is being given to how any risks relating to the pausing of the programme should be highlighted if the situation continues to remain unclarified.

3. Monitoring and Review

3.1 In addition to periodic presentation of corporate risks to Cabinet, Cabinet Committees and Governance & Audit Committee, the risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported to Cabinet quarterly via the KCC Quarterly Performance Report.

4. Recommendation

4.1 The Governance and Audit Committee is asked to:

a) NOTE the update report for assurance, ahead of a more comprehensive report at its next meeting.

Report Author:

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Relevant Director

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Corporate Risk Register - Summary Risk Profile – Snapshot as at October 2026

Low = 1-6	Medium = 8-15	High =16-25

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since January 2026
CRR0053	Asset Management and Degradation and associated impacts, linked to Capital Programme affordability.	High (25)	High (16)	⇔
CRR0015	Social care market – inability of the council to obtain the right kind of provider supply at affordable prices.	High (20)	Medium (15)	Decrease
CRR0068	Delivery against Safety Valve Agreement	RISK WITHDRAWN – to be replaced by delivery of SEND Reform Plan risk		
CRR0014	Cyber and information security resilience	High (20)	High (20)	⇔
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	⇔
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (20)	High (16)	⇔
CRR0064	Risk of failing to deliver effective Adult Social Care Services in line with statutory and regulatory requirements.	High (20)	Medium (15)	⇔
CRR0052	Adaptation of KCC Services to the impacts of a changing climate	High (16)	Medium (12)	⇔
CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	⇔

CRR0066	Adult Social Care recommissioning programme	High (16)	Medium (8)	⇔
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (16)	Medium (8)	⇔
CRR0039	Information Governance	Medium (15)	Medium (9)	⇔
CRR0059	Risk of significant adverse variance to the level of savings and income agreed in KCC's budget.	Medium (12)	Medium (9)	Decrease
CRR0067	SEND Delivery Improvement	RISK WITHDRAWN – to be replaced by delivery of SEND Reform Plan risk		
CRR0049	Fraud and Error	Medium (10)	Low (5)	⇔
CRR0065	Implementation of fit-for-purpose Oracle Cloud System	Medium (10)	Low (5)	⇔
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (16)	Medium (8)	Increase then Decrease
CRR0069	Implementation of Local Government Reorganisation	RISK ON HOLD pending further information		

*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore, there will be some 'gaps' between risk IDs.

NB: Current & Target risk ratings: The ‘current’ risk rating refers to the current level of risk taking into account any mitigating controls already in place. The ‘target residual’ rating represents what is deemed to be a realistic level of risk to be achieved once any additional actions have been put in place. On some occasions the aim will be to contain risk at current level.

Likelihood & Impact Scales					
Likelihood	Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Very Likely (5)
Impact	Minor (1)	Moderate (2)	Significant (3)	Serious (4)	Major (5)

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By:	Ben Watts – Deputy Chief Executive
To:	Governance and Audit Committee
Date:	3 November 2026
Subject:	KCC Annual Customer Feedback Report 2025/26
Classification:	Unrestricted

Summary:

This report provides Members with assurance on customer feedback performance in 2025/26. It focuses on overall performance, key service pressures, learning from complaints and benchmarking against ombudsman data and comparable county councils.

The Committee is asked to note the contents of this report, including current performance, key areas of pressure, lessons learned and the Council's benchmarking position.

Recommendation:

The Committee is asked to note:

1. the contents of this report, including current performance, key areas of pressure, lessons learned and the Council's benchmarking position.
2. the improvement activity underway in relation to complaint handling standards, timeliness and organisational learning.

1. Purpose of the report

1.1 This annual report provides assurance on the Council's customer feedback performance for 2025/26. It covers complaint volumes, timeliness, escalation, ombudsman outcomes and the learning being used to improve services. Following feedback from the previous two Governance and Audit Committees this report has been redesigned.

1.2 Overall complaint volumes increased during the year. Stage one complaints rose by 11%, stage two complaints rose by 31% and Member Enquiries by 52%, reflecting continued pressure across a number of high-volume services.

1.3 The report is intended to do more than present volumes. It explains what is driving performance, where the main risks sit, what complaints are telling us about service quality and how the Council compares externally.

2. Key messages and assurance overview

2.1 Overall volumes remain high, particularly in services already under pressure. Demand has increased across complaints and Member enquiries, and this continues to affect response times and service capacity.

2.2 Performance remains mixed. Some services continue to respond well despite high demand, but meeting the target has reduced overall and remains a key area for improvement, especially in higher-volume and more complex areas such as SEN and parts of Children, Young People and Education. However, we are seeing reductions in the time taken to respond, demonstrating that the backlog is beginning to clear.

2.3 Complaints continue to provide useful insight into service quality, communication, timeliness and decision making. Learning from complaints is being used more systematically through quality assurance activity, training, targeted service support and the Organisational Learning Panel.

3. Overall performance and demand

2.1 Tables 1 & 2 set out the headline position for customer feedback received across the Council. Formal complaints increased in 2025/26, while compliments remained broadly stable.

2.2 Dependent on what is being complained about, there is a legal requirement to handle complaints from Looked After Children and Children in Need, or those eligible to make a complaint on their behalf, through the three-stage procedure specified in the Children Act 1989 Representations Procedure (England) Regulations 2006.

2.3 The reduction in comments reflects changes in how GovMetric comments are recorded in particular services rather than a straightforward fall in customer contact.

2.4 The Council is managing sustained and increasing demand in the areas that require formal investigation and response. This creates pressure both for the Customer Feedback function and for the services responsible for providing replies and resolving issues.

Table 1 – Feedback received by KCC compared with previous year

Year	Complaints (Stage 1)	Comment	Compliments	Local Government and Social Care Ombudsman complaints
2025/26	**5980**	**406**	**1677**	**349**
2024/25	**5392**	**3557**	**1609**	**291**
Difference	588	-3151	68	58
% difference	11%	-89%	4%	20%

Table 2 – Children Act complaints requested and accepted at each stage (included in the volumes shown above)

Stage	2024/25	2025/26
Stage 1 – Local Resolution	63	73
Stage 2 – Independent Investigation	13	22
Stage 3 – Independent Review Panel	3	7

Table 3 - Complaints received at stage 1 by Directorate

Stage 1	Adults Social Care and Health	Children, Young People and Education	Growth, Environment & Transport	CED & DCED	Total
2025/26	**1160**	**1447**	**3256**	**117**	**5980**
2024/25	**1064**	**1266**	**2932**	**130**	**5392**
Difference	96	187	324	-13	594
% difference	9%	14%	11%	-10%	11%

2.5 Adult Social Care and Health (ASCH), saw an increase of 9% on the previous year. Most areas saw marginal increases; however, this was most acutely felt in areas where there were known issues.

2.6 Children, Young People and Education (CYPE), volumes were up 14% on the previous year. The SEN services continue to see the highest volume of complaints for the directorate, with 46% of cases.

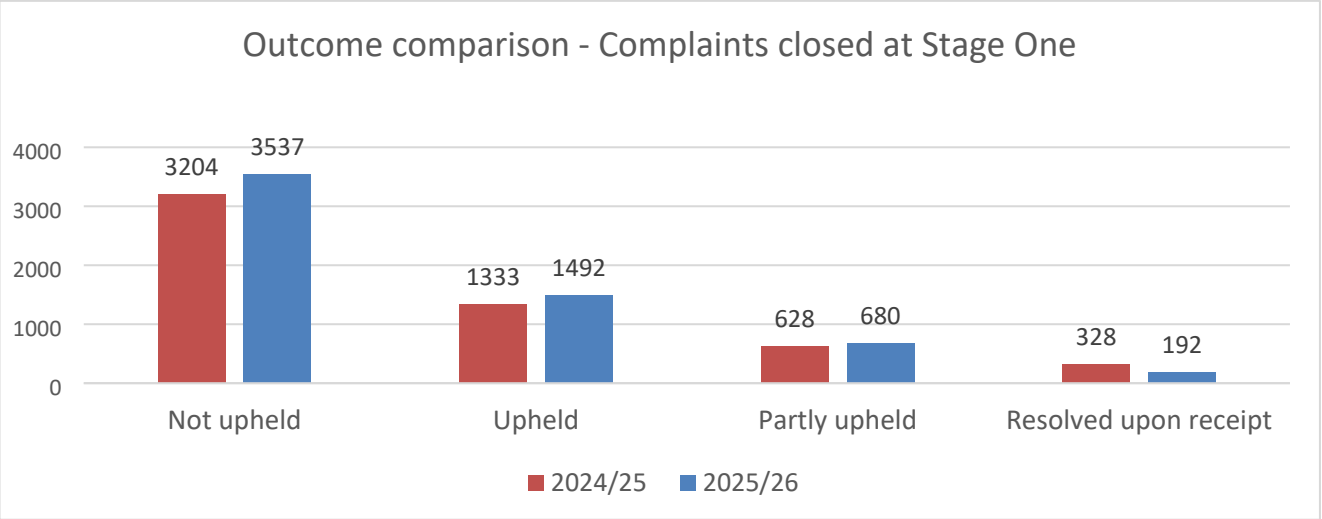
2.7 Growth, Environment & Transport also saw an increase for the directorate of 11%. The highest proportion of cases are for our Highways & Transportation division (76%). This division deals with public transport, SEN transport, roadworks and road surface issues. As this is the service the majority of Kent's residents and beyond use on a daily basis, the volume is low, but the proportion of complaints is not unexpected.

2.8 The Chief Executive's (CED) and Deputy Chief Executive's Departments (DECD), saw a decrease in the number of complaints received (-10%) across both departments. 41% of complaints related to disagreements with policy & procedures.

2.9 16% of complaints received in DECD related to the Contact Centre. When customers complain, calls are listened to, where fault is found, training is carried out with staff members. The number of complaints is low in consideration that over 550,000 contacts are received in the centre on an annual basis.

2.10 Overall, we have seen an 11% increase in the number of complaints received at stage one. A breakdown of complaints received by division/service can be found in Appendix A.

2.11 Case outcomes at Stage 1*



*Number of cases closed will not equal the number received in the same period.

Table 4 – Stage one - cases not upheld, upheld, partly upheld and resolved upon receipt

Stage 1	Not upheld	Upheld	Partly upheld	Resolved upon receipt
2025/26	**3537**	**1492**	**680**	**192**
%	**60%**	**25%**	**12%**	**3%**
2024/25	**3204**	**1333**	**628**	**328**
%	**58%**	**24%**	**11%**	**6%**

*45 (1%) Withdrawn

2.12 All percentages of outcomes have broadly remained stable over the past year despite the increase in complaints received.

Table 5 – Feedback received at Stage 2 compared with the previous year

Stage 2	Adult Social Care and Health	Children, Young People and Education	Growth, Environment and Transport	CED & DCED	Total
2025/26	**77**	**438**	**374**	**26**	**915**
2024/25	**55**	**314**	**300**	**12**	**681**
Difference	22	124	74	14	234
% difference	40%	39%	25%	117%	34%

2.13 All Directorates have seen an increase in complaints escalating to stage two. This is in expected with an increase in complaint volumes being received. Services continue to be more proactive in encouraging cases to be escalated, rather than engaging in protracted conversations where customers disagree with decisions made.

2.14 ASCH are continuing to log additional issues raised following stage 1 informally as stage 2. Usually a 2-stage process with the Local Government Ombudsman acting as the second stage is employed for ASCH complaints, however there are times when it is appropriate to respond to additional queries raised following our stage 1 response. We therefore log these as an escalation but not in a formal stage 2 format.

2.15 We have seen an increase in complaints escalating to stage 2 within CYPE, this is largely due to issues relating to SEN complaints (54% of cases). 25% of cases relate to children's social work. These figures are in line with the percentages seen the previous year.

2.16 We have seen a further steady increase in complaints escalating to stage 2 within GET, 87% of which were logged under Highways & Transportation. This service deals with issues relating to road surface issues/roadworks, public transport, grass cutting and drainage.

2.17 50% of complaints logged under CED & DCED at stage two related to the IR&T team. This team manages FOIs and SARs for the organisation.

2.18 Case outcomes at Stage 2

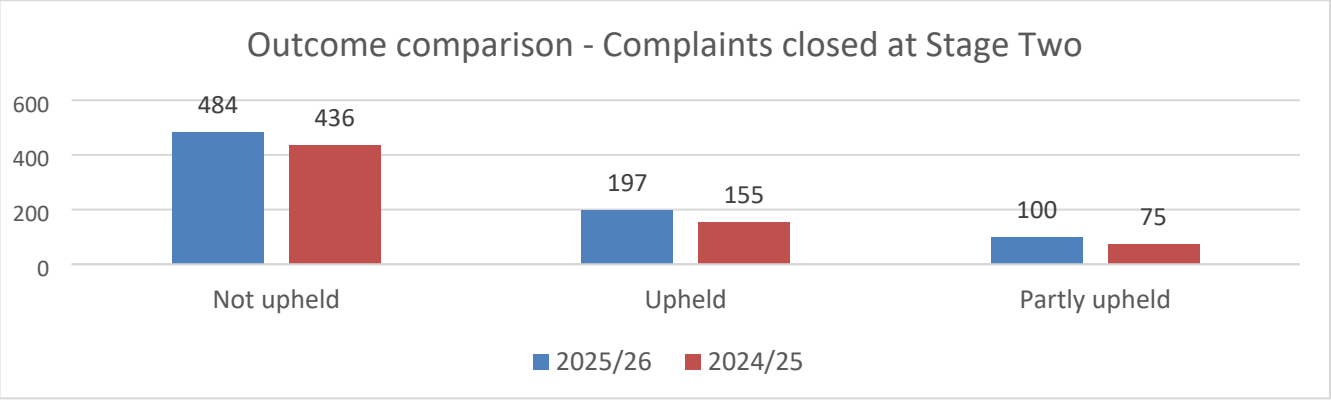


Table 6 – Stage two – Not upheld, upheld, partly upheld.

Stage 2	Not upheld	Upheld	Partly upheld
2025/26	**484**	**197**	**100**
%	**62%**	**25%**	**13%**
2024/25	436	155	75
%	64%	23%	11%

*1% withdrawn

2.19 While there is a small increase in the volumes being upheld and partly upheld, overall, the percentage split between outcomes remains consistent with the previous year.

Table 7 - Root Causes for complaints closed at stage one

	2024/2025		2025/2026	
	Total	**%**	**Total**	**%**
Policy and Procedure	884	15%	1,761	28%
Quality of service	2,848	49%	1,744	28%
Communications	828	14%	949	15%
Service not provided	634	11%	917	15%
Equalities and Regulatory	207	4%	384	6%
Staff Conduct	313	5%	364	6%
Not for KCC	41	1%	42	1%
Comment/Enquiry use only	16	0%	23	0%
Value for money	13	0%	14	0%
Total	**5,788**		**6,198**	

2.20 The balance of complaints has shifted over the last year, with more being logged under Policy and Procedure. Complaints recorded under the Policy and Procedure category include those around disagreements with decision making, disagreements with policy, or disagreements with charges received (for example for care).

2.21 Further information is shown in Table 8 below of the volumes of complaints at Stage one where the outcome of the complaint was Upheld.

2.22 Table 7 demonstrates that while a high volume of complaints were logged under Policy & Procedure, only 16% were upheld (Table 8).

2.23 33% of complaints logged under Quality of Service were upheld.

Table 8 – Breakdown of reasons for upheld* complaints by Directorate Stage one

Complaint reason	Adults Social Care Services & Health	Children Young People and Education	Growth Environment and Transport	CED & DCED	Total
Communications	96	176	79	11	**362**
Equalities & regulatory	8	22	25	4	**59**
Policy and procedure	87	80	108	2	**277**
Quality of service	100	252	161	11	**524**
Service not provided	33	144	105	5	**287**
Staff Conduct cause	10	32	64	1	**107**
Value for money	0	0	1	0	**1**
Total	**334**	**706**	**543**	**34**	**1617**

*table only includes upheld complaints and not those partially upheld
**some complaints may capture multiple reasons as to why they were upheld (total number of complaints upheld at stage one was 1492)

Other Feedback Received

Table 9 – Volumes received for other types of feedback.

	Member/ MP enquiry	Enquiry (includes Ask a Kent Librarian)	Informal Concerns
2025/26	**3516**	**16805**	**74**
2024/25	**2319**	**15375**	**175**
Difference	1197	1430	-101
% Difference	52%	9%	-57%

2.24 Table 9 tracks the other types of feedback received by the Council including Member and MP enquiries and informal concerns. The organisation received a 52% increase in enquiries raised by Members on the previous year.

2.25 It is not uncommon for figures to leap up following an election, this has probably been further exacerbated by the significant change in administration and the subsequent media coverage, which will mean members of the public will become more conscious of the Council.

2.26 Enquiries include Ask a Kent Librarian service requests which account for a significant proportion of the volumes received. This is managed by the Libraries, Archives and Registration service.

4. Timeliness and complaint handling standards

4.1 Timeliness remains one of the main areas of concern in 2025/26. The Council's target is to acknowledge complaints within 3 working days and provide a response within 20 working days. Across the organisation, 64% of complaints were responded to within this timescale, down from 70% in the previous year and below the 85% KPI.

4.2 This position should be viewed in the context of rising complaint volumes, backlog work in some services, and the complexity of complaints in statutory areas. These factors do not remove the need to improve timeliness, but they do help explain why performance remains under pressure.

4.3 The Local Government and Social Care Ombudsman has introduced a Complaint Handling Code. Although the Code is not mandatory and does not replace statutory complaints processes, it is an important external benchmark and will increasingly shape how council complaint handling is assessed.

4.4 At stage one, the Council achieved 64% compliance with its own 20-working-day standard. Against the Ombudsman's 15-working-day benchmark, compliance was 52%, rising to 61% when SEN cases are excluded.

KCC compliance at Stage One:	
20 working days	64%
15 working days	52%
15 working days (excl. SEND)	61%

4.5 At stage two, the Council's policy allows 20 working days, compared with the Ombudsman's 25-working-day benchmark. Compliance against the 25-day measure was 66%, rising to 81% when SEN cases are excluded.

KCC compliance at Stage Two:	
20 working days	64%
25 working days	66%
25 working days (excl. SEND)	81%

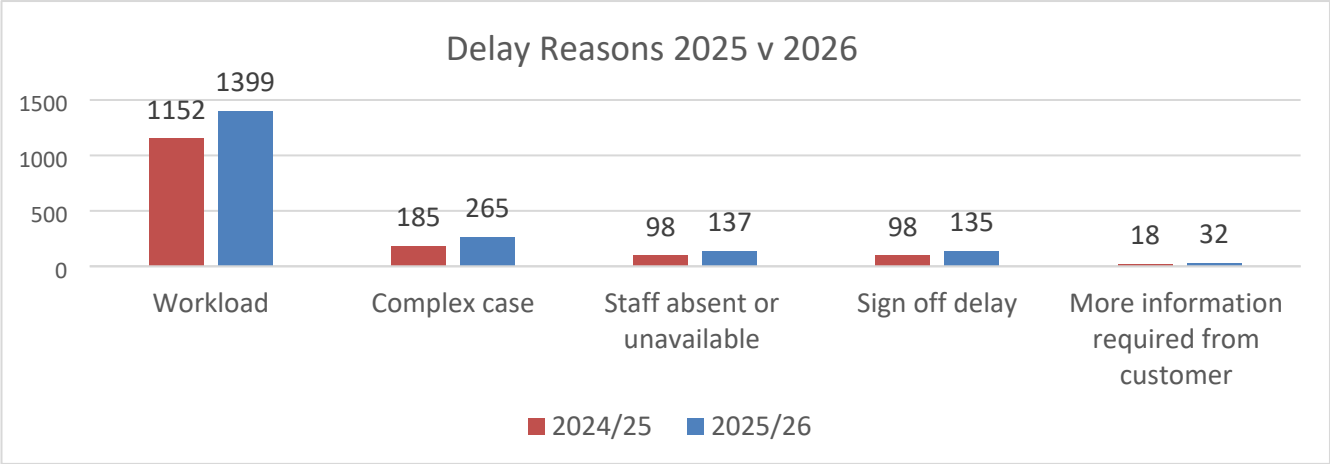
4.6 Targeted support has continued in areas where performance is lower, including management oversight, revised processes and additional guidance for officers. Progress has been made in some services, as demonstrated in the reduction of response times

albeit out of timescale, although others continue to face ongoing pressures that limit the pace of improvement.

Average of Working days to complete - stage one	**2024/2025**	**2025/2026**
20 days or less	8.6	10.1
More than 20 days	78.1	59.3
Grand Total	**29.6**	**27.8**

Average of Working days to complete - stage two	**2024/2025**	**2025/2026**
20 days or less	10.8	11.1
More than 20 days	77.7	60.1
Grand Total	**40.2**	**35.7**

4.7 Top five overall delay reasons



4.8 Chart above shows the top five delay reasons cited for the organisation as a whole.

4.9 The same reasons remain in the top five, each seeing a small increase in volume across the board. This is due to the increase in cases being handled.

4.10 Workload continues to be cited as the main reason for complaint responses being sent out late. Other reasons cited included third party delay, joint response delay, and waiting on legal advice all had 1% of the overall volumes.

4.11 The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 makes provision for customers and the complaints team to set the timescales for responding. This can be up to 6 months for the most complex of cases and means that complaints will often not meet the 20-working day KCC standard. This is

because an agreement with the customer has been formed to allow for more time to investigate and respond.

4.12 Whilst the legislation allows for longer, ASCH complaints are measured against the 20-working day timeline in line with KCC's policy. Here 49% were responded to in timescale. The directorate implemented an action plan to improve performance and close historical cases. Additional training was carried out to support improvement.

4.13 Any joint working complaints with health, have an agreed 30 working day response time.

5. Customer communications channels

5.1 Information on 'How to complain' is available on our website. The public can provide feedback to the Council through a number of different channels including via our online form, phone, email and through Social Media.

5.2 The breakdown below indicates by percentage which channel customers have chosen to communicate feedback (compliments, comments & complaints).

Table 10 - Channels used to communicate compliments, comments, informal concerns and complaints

	Email	Online/ Self Service	Phone	Letter	Comment card/ Face to Face	GovMetric	Other
2025/26	**41%**	**42%**	**7%**	**2%**	**3%**	**4%**	**<1%**
Volume	**3342**	**3431**	**549**	**137**	**258**	**339**	**8**
2024/25	25%	29%	8%	1%	2%	34%	1%
Volume	2715	3075	843	118	191	3641	21

5.3 87% of correspondence is submitted via digital methods. While we maintain accessible channels, the majority of customers opt to contact us online. The nearly all MP and Member enquiries are received by email, with the increase in Member enquiries this has impacted this volume.

5.4 Following a review of GovMetric feedback, the GET directorate stopped logging these in as comments unless it required a formal response.

6. Financial Remedies across all complaints received by KCC

6.1 In 2025/26 £555,628.81 was paid in settlements, changes to the amount we charge and

waived charges as a result of complaints to the organisation. This includes:

Directorate	Sum
ASCH*	£123,972.78
CYPE	£429,273.60
CED&DCED	Nil
GET	£2,382.43

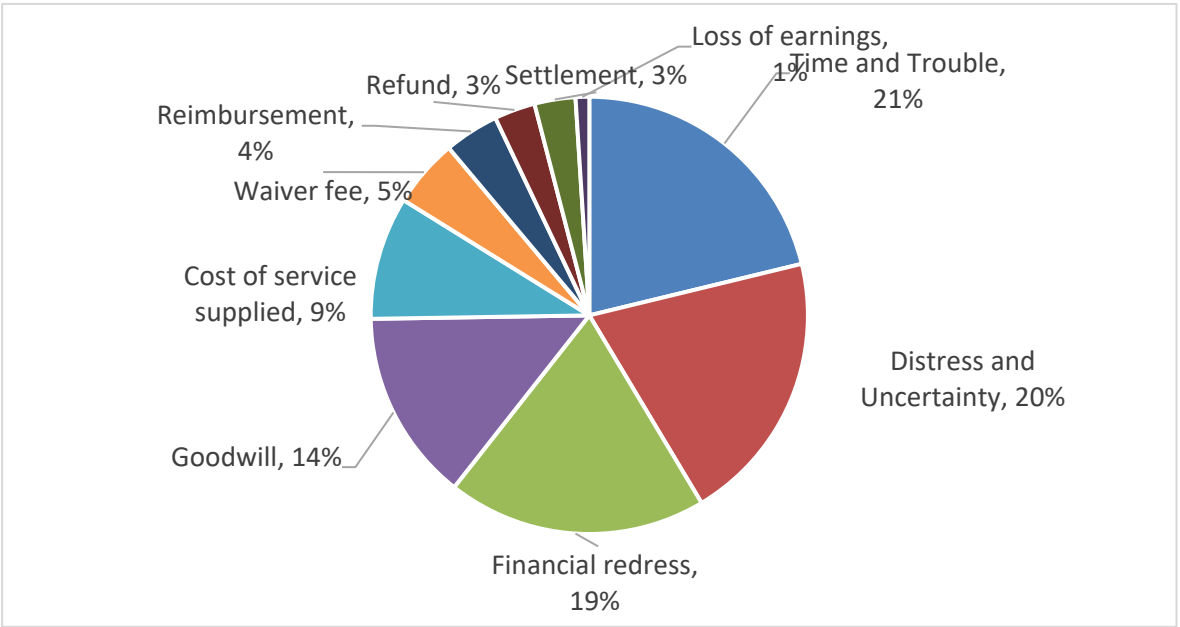
*This figure also includes the adjustments to the cost of care provided. The service has adapted their processes to ensure that this information is consistently calculated and recorded as part of the complaint outcome.

6.2 £85,043.25 of the payments above were made following Local Government and Social Care Ombudsman Decisions found against KCC.

6.3 Within CYPE the clearing of the backlog has meant that this figure is disproportionately high. The service has been using the LGSCO's remedy guidance to appropriately renumerate where there has been missed provision or education.

6.4 Overall, the total figure paid out in settlements or through waived charges is down by £113,975.30 on the previous year (*2024/25 £669,604.11*).

Table 11 – Financial Remedies complaint reasons



6.5 454 instances of financial remedies were recorded during the 2025/26 financial year, which is an increase from 374 instances the previous year.

6.6 Following an investigation, it was identified that through system error, funds intended for respite had been recovered from a business in error. The Council reimbursed the full amount to the business that was impacted by this, restoring them to the position they would have been in had the error not occurred. As this was a direct reimbursement of monies incorrectly recovered to a business, it has not been included within the reported total for financial remedies. This equated to £60,320.32.

6.7 Monies paid out during the 2025/26 financial year may relate to complaints recorded in previous years. This is due to the time that elapses between the date the complaint was lodged and achieving resolution, from stage one to LGSCO stage.

7. Levels of complaints to the standards committee (Member complaints)

7.1 Complaints recorded in 2025/26

7.2 During 2025/26 the Monitoring Officer responded to 78 complaints of alleged misconduct of the breach of the Elected Member Code of Conduct. A further 5 cases are currently open and pending a decision.

Table 12 – Volume of Member complaints

2025/26	2024/25	2023/24	2022/23	Outcome
78	2	0	2	No Action or resolved upon receipt.
0	1	1	0	Action taken by party
5	11	0	0	Awaiting Outcome (Cases still open with the Monitoring Officer)

8. KCC ombudsman performance

8.1 The Local Government and Social Care Ombudsman provide an external check on how well the Council handles complaints. Its annual review helps Members understand how many complaints progress beyond the Council, how many are upheld, and how Kent compares with similar authorities.

8.2 Ombudsman figures will not exactly match the Council's own records because some cases are closed by the Ombudsman without being referred back to the Council or are found to be outside jurisdiction. Even so, the data provides a useful benchmark.

8.3 In 2025/26, **349** complaints about KCC were recorded by the Ombudsman. Of these, **58** were upheld and were referred back for local resolution. This remains an important source of external scrutiny and learning.

8.4 The Ombudsman reported that the national average upheld rate for county councils was **89%** of investigated complaints. Kent's upheld rate was **87%,** which is below the national average for this group.

8.5 When adjusted for population, Kent recorded **3.5** upheld decisions per 100,000 residents, compared with an average of **5.2** for similar county councils.

8.6 Encouragingly included in the upheld figure is **9 cases** where the Council had already identified fault and offered appropriate remedies in line with the LGSCO guidance. We will be looking where we can improve this across all services.

8.7 Overall, this suggests that while complaint volumes are high, Kent compares more favourably when viewed against population size. The main areas for continued attention remain timeliness, early resolution and learning from upheld cases.

8.8 No public reports were issued against Kent County Council in 2025/26.

8.9 **Decisions made**

8.10 The following table examines the number of complaints decided by the Ombudsman over the last three years and decision category given by the LGSCO.

8.11 The council has received more cases this year, in which the LGSCO closed the case after Initial enquiries – this may be where LGSCO does not see that a full investigation is needed either because the outcome is unlikely to change, it is out of jurisdiction, insufficient evidence of fault or the complaint is outside of the 12 months period.

8.12 The number of those full investigated has been reduced over the last year.

8.13 The Ombudsman notes that the Organisation needs to improve in respect of timeliness. The Council when implementing remedial measures, achieved a response rate of **79%** compared with an average of 86% for County Councils. Additional focus will be made in this year to improve timeliness, particularly in relation to carrying out agreed actions.

Table 13 – comparison with other Local Authorities

County	Received	Assessed and closed	Investigated	Upheld	% upheld	Upheld per 100k	% already upheld locally	% timeliness of compliance with LGSCO recommendations
Kent	349	159	67	58	87%	3.5	16%	79%
Essex	447	113	247	235	95%	15	2%	98%
Surrey	307	116	105	93	89%	7.4	18%	91%
Hampshire	224	105	44	37	84%	2.6	14%	97%
Lancashire	275	86	75	64	85%	4.9	14%	74%
Hertfordshire	155	70	46	40	87%	3.2	8%	85%

Table 14 – LGSCO complaint decisions

	Detailed investigation carried out						
	Upheld	Not upheld	Advice given	Closed after initial enquiries	Incomplete / Invalid	Referred back for local resolution	Total
2025/26	**58**	**9**	**4**	**159**	**10**	**109**	**349**
2024/25	63	13	3	128	9	75	291
2023/24	76	18	2	101	16	91	304
2022/23	53	8	7	91	8	62	229

8.14 **BENCHMARKING**

8.15 Kent County Council compares its complaint performance with a group of similar large county councils, including Essex, Surrey, Hampshire, Lancashire and Hertfordshire. These councils all have populations that exceed 1 million and deliver the same core services, such as Adult Social Care, Children's Services and Highways, across large and varied areas.

8.16 Within this group, Essex is Kent's closest and most meaningful comparator. It is similar in size, structure and demand for services, and consistently sits alongside Kent across all benchmarking measures including Social, Economic and demographic comparators. For this reason, Essex provides the clearest like-for-like comparison when assessing performance.

8.17 In overall terms, Kent received 58 upheld Ombudsman complaints, compared with 235 in Essex. This means Kent has fewer complaints upheld per capita LGSCO stage than its nearest statistical neighbour, despite operating at a similar scale.

8.18 Other councils in the group, such as Hampshire and Surrey, report lower complaint numbers. However, these councils differ more in their population profile and levels of demand, including lower levels of deprivation and service pressure. This means they are less directly comparable to Kent than Essex.

8.19 Looking at the wider picture, Kent sits in the middle of the group for socio-economic factors such as deprivation and economic activity. Its complaint levels reflect this position and are broadly in line with what would be expected given the population it serves.

8.20 Overall, when compared with its nearest neighbour Essex, Kent's complaint levels escalating to LGSCO are lower and more proportionate. This suggests that Kent is not an outlier and that its complaint performance is consistent with similar councils delivering services at the same scale.

8.21 The number of complaints received is also influenced by factors such as awareness of how to complain, confidence in raising concerns and how organisations record and manage feedback. In Kent, we take a transparent and robust approach to complaint handling. We do not operate a 'pre-complaint' stage or seek to divert complaints away from the formal process unless they are genuinely service requests.

8.22 This means concerns are recorded at the earliest opportunity, in line with the Complaint Handling Code, allowing us to build a full and accurate picture of customer experience. As a learning organisation, this consistent logging enables us to identify trends, target improvement activity and strengthen accountability. We also ensure that customers are consistently signposted to the Local Government and Social Care Ombudsman where appropriate.

8.23 Kent has sought to benchmark complaint volumes with our neighbours at earlier stages of the complaints process to provide a more complete understanding of customer experience. However, meaningful comparison at this level remains limited, as many councils do not currently record or report complaints with the same level of consistency or detail.

8.24 The Local Government and Social Care Ombudsman's Complaint Handling Code now sets clearer expectations that councils should capture and report on complaints more comprehensively from the outset. While the Code outlines that reporting should, as a minimum, include information on complaint volumes, outcomes, timeliness and learning, it does not prescribe a standard template or approach. It is still early days in the code's implementation, and we will continue to monitor this.

8.25 At the present time the variation across the sector in how data is recorded and presented is significant. Kent's approach has always been to be open and transparent. We already go further than the minimum requirements by recording complaints at the earliest point and maintaining a consistent, organisation-wide dataset. This provides greater transparency, supports stronger organisational learning, and ensures senior leaders and Members have a clearer view of performance and emerging issues.

9. Lessons learned and service improvement

9.1 Complaints and Ombudsman findings are used to improve service delivery, not just to resolve individual cases. Where fault is identified, services are expected to put things right for the individual and take action to reduce the risk of the same issue happening again.

9.2 Learning is being captured more consistently through remedial actions, management oversight, quality assurance, staff guidance and the Organisational Learning Panel. The table below summarises the most common actions taken where complaint volumes are high enough to identify meaningful themes.

Table 15 - Top remedial actions

Action	Total	%
Formal apology	818	27%
Explanation	752	25%
Provided service requested	372	12%
Financial remedy	367	12%
Arrange staff training or guidance	226	7%
Discuss at team meeting	173	6%
Change or review communications	131	4%

9.3 Above are summaries of the most common actions taken as a result of complaints. The most common remedial actions remain apology, explanation, putting the service right and, where appropriate, financial remedy.

10. You Said, We Did

10.1 We listen to the feedback people give us through complaints, comments and compliments. Where something has gone wrong, we use that feedback to put things right and improve the way we work. This section gives examples of what people told us and what we changed as a result.

Service	You said	We did
Adult social care	A family told us they were told a care placement was ready before it had been approved, and that home care was cancelled before the move was authorised.	We identified learning about making sure information shared with families is accurate and consistent, not cancelling care packages before placement authorisation is confirmed, and addressing these points through staff supervision.
Children's services	People raised concerns about duplication of DBS checks for individuals working across different roles linked to the Council.	We said the DBS Update Service should be used where someone is already registered, rather than requesting a new DBS certificate, and that contract documentation would be amended to make this clear.
Libraries	A customer said staff were not helpful when they visited a library and wanted to take part in an event.	We said we would provide extra staff training and repeat expectations across the district to help prevent the same experience happening again.
Contact Point	A caller said a member of staff was not helpful when they rang for help with an application.	We reviewed the call and said the line manager would carry out a thorough review with the adviser, covering the process, what to do if unsure, and the need to stay focused on the caller.
Finance	A sole trader said late payment of an	We introduced a new form so payments can

	invoice had an impact on their personal finances.	be expedited where there is a risk to service delivery.

10.2 We know that feedback, including complaints, helps us understand where we need to do better. By listening and acting on what people tell us, we can improve services and help prevent the same issues from happening again.

11. Ombudsman examples

11.1 We also learn from complaints investigated by the Local Government and Social Care Ombudsman. These cases help us understand where our processes, communication or decision-making need to improve.

Service	You said	We did
Adult social care	A complaint to the Ombudsman said we did not follow up disability-related expenditure as part of a care charging review and did not clearly explain the outcome.	We agreed to apologise for the frustration and uncertainty caused and review how we handle the reassessment process to address the communication failure.
Adult social care	A complaint said there had been poor communication support, problems with charging and poor complaint handling.	We agreed to apologise, waive outstanding care charges, carry out a fresh assessment of disability-related expenditure and make a payment to recognise the distress and confusion caused.
Special educational needs	A complaint said we did not act when we knew provision in an Education, Health and Care Plan was not being delivered and that we delayed responding to the complaint.	We agreed to apologise and make a financial payment to recognise the impact of lost provision and complaint delay.
Special educational needs	A complaint said there were delays in issuing an amended Education, Health and Care Plan, a failure to provide alternative provision, poor communication and delay in complaint handling.	We agreed to apologise, make a financial payment for distress and uncertainty, and issue the amended final EHC Plan.
Children's services	A complaint said we did not follow the statutory children's complaints procedure correctly.	We agreed to provide a remedy for the injustice caused and take action to resolve the complaint in line with the required statutory procedure.

11.2 The Organisational Learning Panel has been established to review cases with wider organisational relevance, share lessons across directorates and support a more consistent approach to service improvement. Actions resulting from the initial meetings include undertaking a survey to understand blockers to responding to complaints in a

timely manner, exploring the use of toolkits for common problems and expanding the use of “you said, we did” across services.

12. RECOMMENDATIONS

12.1 The Committee is asked to note:

12.1.1 The contents of this report, including current performance, key areas of pressure, lessons learned and the Council's benchmarking position.

12.1.2 The improvement activity underway in relation to complaint handling standards, timeliness and organisational learning.

13. APPENDICES

Appendix A - Directorate overview of Customer Feedback Received

Appendix B - Ombudsman Letter

Appendix C – Self Assessment

14. BACKGROUND DOCUMENTS

Definitions and Classification of Complaints:

- Customer feedback policy - Kent County Council - What can or cannot be accepted as a complaint, benchmarked against the Ombudsman’s guidance)
- Interpreting our complaints data - Local Government and Social Care Ombudsman - For assistance in interpreting LGSCO data.

15. RELEVANT DIRECTOR AND REPORT AUTHOR

Report Author:
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Head of Customer Experience and Relationships
03000 417025
Pascale.blackburn-clarke@kent.gov.uk

Relevant Corporate Director:
Ben Watts,
Deputy Chief Executive
03000 416814

Appendix A – Directorate overview of Customer Feedback Received

Children, Young People and Education

All Feedback Reported

	Complaints (Stage One)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints
2025/26	**1447**	**4**	**149**	**234**
2024/25	1266	40	36	195
2023/24	1164	21	40	186

The below table compares the number of complaints received in 2025/26 with those received in 2023/24 and 2024/25

Service	2023/24	2024/25	2025/26
Integrated Children's Services	397	452	**540**
Education (includes Community Learning & Skills)	145	153	**162**
SEN & Disabled Children's Services	607	638	**721**
Corporate Directors Office (includes The Education People)	15	18	**17**
Early Help and Preventative Services	0	2	**3**
Commissioning	0	3	**4**
Total Complaints	**1164**	**1266**	**1447**

Performance in timescale

	2024/25	2025/26
In timescale	474	**365**
Late	871	**1031**
Average days to complete	72.4	**58**

Delay reasons

	Workload	Complex case	Sign off delay
2025/26	**877**	**46**	**36**
2024/25	750	22	46
% of total complaints closed by CYPE	86%	5%	4%

LGSCO breakdown

	Upheld	Not upheld	Closed: out of jurisdiction/ no further action or withdrawn	Premature	Total
2025/26	**40**	**4**	**91**	**99**	**234**
2025/24	**50**	**7**	**64**	**74**	**195**

	Detailed investigation				
	Upheld	**Not upheld**	**Closed after initial enquiries**	**Premature/ incomplete**	**Total**
Children Social Work Services	7	0	41	31	**79**
Kent Test/School Admission appeals	0	1	8	0	**9**
Home to School Transport/Free School Meals	0	0	16	4	**20**
Special Educational Needs	32	3	26	46	**107**
The Education People	1	0	0	0	**1**
Community Learning and Skills	0	0	0	0	**0**
Closed by LGSCO – not sent to KCC				18	**18**
Total	**40**	**4**	**91**	**99**	**234**

Growth, Environment and Transport

All Feedback Reported

	Complaints (Stage one)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2025/26	**3256**	**299**	**913**	**38**
2024/25	2932	3194	909	40
2023/24	3157	1233	702	33

The below table compares the number of complaints received in 2025/26 with those received in 2023/24 and 2024/25

Service	2023/24	2024/25	2025/26
Environment & Circular Economy	73	103	**108**
Growth & Communities	96	68	**95**
Highways and Transportation	2565	2267	**2474**
Household Waste Recycling Centres	235	323	**280**
Libraries, Registrations and Archives	187	171	**299**
GET Corporate Directors Office	1	0	**0**
Total Complaints	**3157**	**2932**	**3256**

Performance in timescale

	2024/25	**2025/26**
In timescale	2627	**2738**
Late	355	**502**
Average days to complete	11.3	**13.6**

Delay Reasons

	Workload	Staff absent or unavailable	Sign off delay
2025/26	**305**	**66**	**45**
2024/25	211	48	12
% of total complaints closed by GET	63%	14%	9%

LGSCO breakdown

	Upheld	Not upheld	Closed: out of jurisdiction/no further action or withdrawn	Premature	Total
2025/26	**0**	**0**	**31**	**7**	**38**
2025/24	**0**	**1**	**37**	**2**	**40**

	Detailed Investigation				
	Upheld	**Not upheld**	**Closed after initial enquiries**	**Premature**	**Total**
Environment & Waste	0	0	1	0	1
Growth and Communities (inc LRA)	0	0	1	2	3
Highways & Transportation	0	0	29	5	34
Total	**0**	**0**	**31**	**7**	**38**

Adult Social Care and Health

All Feedback Reported

	Complaints (Stage One)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2025/26	**1160**	**0**	**596**	**66**
2024/25	1064	0	615	47
2023/24	992	0	553	75

The below table compares the number of complaints received in 2025/26 with those received in 2023/24 and 2024/25

Service	2023/24	2024/25	2025/26
Adult Social Care and Health	992	1064	**1160**
Total Complaints	**992**	**1064**	**1160**

Performance in timescale

	2024/25	**2025/26**
In timescale	657	**552**
Late	422	**567**
Average days to complete	23.5	**30.8**

Delay reasons

	Workload	Complex case	Sign off delay
2025/26	**212**	**187**	**51**
2024/25	180	123	32
% of total complaints closed by ASCH	40%	35%	10%

LGSCO breakdown

	Upheld	Not upheld	Closed: out of jurisdiction/ no further action or withdrawn	Premature	Total
2025/26	**18**	**5**	**32**	**11**	**66**
2025/24	13	5	23	6	47

Chief and Deputy Chief Executive's departments

All Feedback Reported

	Complaints (Stage One)	Comments	Compliments	Resolved Local Government and Social Care Ombudsman enquiries & complaints*
2025/26	**117**	**103**	**19**	**11**
2024/25	130	378	40	9
2023/24	173	514	23	7

The below table compares the number of complaints received in 2025/26 with those received in 2023/24 and 2024/25

Service	2023/24	2024/25	2025/26
Finance (includes Insurance)	47	30	**25**
Governance, Law and Democracy	31	15	**36**
Infrastructure	32	16	**15**
Marketing and Resident Experience	36	63	**23**
People Operations	18	0	**4**
Strategy, Policy, Relationships and Corporate Assurance	3	5	**14**
Strategic Commissioning (includes Public Health)	6	1	**0**
Total Complaints	**173**	**130**	**117**

Performance in timescale

	2024/25	2025/26
In timescale	114	**100**
Late	32	**18**
Average days to complete	35.3	**14.2**

Delay reasons

	Staff absent or unavailable	Workload	Sign off delay
2025/26	**6**	**4**	**3**
2024/25	2	11	8
% of total complaints closed by CED/DCED	38%	25%	19%

LGSCO breakdown

	Upheld	Not upheld	Closed: out of jurisdiction/no further action or withdrawn	Premature	Total
2025/26	**0**	**0**	**8**	**3**	**11**
2025/24	0	0	7	2	9

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Local Government & Social Care OMBUDSMAN

20 May 2026

By email

Ms Beer
Chief Executive
Kent County Council

Dear Ms Beer

Annual Review letter 2025-26

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2026.

We recognise that local authorities continue to face significant pressures in delivering services to their communities. We hope the data and insight we share with you each year remains a useful tool for reflection and continuous improvement. Please consider it as part of your corporate governance processes.

Your annual statistics are available here.

In addition, you can find the detail of the decisions we have made about your Council, read reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

We will write to organisations in July where there is exceptional practice or where we have concerns about complaint handling. Not all organisations will get a letter. If you do receive a letter it will be sent in advance of its publication on our website on 15 July 2026.

Supporting complaint and service improvement

We remain committed to supporting the sector to embed effective systems of redress. Where authorities are navigating reorganisation and devolution, we are ready to help ensure that robust complaint handling is built into new arrangements from the outset. Please do get in touch if your organisation would benefit from our advice and guidance.

Our Complaint Handling Code, in force since April 2025, is now applied in our casework and offers structure and support to your local complaint system. Our training programme provides a flexible, expert-led route to building complaints capability across your teams, with courses open for individual delegates to book. Contact training@lgo.org.uk for more information.

Our Annual Review of Local Government Complaints will be published in July 2026, setting out the national picture of complaints, trends across service areas, and emerging systemic issues. We encourage you to read it alongside your own organisation's data.

Yours sincerely,

A. K. Clarke

Amerdeep Clarke
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

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Local Government & Social Care OMBUDSMAN

Self-assessment against the requirements of the Code

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
1: Definition of a service request and complaint	We recognise the difference between a service request and a complaint, and these are defined in our policies and procedures.	Yes	
2: Exclusions	Our complaints policy sets out circumstances where we would not consider a complaint. These are reasonable and do not deny individuals access to redress.	Yes	
3: Accessibility and awareness	We provide different channels through which individuals can make complaints. These are accessible and we can make reasonable adjustments where necessary	Yes	
4: Complaint handling resources	We have designated, sufficient resource assigned to take responsibility for complaint handling. Complaints are viewed as a core service and resourced accordingly.	Yes	Under the Council's current 20-day stage one complaints it considers it has sufficient resource with dedicated teams to support Directorates in handling complaints.

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
5: The complaint handling process	We have a single policy for dealing with complaints covered by the Code and individuals are given the option of raising a complaint where they express dissatisfaction that meets the definition of the complaint in our policy.	Yes	
6: Complaints stages (Stage 1)	We process stage 1 complaints in line with timescales and processes set out in the Code.	No	The Council responds to 'corporate' complaints within 20 working days. The Council starts the time from day of receipt, not from acknowledgement of the complaint. The code allows for time to start from acknowledgement. Resulting in 15 day timescales in total.
6: Complaints stages (Stage 2)	We process stage 2 complaints in line with timescales and processes set out in the Code.	Yes	The council starts timescales from day of receipt and not from acknowledgement. This allows for 25 days in total. The Council will continue to start from date of receipt and work to 20 days.
7: Putting things right	When something has gone wrong we take action to put things right.	Yes	
8: Performance reporting and self-assessment	We produce an annual complaints performance and service improvement report for scrutiny and challenge which includes a self-assessment against the Code.	Yes	An Annual Report is presented to Governance and Audit Committee.

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
9: Scrutiny & Oversight	We have appropriate senior leadership and governance oversight of the complaints process and performance.	Yes	The person responsible for managing the complaints teams, has access to both the Chief Executive and the Council's Monitoring Officer. Key performance and activity indicators are presented quarterly to Policy and Resources Committee and an Annual Report is presented to Governance and Audit Committee. This year there was an extraordinary report presented to demonstrate progress on timeliness of complaints.

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From:	Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services Corporate Director – Finance
To:	Governance and Audit Committee – 3 November 2026
Subject:	Treasury Management Mid-Year Update
Classification:	Unrestricted
Future Pathway of report	County Council

Summary: This report provides an overview of Treasury Management activity to the end of September 2026. Listed below are some of the key highlights to aid the Committee in their review:

a) The Council continued to take a prudent and disciplined approach to treasury management, providing assurance that liquidity, security, and interest rate risks remained well managed, with all prudential indicators met during the period.
b) The Council maintained a balanced funding strategy by using internal resources where appropriate while maximising returns on cash balances, helping to manage borrowing costs effectively and sustainably.
c) External borrowing stood at £593.2m at the end of September 2026, a reduction of £17.1m over the half-year. This reflects active debt management, including the repayment of a £20m LOBO loan, the prudent use of temporary Local Authority borrowing to support liquidity needs, and the maturity of £4.1m of loans without replacement, providing assurance that borrowing levels continue to be actively monitored and managed.
d) Investments totalled £359.3m at the end of September 2026, an increase of £49.5m since March 2026. The higher balance reflects temporary loans of £7m and increased working capital holdings, providing a strong liquidity position to support the Council's operational and financial requirements.
e) The Council's cash flow investments continue to be held across a diversified mix of short and medium-term instruments. The ongoing transition towards a more liquid portfolio, alongside a reduction in overall investment risk, provides assurance that funds remain well positioned to meet future cash flow needs while maintaining a prudent risk profile.
f) During the half-year, the Council achieved a £2.8m saving against the interest cost budget. This was driven by proactive debt management, including the early repayment of debt, and stronger investment income, although lower interest income due to lower cash balances has offset the savings.

Recommendation: The Committee is asked to endorse this report and recommend that it is presented to the County Council.

1. Introduction

1.1 This report covers Treasury Management activity to the end of September 2026 and developments in 2026-27 up to the date of this report.

1.2 The Council's Treasury Management Strategy for 2026-27 was approved by the County Council on 12 February 2026.

1.3 The Council has both borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy. This report covers treasury activity and the associated monitoring and control of risk.

1.4 Treasury risk management at the Council is conducted within the framework of CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.5 The Council has nominated the Governance & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. External context

2.1 **Economic Update:** The following summary of economic commentary has been provided by the Council's retained treasury advisor, MUFG Corporate Markets.

2.2 Economic growth remained resilient during the first half of 2026/27. GDP grew by 0.5% in the quarter to June 2026, followed by a 0.4% monthly increase in July, supported by services, industrial production, and construction.

2.3 The outlook is weakening. Higher energy prices, increased borrowing costs, subdued consumer demand, and uncertainty ahead of the Autumn Budget are expected to slow growth. September's composite PMI remained expansionary at 52.0 but was below August's level.

2.4 Inflationary pressures increased, largely because of higher fuel and energy prices. CPI inflation rose to 3.1% in August and is forecast to peak at approximately 4.3% in January 2027.

2.5 Bank Rate remained at 3.75%, but the Bank of England indicated that a rate increase could follow in November or December if Middle East tensions persist and inflation continues to rise.

2.6 Consumer spending was relatively robust, with retail sales increasing by 0.5% in August and standing 2.4% above the previous year. However, household incomes are expected to come under greater pressure as inflation rises.

2.7 Public finances deteriorated. Government borrowing exceeded Office for Budget Responsibility forecasts in both May and August, reflecting higher expenditure, inflation-linked debt interest costs, and weaker-than-expected tax receipts.

2.8 Gilt markets were volatile. The 10-year gilt yield moved between approximately 4.7% and 5.43%, ending September at 5.43%, driven particularly by geopolitical developments.

3. Local context

3.1 The treasury management position on 31 March 2026 and the change over the 6 months to 30 September 2026 is shown in the following table.

	31-Mar-26	2026-27	30-Sep-26	30-Sep-26
	Balance £m	Movement £m	Balance £m	Average Rate %
Long-term borrowing	610.3	-17.1	593.2	4.3
Total borrowing	**610.3**	**-17.1**	**593.2**	**4.3**
Long-term investments	275.7	-37.3	238.4	4.8
Short-term investments	0.0	4.7	4.7	3.7
Cash and cash equivalents	34.1	82.1	116.2	3.9
Total investments	**309.8**	**49.5**	**359.3**	**4.5**
Net borrowing	**300.5**	**-66.6**	**233.9**	

4. Borrowing Strategy during the period

4.1 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

4.2 At 30 September 2026, the Council held £593.2m of loans as part of its strategy for funding previous capital programmes. Following the exercise of £60m of LOBO loan options in March and April by the LOBO counterparties, the loans were repaid without penalty in line with the contractual agreements. Temporary Local Authority borrowing of £25m was undertaken to support liquidity requirements in the half-year (of which £18m has been repaid) and £4.1m of existing loans were allowed to mature/ be repaid without replacement.

4.3 Interest rates showed upward movements over the first half of the financial year. Short term rates increased by 0.02% - 0.36%, whilst long term rates increased by 0.38% - 0.48% between the beginning of April and end of September 2026. The PWLB 10-year maturity certainty rate stood at 6.21% at 30 September 2026, 20 years at 6.61% and 30 years at 6.64%.

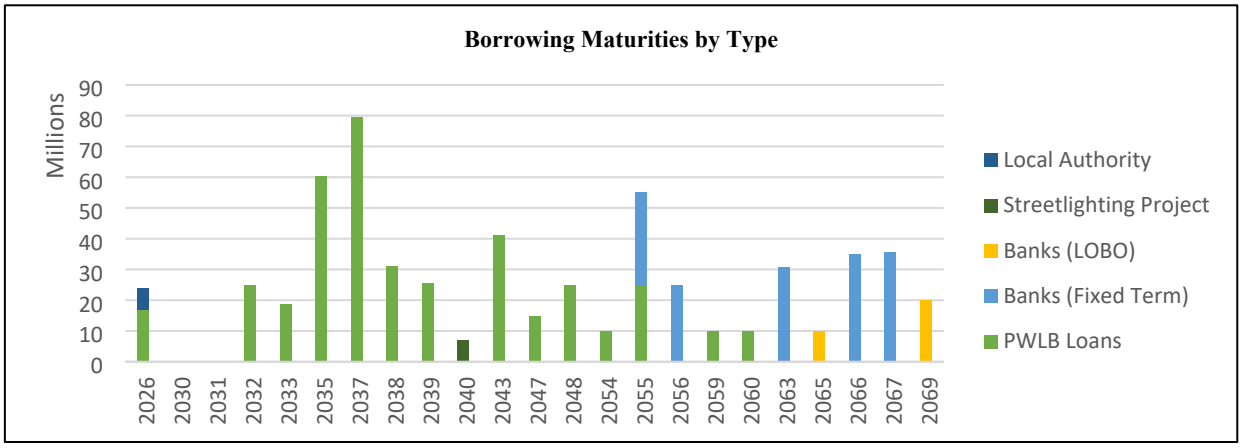
4.4 The Council continues to hold £30m LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Rising interest rates increases the likelihood

of a lender exercising their option The Council's currently held LOBO loans include £20m and £10m with next option dates 16 February 2027 and 20 April 2027, respectively.

4.5 The Council's borrowing activity in the 6 months to 30 September 2026 is in the table below and a detailed schedule of borrowings as at 30 September 2026 is in Appendix 1:

	31-Mar-26	2026-27	30-Sep-26	30-Sep-26	30-Sep-26
	Balance	Movement	Balance	Average Rate	Value Weighted Average Life
	(£m)	(£m)	(£m)	(%)	(yrs)
PWLB Loan	396.8	-3.9	393.0	4.2%	14.1
Banks (Fixed Term)	156.1	0.0	156.1	4.5%	35.6
Banks (LOBO)	50.0	-20.0	30.0	4.2%	41.1
Streetlighting project	7.4	-0.3	7.1	2.9%	14.0
Local Authority	0.0	7.0	7.0	4.3%	0.1
Total borrowing	**610.3**	**-17.1**	**593.2**	**4.3%**	**21.0**

4.6 The maturity profile of the Council's outstanding debt at 30 September 2026 was as follows:



5. Treasury investment activity

5.1 The Council holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During the period to September 2026, the Council's investment balance ranged between £291.0m and £578.1m due to timing differences between income and expenditure.

5.2 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.3 Bank Rate was maintained at 3.75% from the beginning of the year to the end of September 2026. Short-dated cash rates, which had ranged between 3.71% - 4.13%

at the beginning of April, rose by around 0.13% for overnight maturities and 0.17% for 3-month maturities.

5.4 The Council continues to hold cash balances in money market funds as well as in bank call accounts which have same day availability. This liquid cash is diversified over several counterparties and money market funds to manage both credit and liquidity risks.

5.5 At 30 September 2026, the Council had outstanding loans totalling £22.2m to the No Use Empty loans programme achieving a return of 3.9% which is available to fund general services. With a decrease of £46.2m in covered bonds in the 6 months, the total bond portfolio as at 30 September 2026 was £27.7m. These instruments are negotiable and have the benefit of collateral cover.

5.6 The Council's investments during the 6 months to the end of September 2026 are summarised in the table below and a detailed schedule of investments as at 30 September 2026 is in Appendix 1.

	31-Mar-26	2026-27	30-Sep-26	30-Sep-26	30-Sep-26
	Balance	Movement	Balance	Rate of Return	Average Credit Rating
	(£m)	(£m)	(£m)	(%)	
Money Market Funds	27.5	82.1	109.6	3.9	AAA
Call Deposits (Banks)	6.6	-0.0	6.6	3.4	A+
Treasury Bills (UK Government)	0.0	0.0	0.0	0.0	
DMADF Deposits (DMO)	0.0	4.7	4.7	3.7	AA-
Covered Bonds	73.9	-46.2	27.7	4.3	AAA
No Use Empty Loans	19.3	2.9	22.2	3.9	
Equity	2.1	0.0	2.1		
Internally Managed Cash	**129.4**	**43.6**	**173.0**	**3.9**	AA+
Strategic Pooled Funds	**186.6**	**-0.3***	**186.3**	**5.1**	
Total	**309.8**	**49.5**	**359.3**	**4.5**	

*includes sale of Pooled Funds of £6.2m and net increase in valuation of £5.9m

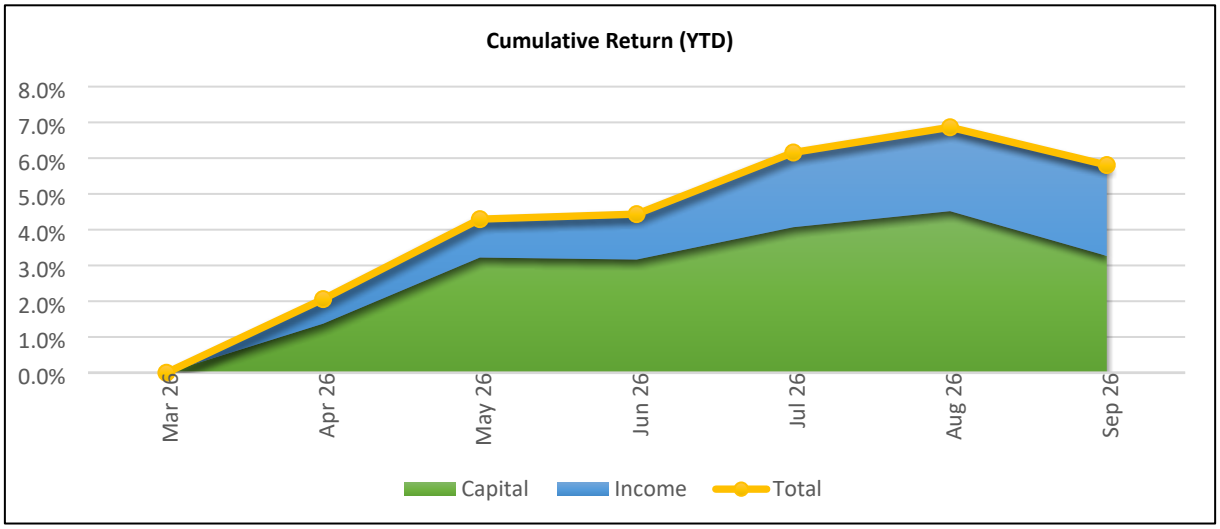
6. Externally managed investments

6.1 The Council is invested in equity, multi-asset, and property funds. Because the pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed.

6.2 Although expected returns are higher over the long term than comparable short-term cash instruments, returns on pooled fund investments can be volatile from one year to the next, and therefore the Council only holds long term (strategic) cash balances in the strategic pooled funds' portfolio.

6.3 **Performance YTD** The value of our holdings increased to £186.3m at the end of September 2026, showing an unrealised gain of £5.9m (3.3%) over the period since the end of March 2026. The total return (comprised of both income and capital

returns) on the pooled fund investments over the 6 months since 31 March 2026 is £10.5m (5.8%), as shown in the table below.



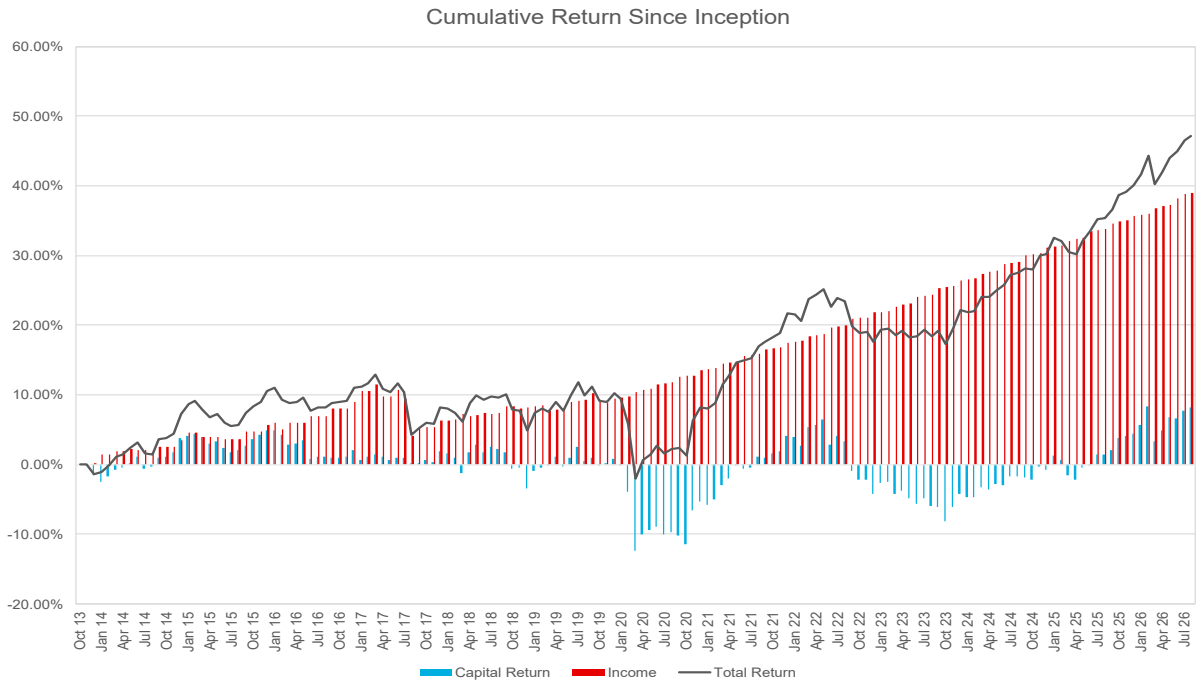
6.4 The market value of the pooled fund investments as at 30 September 2026 compared to the position as at 31 March 2026 is shown in the table below.

		31-Mar-26	2026-27	30-Sep-26	30-Sep-26	
Investment Fund	**Book cost**	**Market Value**	**Movement**	**Market Value**	**6 months return**	
					Income	**Total**
	£m	**£m**	**£m**	**£m**	**%**	**%**
CCLA Diversified Income Fund *	5.0	4.4	-4.57	0		
CCLA LAMIT Property Fund	60.0	55.3	-0.9	54.3	2.4	0.7
Pyrford Global Total Return Sterling Fund	5.0	5.8	0.0	5.8	1.7	1.7
Fidelity Global Multi Asset Income Fund	25.0	23.2	0.3	23.5	2.6	3.7
Ninety-One (Investec) Diversified Income Fund	10.0	9.2	0.0	9.2	2.5	2.3
Aegon (KAMES) Diversified Monthly Income Fund	20.0	20.1	1.0	21.1	3.2	8.1
M&G Global Dividend Fund	10.0	18.5	1.5	20.1	2.0	10.3
Schroders Income Maximiser Fund	25.0	23.5	1.5	25.0	3.7	9.9
Threadneedle Global Equity Fund	10.0	14.5	2.0	16.5	1.3	15.2
Threadneedle UK Equity Income Fund L**	10.0	12.0	-1.3	10.8	2.3	7.6
Total Externally Managed Investments	**180.0**	**186.5**	**-0.47**	**186.3**	**2.5**	**5.8**

*Full redemption of units in CCLA Diversified income fund in July 2026 with proceeds of £4.57m realised loss of £431.7k
** part redemption from CT UK Equity in July 2026 with proceeds of £1.833m realised gain of £409k

6.5 **Performance since inception:** KCC initially invested in pooled funds in 2013. By the end of September 2026 they had achieved a total income return of £69.6m, 40.1%,

with an increase in the capital value of the portfolio of £12.8m, 7.3%. Total returns since inception have been far in excess of the returns available from cash and these instruments are an effective way of managing the Council's longer term cash balances. The following chart tracks the returns earned on the pooled funds over the period from inception.



6.6 **Forward Plan :** Whilst pooled funds have provided a valuable source of return during the prolonged low interest rate environment that followed the Global Financial Crisis (GFC), their role within the Council's investment portfolio should be reassessed in light of their current risk-return profile relative to other investment options that can generate attractive returns with lower levels of risk.6.7 In Spring 2026, the Council undertook a comprehensive review of its pooled fund holdings, considering the rationale for retaining these investments, the appropriate level of allocation within the overall portfolio, and the outlook for the underlying asset classes represented within the funds.

6.8 The review concluded that:

- The outlook for all underlying asset classes remains positive, and pooled funds are expected to continue outperforming traditional money market instruments on both an income and total return basis over the medium term.
- An allocation of approximately 33% of the Council's total investment portfolio to pooled funds represents an appropriate balance between capturing long-term growth opportunities and maintaining adequate portfolio liquidity.

- Based on projected cash balances, achieving this allocation would require the value of pooled fund holdings to be reduced by around 50%.
- Any reduction should be implemented gradually over a three-year period to avoid attempting to time market movements and to smooth the transition. This timeframe also aligns with the expiry of the IFRS statutory override.

6.9 This review forms the basis of the Council's planned programme of pooled fund redemptions over the 2026/27 to 2028/29 period.

6.10 n line with the recommendations arising from the review, the Council has already established a programme of pooled fund redemptions for the 2026/27 financial year. CCLA Diversified Income Fund units have been fully redeemed in July 2027

6.11 Three redemption trades have been lodged for the CCLA LAMIT Property Fund for equaly value be executed in October, December and February.
Part redemption of units from the Columbia Threadneedle UK Equity Fund was completed in July.

6.12 However, in light of the attractive yields currently available on fixed income investments and the continued volatility within pooled fund markets, the Council will further review its planned approach to pooled fund redemptions. This will ensure that the investment strategy remains aligned with the Council's treasury management objectives of prioritising security, liquidity, and return, in that order.

7. Actual and forecast outturn (Half-Year)

7.1 At the half-year point, the projected total saving on debt costs for 2026/27 is approximately £2.783m. This comprises interest savings from the early repayment of £40m Dexia LOBO loans in March and £20m FMS Wertmanagement LOBO loan in April, as these borrowing interest costs had been budgeted for the full financial year.

7.2 The forecast revenue interest is currently £4.734m below the budget target. This is due to several negatively impacting factors; lower cash balances available for investment following the repayment of £60m of loan principal, additional revenue interest cost of short-term borrowing required for cashflow, higher actual third-party balances for interest apportionment than forecast at budget setting, delayed receipt of DSG deficit grant, and other accelerated expenditure.

8. Compliance

8.1 The Corporate Director – Finance reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

9. Treasury Management Indicators

9.1 The Council measures and manages its exposures to treasury management risks using the indicators as detailed in the schedule in Appendix 2.

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22 October 2026

Appendices
Appendix 1 – Borrowings and Investments as at 30 September 2026
Appendix 2 – Treasury Management Indicators
Appendix 3 – Glossary of Terms

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Borrowings as at 30 September 2026

Borrowing Type	Counterparty	Principal Amount (£)	Interest Rate	End Date
PWLB Loan	Debt Management Office	7,000,000	6.5000%	10/11/26
PWLB Loan	Debt Management Office	10,000,000	5.5000%	10/11/26
PWLB Loan	Debt Management Office	302	3.0000%	10/08/30
PWLB Loan	Debt Management Office	1,469	3.0000%	10/02/31
PWLB Loan	Debt Management Office	25,000,000	4.2700%	10/05/32
PWLB Loan	Debt Management Office	379	4.2500%	10/08/32
PWLB Loan	Debt Management Office	1,131	4.0000%	10/08/33
PWLB Loan	Debt Management Office	18,666,667	2.2100%	10/08/33
PWLB Loan	Debt Management Office	60,470,000	4.1000%	10/02/35
PWLB Loan	Debt Management Office	21,500,000	4.6500%	10/05/37
PWLB Loan	Debt Management Office	58,036,667	4.0500%	14/12/37
PWLB Loan	Debt Management Office	31,000,000	4.6500%	10/05/38
PWLB Loan	Debt Management Office	25,500,000	4.6500%	10/05/39
PWLB Loan	Debt Management Office	10,000,000	4.3900%	10/05/43
PWLB Loan	Debt Management Office	31,000,000	4.6500%	10/11/43
PWLB Loan	Debt Management Office	14,800,000	4.3000%	10/02/47
PWLB Loan	Debt Management Office	25,000,000	4.2900%	10/08/48
PWLB Loan	Debt Management Office	10,000,000	4.2000%	10/05/54
PWLB Loan	Debt Management Office	25,000,000	3.1600%	10/08/55
PWLB Loan	Debt Management Office	10,000,000	3.9500%	03/09/59
PWLB Loan	Debt Management Office	10,000,000	3.9500%	03/09/60
Total PWLB Loans		**392,976,614**		
Bank (Fixed Term)	Barclays Bank	8,000,000	4.0500%	14/12/55
Bank (Fixed Term)	Barclays Bank	8,000,000	4.0500%	14/12/55
Bank (Fixed Term)	Barclays Bank	8,000,000	4.0500%	14/12/55
Bank (Fixed Term)	Barclays Bank	6,000,000	4.0500%	14/12/55
Bank (Fixed Term)	Barclays Bank	25,000,000	4.2700%	29/06/56
Bank (Fixed Term)	Barclays Bank	30,600,000	4.5000%	23/04/63
Bank (Fixed Term)	Barclays Bank	15,000,000	4.8700%	29/01/66
Bank (Fixed Term)	Barclays Bank	20,000,000	4.9200%	30/03/66
Bank (Fixed Term)	Barclays Bank	35,500,000	4.5000%	25/04/67
Total Bank (Fixed Term)		**156,100,000**		
Bank (LOBO)	Dexia	10,000,000	4.3000%	20/04/65
Bank (LOBO)	Dexia	20,000,000	4.1500%	18/02/69
Total Bank (LOBO)		**30,000,000**		
Streetlighting Project	L1 Renewables Ltd	7,149,016	2.8800%	28/09/40
Total Streetlighting Project		**7,149,016**		
Local Authority	Humberside Fire Authority	2,000,000	4.2500%	30/10/26
Local Authority	West Midlands Combined Authority	5,000,000	4.2500%	02/11/26
Total Local Authority		**7,000,000**		

Total Borrowings	**593,225,630**

Investments as at 30 September 2026

1. Internally Managed Investments

1.1 Term deposit, Call account and Money Market Fund

Instrument Type	Counterparty	Principal Amount (£)	Interest Rate	End Date
Total Treasury Bills		**0**		
DMADF Deposit	Debt Management Office	4,725,000	3.710%	01/10/26
Total DMADF Deposits		**4,725,000**		
Call Account	National Westminster Bank plc	1,000,000	2.75%	
Call Account	Lloyds Bank plc	5,630,000	3.51%	
Total Call Accounts		**6,630,000**		
No Use Empty Loans		**22,183,833**	3.8921%	
Money Market Fund	Aberdeen Liquidity Fund (Lux) KCC	19,999,607	3.8898%	
Money Market Fund	Aviva Investors Sterling Liquidity Fund 3 GBP Inc	19,999,698	3.9167%	
Money Market Fund	Deutsche Managed Sterling Platinum	14,049,608	3.8438%	
Money Market Fund	Federated Prime Rate Sterling Liquidity 3	14,999,155	3.9404%	
Money Market Fund	HSBC Sterling Liquidity Fund F	515,779	3.8273%	
Money Market Fund	LGIM Sterling Liquidity Fund 4	19,999,329	3.9177%	
Money Market Fund	Northern Trust Sterling Cash Fund	19,999,396	3.8802%	
Total Money Market Funds		**109,562,572**		
Equity	Kent PFI (Holdings) Ltd	**2,135,741**		n/a

Bond Portfolio

Bond Type	Issuer	Adjusted Principal (£)	Coupon Rate	Maturity Date
Fixed Rate Covered Bond	Lloyds Bank Covered	5,526,453	4.3730%	30/03/27
Fixed Rate Covered Bond	Lloyds Bank Covered	2,614,953	4.3326%	08/02/29
Fixed Rate Covered Bond	Santander UK Covered	5,099,467	4.5260%	16/02/29
Fixed Rate Covered Bond	Santander UK Covered	1,527,241	4.5883%	16/02/29
Fixed Rate Covered Bond	Santander UK Covered	960,860	4.7154%	16/02/29
Floating Rate Covered Bond	Yorkshire Building Society Covered	3,000,861	4.0395%	18/01/27
Floating Rate Covered Bond	Yorkshire Building Society Covered	2,000,394	4.0581%	18/01/27
Floating Rate Covered Bond	Leeds Building Society Covered	3,999,697	4.3054%	15/05/27
Floating Rate Covered Bond	Leeds Building Society Covered	3,000,755	4.2461%	15/05/27
Total Bonds		**27,730,684**		

Total Internally managed investments	**172,967,829**

2. Externally Managed Investments

Investment Fund	Book Cost (£)	Market Value (£) at	6-month return to	
		30-Sep-26	30-Sep-26	
			Income	Total
CCLA LAMIT Property Fund	60,000,000	54,441,678	2.4%	0.9%
Pyrford Global Total Return Fund	5,000,000	5,875,038	1.7%	3.0%
Fidelity Multi Asset Income Fund	25,000,000	23,629,803	2.6%	4.3%
Ninety-One (Investec) Diversified Income Fund	10,000,000	9,276,377	2.5%	3.5%
Aegon (KAMES) Diversified Monthly Income Fund	20,000,000	21,459,367	3.2%	9.8%
M&G Global Dividend Fund	10,000,000	20,083,282	2.0%	10.5%
Schroder Income Maximiser Fund	25,000,000	26,014,475	3.7%	14.3%
Threadneedle Global Equity Institutional Fund	10,000,000	16,612,740	1.3%	15.7%
Threadneedle UK Equity Income Fund	8,575,903	11,196,472	2.3%	11.1%
Total External Investments	**173,575,903**	**188,589,231**	**2.5%**	**7.1%**

3. Total Investments

Total Investments	**£361,557,060**

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1. Treasury Management Indicators

1.1 The Council measures and manages its exposures to treasury management risks using the following indicators:

1.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Actual 30/09/2026	Minimum
Portfolio average credit rating	AA+	AA-

1.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Actual 30/09/2026	Minimum
Total cash available within 3 months	£120.9m	£75m

1.4 **Interest rate exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Actual 30/09/2026	Upper Limit
One-year revenue impact of a 1% rise in interest rates	£1.3m	£10m
One-year revenue impact of a 1% fall in interest rates	-£1.3m	-£10m

1.5 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

	Actual 30/09/2026	Upper limit	Lower limit
Under 12 months	4.0%	100%	0%
12 months and within 5 `years	0.0%	50%	0%
5 years and within 10 years	17.6%	50%	0%
10 years and within 20 years	31.0%	50%	0%
20 years and within 40 years	38.0%	50%	0%
40 years and longer	9.4%	50%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

1.6 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	**2026/27**	**2027/28**	**2028/29**	**No Fixed Date**
Limit on principal invested beyond year end	£100m	£80m	£50m	£220m
Actual as at 30 September 2026	£10.2m	£10.2m	£0.0m	£210.7m

GLOSSARY

Local Authority Treasury Management Terms

Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were

	originally printed on.
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender's Option Borrower's option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code. The Code was update din December 2021
PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
Weighted	The weighted average time for principal repayment, that is, the average time it takes for every

average life (WAL)	dollar of principal to be repaid. The time weights are based on the principal payments,

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Direct Dial/Ext: 0300 041 7387
e-mail: james.clapson@kent.gov.uk
Ask for: James Clapson
Date: 30/10/2026

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - TUESDAY, 3 NOVEMBER 2026

I am now able to enclose, for consideration at next Tuesday, 3 November 2026 meeting of the Governance and Audit Committee, the following report(s) that were unavailable when the agenda was printed.

Agenda Item No

3 **Minutes of the meeting held on 15 October 2026 (Pages 1 - 8)**

Yours sincerely

Benjamin Watts
Deputy Chief Executive

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KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Thursday, 15 October 2026.

PRESENT: Mr M Brown (Chairman), Mr M Paul (Vice-Chair), Ms C Black, Mr O Bradshaw, Mr A Brady, Mr J Finch, Mr A Kibble, Mr T Mallon, Mr R Mayall, Mr M Munday, Mrs B Porter, Mr H Rayner, Mr G R Samme and Mr R Yates

IN ATTENDANCE: Amanda Beer (Chief Ececutive), Ben Watts (Deputy Chief Executive), Brendan Arnold (Corporate Director of Finance & S151 Officer), Petra Der Man (Head of Law and Monitoring Officer), Sangeeta Surana (Pension Fund and Investment Manager), Cath Head (Head of Financial Management), Hayley Breathwick (Budgeting & Technical Accounting Manager), (Joe McKay (Acting Chief Accountant), Zargham Malik (Grant Thornton), Lucy Nutley (Grant Thornton), Parris Williams (Grant Thornton) and Sarah Ironmonger (Grant Thornton).

UNRESTRICTED ITEMS

398. Apologies and Substitutes
(Item 1)

Apologies were received from Mr Cecil, for whom Mrs Porter was present as substitute.

399. Declarations of Interest
(Item 3)

There were no declarations of interest.

400. Minutes of the meeting held on 23 July 2026
(Item 4)

RESOLVED that the minutes be signed by the Chair as a correct record of the meeting held on 23 July 2026.

Overarching Introduction of items 5-9

Mr McKay advised that the upcoming items were closely interlinked and collectively provided assurance regarding the Council's governance arrangements, financial statements, the Kent Pension Fund and the findings of

the external audit. He suggested that the Committee consider items five to nine individually but determine the recommendations for the items when item nine was considered. Mr McKay also offered his thanks to colleagues in Grant Thornton and KCC for their work to enable these items to be brought before the Committee.

401. Kent County Council – Auditor's Interim Annual Report 2025-26
(Item 5)

1. Ms Ironmonger, Grant Thornton, introduced the report during which the following key points were highlighted:

    a. The report summarised the external audit work undertaken in relation to the 2025–26 financial year, which was very nearly finalised. A lot of work had taken place and Grant Thornton colleagues offered thanks to KCC officers for their engagement and professionalism.

    b. The Value for Money assessment had considered the Council's arrangements under the three themes: financial sustainability; governance; and improving economy, efficiency and effectiveness. Four key recommendations had been identified.

    c. When assessing financial sustainability, the auditors had identified risks arising from recurring overspending and the use of reserves. The continued use of reserves to balance expenditure was not sustainable. The auditors also highlighted that the Council would need to balance decisions on local taxation against the need to contain expenditure, deliver recurrent savings and rebuild reserves.

    d. The Governance and Audit Committee was an important component of the Council's control environment, and the auditors considered that its effectiveness should be strengthened. The recommendation addressed Member engagement, relationships between Members and officers and the provision and take-up of Member training.

    e. The auditors acknowledged that the new Oracle Cloud finance system had been implemented sufficiently to enable the accounts to be prepared and the audit to progress. However, they recommended that lessons from the programme should be identified and incorporated into the governance and delivery arrangements for future major projects.

2. During consideration of the item the following points were discussed:

    a. The Committee recognised the seriousness of the Council's financial sustainability position, highlighted in the report.

    b. Councils generally used a combination of transformation, recurrent savings and local taxation to address budget gaps. The Council had established arrangements for preparing and scrutinising its budget. Proposals to balance the budget would be developed and considered

through the usual Cabinet Committee, Scrutiny and decision-making processes. Financial advice would also be available to each of the Council's political groups.

c. A comprehensive report on the Oracle Cloud Programme would be considered at the Committee's meeting on 3 November 2026. That report would set out the programme's strategic drivers, decision history, financial history and lessons learned.

d. The budget position would support the general fund reserve to return to around 5% by the end of the financial year. The forecast overspend had reduced from £21.4 million at quarter one to £17.1 million, of which approximately £7 million related to Adult Social Care. All non-essential expenditure was being closely monitored and it was considered that the risk had reduced when compared with the previous two financial years.

e. Members sought further assurance regarding programme governance. A Member development session on project and programme governance would be arranged after the November Committee meeting, in response to discussion at the Committee's recent workshop.

f. Members expressed concern regarding the red ratings shown within the report. The auditors clarified that a red rating was applied to highlight where they had identified a key recommendation. Work would continue with Grant Thornton to implement the recommendations.

402. Kent County Council – Audit Findings Report 2025-26
(Item 6)

1. Ms Nutley, Grant Thornton, presented the report during which the following key points were highlighted:

   a. The auditors intended to issue an unqualified opinion on the Council's financial statements. The Council was among a minority of local authorities that had published its accounts by the required deadline.

   b. Audit materiality had been set at £59.5 million for the Council and £60.5 million for the group. These levels had been reconsidered following receipt of the draft financial statements, but no change had been considered necessary.

   c. The significant risks considered during the audit had included: management override of controls; the valuation of land and buildings; pension valuations; and the implementation of the Oracle finance

system. No significant matters had been identified which prevented those risks from being satisfactorily mitigated.

d. No material errors had arisen in the financial statements produced through the new Oracle system and no significant issues had been identified with the data migration.

e. Delays had occurred in obtaining some period-end reports and supporting information for debtors and creditors. A recommendation to test the reporting arrangements ahead of the next year-end process was accepted by officers.

f. The report detailed the audit fees for the year. Members were advised that an additional fee of £3,000, relating to work on the pension asset ceiling had recently been confirmed and would be incorporated into the final report.

2. During consideration of the item the following points were discussed:

   a. Officers confirmed that steps would be taken to ensure the necessary Oracle reports were readily available for the 2026-27 Audit. An update would be brought to the Committee as part of preparations for the 2026–27 accounts.

   b. There was concern that reduced expenditure on building maintenance could lead to a reduction in the value of these assets, or increased costs in the long term. Councils had to balance the allocation of resources between the need for statutory services and the property portfolios. Investment in property was currently limited to meeting operational requirements and maintaining buildings in a safe and usable condition. The external auditors agreed that the matter could potentially be considered when planning the following year's Value for Money work. The Committee would receive a short report explaining how risks arising from changes to the maintenance budget were to be managed operationally and strategically.

   c. The Council would look to address the recommendation regarding reconciliation of the school salaries account that had appeared in successive audit reports.

403. Kent Pension Fund – Audit Findings Report 2025-26
(Item 7)

1. Mr Williams and Mr Mallik, Grant Thornton, presented the report during which the following key points were highlighted:

   a. The audit had progressed smoothly and there had been effective engagement with the Kent Pension Fund finance team. The draft

accounts and supporting evidence had been of a high standard, and audit queries had been answered promptly.

b. There were no matters that would prevent the issue of an unqualified opinion. The remaining steps included receipt of the signed letter of representation and completion of final checks on the accounts.

c. One adjustment of approximately £4.4 million had been made during the audit. This had arisen from updated valuation information, received from an investment manager after publication of the draft accounts, and did not represent an error. The auditors had reviewed the adjustment and were satisfied with the update.

d. Four recommendations had been identified; however, the recommendations did not affect the accuracy of the accounts or the proposed audit opinion.

2. During consideration of the item the following points were discussed:

   a. There were two levels of fair value hierarchy classification for the Pension Fund's property investments. Property investments directly held by the Fund were classified as level 2, while investments in pooled property funds were classified as level 3. After discussion with the auditors both were changed to be classified as level 3 and agreed by the auditors.

   b. The property investment classifications had been considered as part of the audit and the auditors were satisfied that the investments had been correctly classified within the accounts.

404. Annual Governance Statement
(Item 8)

1. Ms Der Man introduced the report during which the following key points were highlighted:

   a. The Annual Governance Statement was a statutory document which provided an assessment of the Council's governance arrangements and supported the Council in demonstrating how it discharged its best value duty.

   b. The statement incorporated the outcomes of Internal Audit work and had been reviewed in light of the external auditors' findings.

   c. The action tracker included the implementation of the decision-making application, and work to strengthen the effectiveness of the Governance and Audit Committee.

d. The Monitoring Officer's team was in place, and worked with Democratic Services, Internal Audit and the Gran Thornton to support governance improvements, and provide tailored Member training.

e. No Section 5 reports had been issued under the Local Government and Housing Act 1989 during the year. Members had sought and respected the advice and support of the Monitoring Officer.

f. The Council had experienced a period of significant organisational and political change. In light of this and of the uncertainty surrounding Local Government Reorganisation, the Monitoring Officer emphasised the continuing importance of consistent and transparent governance arrangements.

2. During consideration of the item the following points were discussed:

   a. There was an emphasis placed on transparency within the Annual Governance Statement. Transparency remained an important principle and officers sought to make decision-making reports as transparent as possible, subject to the legal requirements governing confidential and exempt information. Members were encouraged to contact the Monitoring Officer if they had any specific concerns regarding a lack of transparency as any recurring themes might need to be reflected in the next Annual Governance Statement.

   b. An outstanding action to develop a mechanism through which the Governance and Audit Committee could oversee savings plans and key activity would be included in the updated action list.

   c. Any financial implications resulting from a judicial review concerning Local Government Re-organisation would be reflected in the budget processes rather than in the 2025–26 Statement.

405. Draft Statement of Accounts
(Item 9)

1. Mr Arnold briefly introduced the item and highlighted the Council's achievement in receiving a clean audit opinion. He added that the accounts were well presented and were a testament to the skill and oversight of the finance team.

2. Mr McKay introduced the report during which the following key points were highlighted:

   a. The proposed unqualified audit opinion was a very positive outcome. Officers had worked closely with Grant Thornton colleagues and completion was expected within the statutory deadlines.

   b. The accounts had been produced for the first time using the Oracle Cloud finance system following its implementation during the financial

year. The external auditors had identified no significant issues relating to the migration of data, and sufficient reporting had been available to enable the accounts to be completed.

c. One substantial accounting change in 2025/26 was the requirement to introduce indexation to the valuation of property, plant and equipment assets. The implementation of this accounting change had been considered by the external auditors and no significant issues had been identified.

3. During consideration of the item the following points were discussed:

   a. Clarification was sought regarding some figures that had been updated in the latest version of the accounts and differed from draft versions.

   b. It was confirmed that Intervention Alliance Local Partnerships was a joint venture and that the consolidated equity method had been applied.

   c. Capital schemes were rephased when the associated funding had not been received. Where a scheme had not commenced within two years, a revised business case was required.

   d. A discrepancy within the detailed schools reserve table had been corrected in the updated accounts. The stated year-end balance remained correct.

   e. Officers would review the narrative regarding the final budget position to ensure that it accurately reflected the amount approved by Full Council.

   f. The narrative for the Dedicated Schools Grant had been updated since publication of the draft, to reflect the latest applicable legislative provisions. The underlying accounting treatment remained unaffected.

4. RESOLVED that the Committee:

   a. NOTE the Kent County Council Auditor's Interim Annual Report 2025–26;

   b. NOTE the Audit Findings Reports for Kent County Council and the Kent Pension Fund;

   c. APPROVE the Annual Governance Statement for 2025–26; and

   d. APPROVE the Statement of Accounts for 2025–26.

406. Letters of Representation - Kent County Council and Kent Pension Fund
(Item 10)

1. Mr Arnold introduced the item and advised that the letters of representation formed the final stage of the audit process. Approval from the Committee to sign the letters, would enable Grant Thornton to complete the remaining audit procedures.

2. RESOLVED that the Committee approve the Letters of Representation for Kent County Council and the Kent Pension Fund, and authorise the Chair and the Section 151 Officer to sign them on behalf of the Council.

Direct Dial/Ext: 0300 041 7387
e-mail: james.clapson@kent.gov.uk
Ask for: James Clapson
Date: 30/10/26

Dear Member

GOVERNANCE AND AUDIT COMMITTEE - TUESDAY, 3 NOVEMBER 2026

This report replaces the report included in the main agenda pack. This report contains some updated figures and dates, and supersedes the original report.

Agenda Item No
8 **Counter Fraud Update (Pages 1 - 24)**

Yours sincerely

Benjamin Watts
Deputy Chief Executive

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COUNTER FRAUD PROGRESS REPORT

2026-27

01 April 2026 – 30 September 2026

Introduction

The roles of the Counter Fraud function are to:

- Receive, track and, where required, investigate financial irregularities (fraud and error) that occur within Kent County Council;
- Provide advice and support to management in mitigating the risk of financial irregularities occurring within their area; and
- Provide awareness and assess the risk of financial irregularities with management and front-line staff.

The Counter Fraud team (CFT) work alongside Internal Audit as one function to provide an independent assurance that the control, risk, and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives.

The Governance and Audit Committee are asked to:

- Note the counter fraud progress report including delivered proactive work, reported irregularities from 01 April 2026 – 30 September 2026 and progress of the Counter Fraud Action Plan for 2026/27 (Appendix B);

Key Assurance Messages

- The Council of Europe Group of States against Corruption (GRECO) evaluation recognised Kent County Council's strong and well-developed anti-corruption and integrity framework, while highlighting opportunities for further enhancement. This provides assurance that arrangements to prevent and detect corruption and promote integrity are operating effectively and are subject to ongoing review and improvement;
- Proactive work continues to assess fraud and error risks, provide insights to management, and raise awareness of threats. This provides assurance that fraud and error risks are being systematically identified, evaluated, and communicated across Kent County Council to support informed decision-making and effective risk management;
- Total value of closed financial irregularities between 01 April and 30 September 2026 **£382k** (0.013% of revenue expenditure). This provides assurance that financial irregularities are being appropriately identified and reported by directorates. Where necessary, these cases are investigated, and management is addressing the root causes of recurring issues to reduce the risk of future occurrences:
- During Quarter 1, the Kent Intelligence Network (KIN) delivered **£1.632m** in savings, including **£516k** attributable to Kent County Council. This demonstrates the continuing effectiveness of partnership intelligence activity in identifying fraud, reducing error, and supporting debtor tracing, thereby protecting public resources and contributing to the maintenance of a healthy tax base.

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Kent Intelligence Network

Appendix A: Current Year Referrals in Detail

Appendix B: Counter Fraud Action Plan 2026/27 in detail

Proactive Work

The Council of Europe Group of States against Corruption evaluation report has been published - GRECO: UK 6th round evaluation report published - GOV.UK

The evaluation has highlighted that KCC has good practices that support an anti-corruption and integrity environment, in particular:

- Regular review and up to date anti-corruption policy documents;
- Collaboration across internal and external teams, including law enforcement;
- Layered approach to public procurement;
- A statutory requirement for Members code of conduct, incorporating the Nolan Principles of Public Life;
- Transparency in gifts and hospitality offered and accepted to Members;
- Transparency in Members pecuniary interests and ad-hoc declarations within committee meetings;
- The National Fraud Initiative data matching between payroll data, creditor data and company house information;
- Transparency in meetings including, agendas, reports, minutes and decisions, as well as public consultations processes and Let's Talk Kent community;
- Whistleblowing policies, clear identification of contact points and regular awareness raising.

Areas for improvement have also been identified, both for KCC and for the Ministry of Housing, Community and Local Government (MHCLG) to progress, these being:

- MHCLG fully establish and operationalise the Local Audit Office.
- MHCLG clarify and strengthen the statutory framework relating to sanctions for breaches of codes of conduct by members;
- MHCLG regulate the requirements for transparency of lobbying by lobbyists and 3rd parties, in the absence of regulation for KCC to improve disclosure of contacts of Members involved in decision making with persons carrying out lobbying activities;
- KCC develop mechanisms to keep raising awareness in integrity matters for Members;
- KCC identify a dedicated officer to provide advice on integrity, conflicts of interest and corruption prevention;
- KCC to require annual nil returns to be made by Members if they have not received any gifts and hospitality.

The above improvements have been shared with management with actions identified and assigned to move these forward.

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Proactive Work – Quarters 1 & 2 - 2026 / 27

The Counter Fraud Team have delivered the following key proactive work to raise awareness and strengthen the counter fraud culture:

Fraud Risk Assessments:

The Counter Fraud Team have assisted with Fraud and Error Risk Assessments for the following areas,

- Grant for Oil heating users
- Cash handling within CYPE
- Home to School Transport
- Deprivation of Liberty Mental Health Assessments

This is to support management in assessing the risk of fraud and error, providing advice on controls to mitigate the risk. Including risks associated with the Economic Crime and Corporate Transparency Act (failure to prevent fraud). Deployment of the Cabinet Office AI Risk Assessment Tool has been used, as part of the live trial period.

Relationship Management:

Relationship management liaison meetings have progressed with Serious & Organised Crime (SOC) team, Kent and Medway Fraud Panel, No Recourse to Public Funds oversight board and South East regional panels.

This continuation of relationship management meetings enables the reporting on emerging and current fraud and error risks identified through investigations. Fraud and awareness updates have been presented to ASCH and CYPE Departmental Management Teams to inform them of current trends and emerging risks. Continued attendance at the Commercial & Procurement Oversight Board & Contract Management Review Group.

Local Government Reorganisation

A Fraud and Error Risk Register was created and shared with other fraud leads across all councils in Kent. This covered risks in the creation of the new authorities and then business as usual post-vestment. This is now on hold due to the recent central government announcement.

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Proactive Work – 2026 / 27 Continued

Whistleblowing Hotline and log

The Counter Fraud Team manage the Council's Central Whistleblowing Log and the Whistleblowing helpline. The KCC Whistleblowing policy is being reviewed in relation with SOC and legislative changes on sexual harassment in the work place.

Fraud Awareness

During Q1 26/27 6 fraud awareness training sessions have been delivered to 85 officers.
The training raised awareness about new emerging fraud risks and current risks and also continued to strengthen the anti-fraud and integrity culture.

Member training on the Nolan Principles has been delivered in conjunction with the Monitoring Officer.

Internal Audit

The Counter Fraud Team reviewed 6 draft engagement plans and provided key fraud risk reports to the lead auditors. This was to ensure any issues identified through investigations or relationship management meetings help inform the scope of the planned audits.

Gifts and Hospitality Monitoring

Counter Fraud have developed and are starting to provide management with a gifts and hospitality dashboard to provide insight into gifts and hospitality, including who, what, when, why a gift and hospitality is being offered and accepted/ refused. This will support on building on policy compliance of declaring offers and (when applicable) acceptance of gifts and hospitality.

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Irregularity Referrals – Quarters 1 & 2 – 2026 / 27

411 irregularity referrals were received in Q1 & Q2, following the work by Counter Fraud and Internal Audit within CYPE on Essential Living Allowance processes, irregularities are now being identified and reported by management. Root cause analysis has been embedded to provide insight for management to prevent these occurring. Although the referral numbers are high the losses are low.

There has been a small increase in contract management referrals, this is attributed to working with services where there is evidence of invoicing for services not being delivered. Counter Fraud are continuing to work in this space as a critical friend to management to ensure there are relevant controls to detect and prevent any financial loss.

An increase in Direct Payment referrals in both ASCH & CYPE is being monitored to ensure financial recovery is occurring and where needed arrangements are reviewed to prevent any misuse of funds intended for care delivery.

The types and volumes of irregularities reported are shown in **Appendix A**

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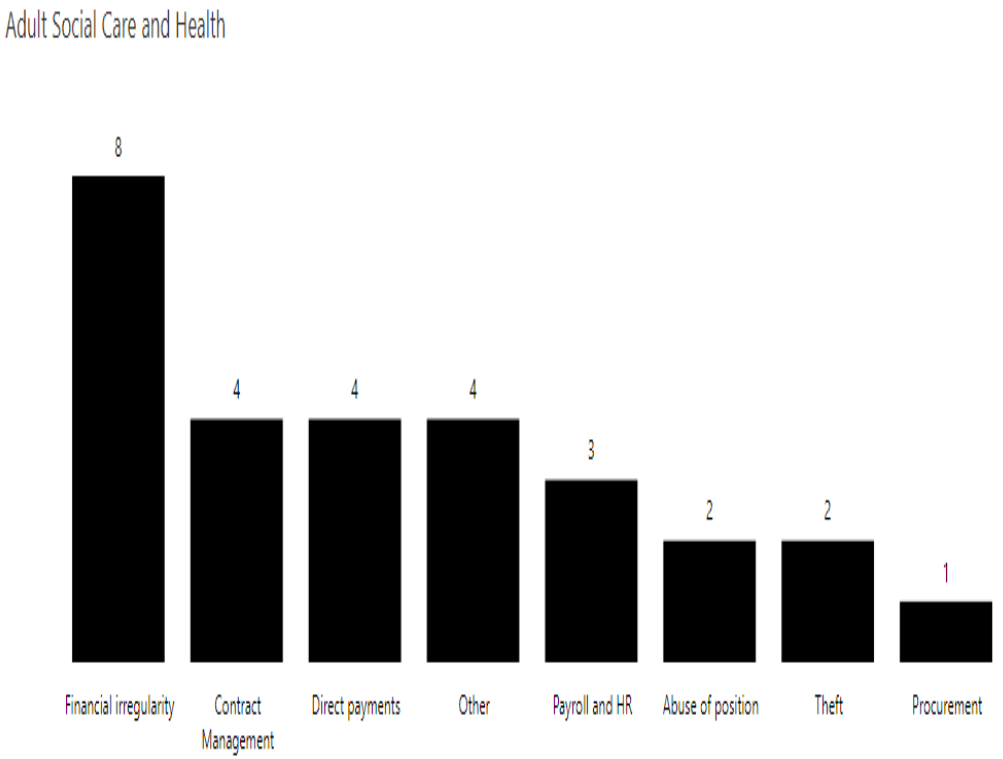
Kent Intelligence Network

Appendix A: Current Year Referrals in Detail

Appendix B: Counter Fraud Action Plan 2026/27 in detail

Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health

There have been a further 27 referrals (excluding blue badges) reported to Counter Fraud between April 2026 and September 2026.



Direct Payments

- Four irregularities relating to direct payments have been received. Six direct payment cases have been closed, resulting in recovery of £48k.
- One case of theft due to a salary overpayment within a direct payment has been reported, with £8,054 of funds being recovered from the recipient.

Contract Management

- Four irregularity referrals relating to contract management have been received. Five financial irregularities have been concluded by the Invoice Validation Team who have identified £45k of invoicing for services not being delivered, all of which are subject to full financial recovery.

Theft

- Two cases of missing laptops have been received, five missing laptops have been recovered.

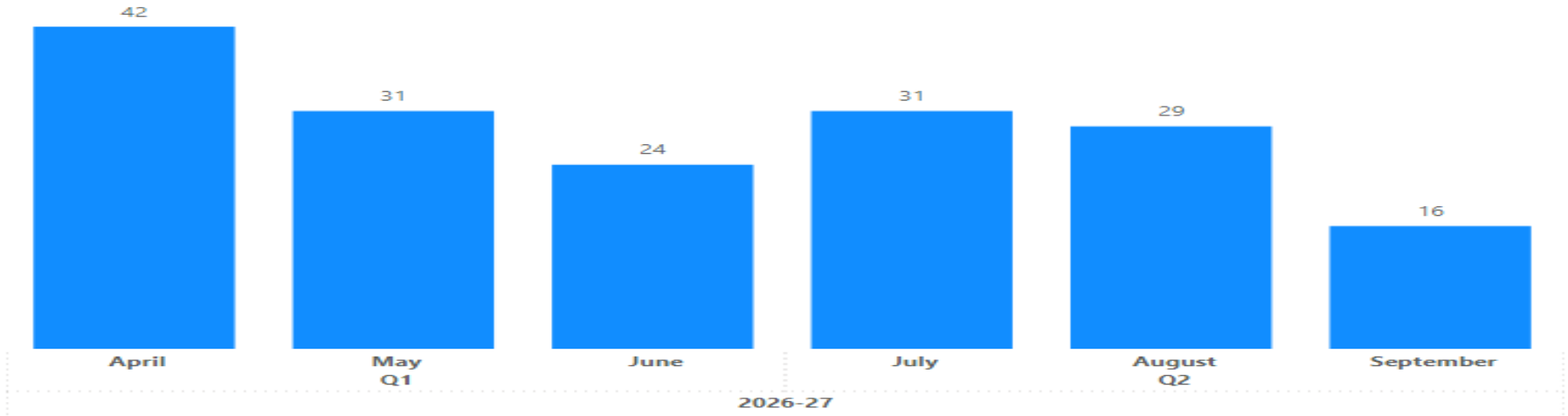
Salary Overpayments

- Two cases of salary overpayment irregularities totalling £15k have been reported, all subject to full recovery. Managers have been supported in ensuring correct processes are followed to prevent these occurring again.

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Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health - Continued

Adult Social Care – Blue Badge Q1 & 2 2026 / 27



Blue badges:

There have been a further 173 referrals relating to blue badges misuse were received. This represents a decrease of 18% compared to the same reporting period in 2025/26. A breakdown of referrals by district is held at **Appendix A,** Swale, Ashford and Maidstone reporting the most blue badge misuse cases across Kent. Work is in progress to establish a task and finish group with nominated managers, this will be chaired by the chief executive of Gravesham Council with all bar one local authority signed up to participate. The aims will be to knowledge share best practice to support stronger enforcement activity.

The outcomes of these referrals are (multiple outcomes can occur from one referral):

- 142 Penalty Charge Notices being issued across Kent resulting in an estimated £4,260 of additional parking revenue for the parking enforcements teams.
- 161 warning letters to reminder users of the appropriate use.
- 39 badges removed from being misused again, this includes lost, stolen, deceased and expired badges.

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Irregularity Referrals by Directorate and Fraud Type – Children Young People and Education

There were 199 irregularity referrals reported during the reporting period.

CYPE – Q1 & 2 2026 / 27

Essential Living Allowance:

Following the work by the Counter Fraud Team and Internal Audit review, 93 irregularities relating to ELA overpayments totalling £16k have been reported. The root causes are being captured to address any reoccurring themes.

Home to School Transport:

68 Contract Manager H2S irregularities with a total value of £256k, have been reported. All amounts are subject to full financial recovery. Work continues supporting management in addressing these, with engagement from legal services to strengthen contract management approaches and sanctions.

Mandate Fraud

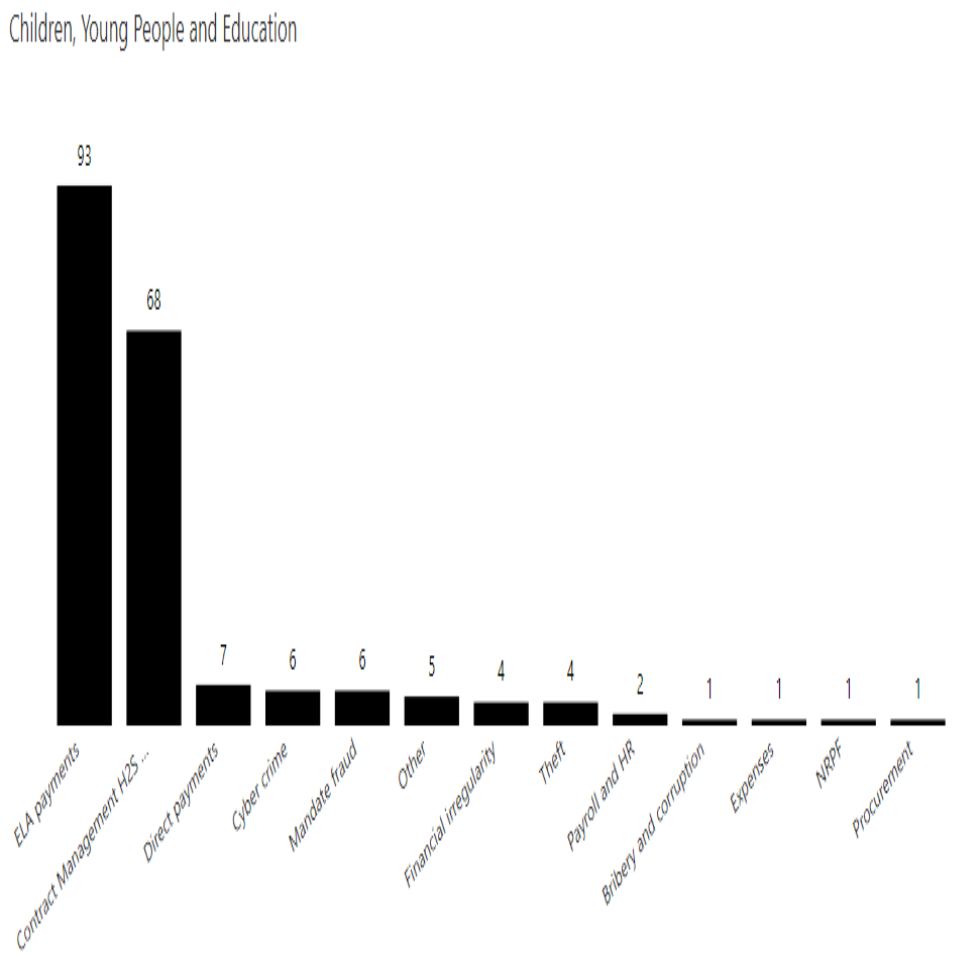
6 mandate fraud referrals have been reported, 5 relating to school payroll with a loss of £7k, additional controls have been implemented to prevent any further losses.

Theft

7 missing laptops have been recovered. In addition a £750 irregularity within an imprest account has been reported.

Direct Payments

7 direct payment irregularities have been received, resulting in £11k of financial loss, recovery action is occurring to recover these funds.



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Irregularity Referrals by Directorate and Fraud Type – Growth, Environment and Transport

5 irregularity referrals have been reported.

Other

1 referral relating to misuse of KCC property, unfounded, and 1 referral relating to the Regional Growth Fund, advice provided.

Bribery and Corruption

Unfounded allegation made, monitoring officer oversight.

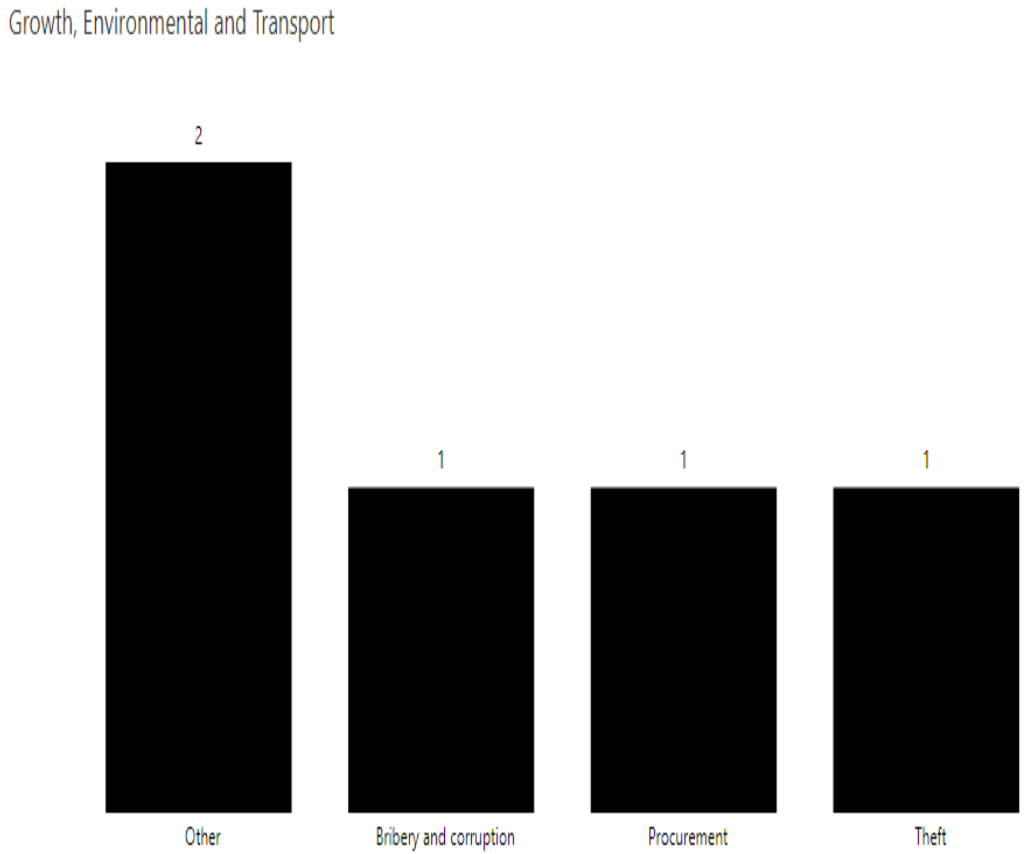
Procurement

Allegation investigated, no further action required.

Theft

Laptop recovered.

GET – Q1 & 2 - 2026/27



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Irregularity Referrals by Directorate and Fraud Type – Chief Executive/ Deputy Chief Executive Departments

CED/CDED – Q1 & 2 – 2026 / 27

7 irregularity referrals have been reported.

Financial Irregularity & Other

Two minor issues relating to an unauthorised transaction on a Kent Card & an attempt to change bank details to a company KCC did not have a contract with.

Both cases were detected and resolved with no loss by services through normal controls.

Salary Overpayment

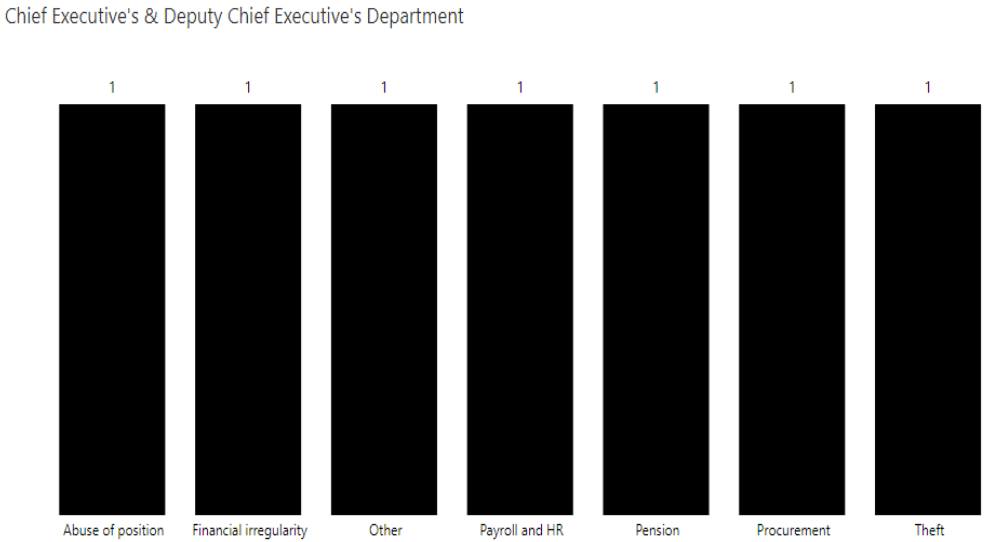
1 salary overpayment resulted in a loss of £6k due to management not ending an assignment in a timely manner, repayment plan in place.

Pensions

1 irregularity relating to a mandate fraud resulting in an eventual loss of £60.

Theft

1 laptop has been recovered.



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Kent Intelligence Network (KIN) Overview – 01 April 2026 to 30 June 2026

The KIN continues to provide valuable financial support to KCC, Police, Fire Authority and District Councils and the outcomes for the period 1 April 2026 to 30 June 2026, set out below, show the results and financial returns achieved.

Business Rates Activity

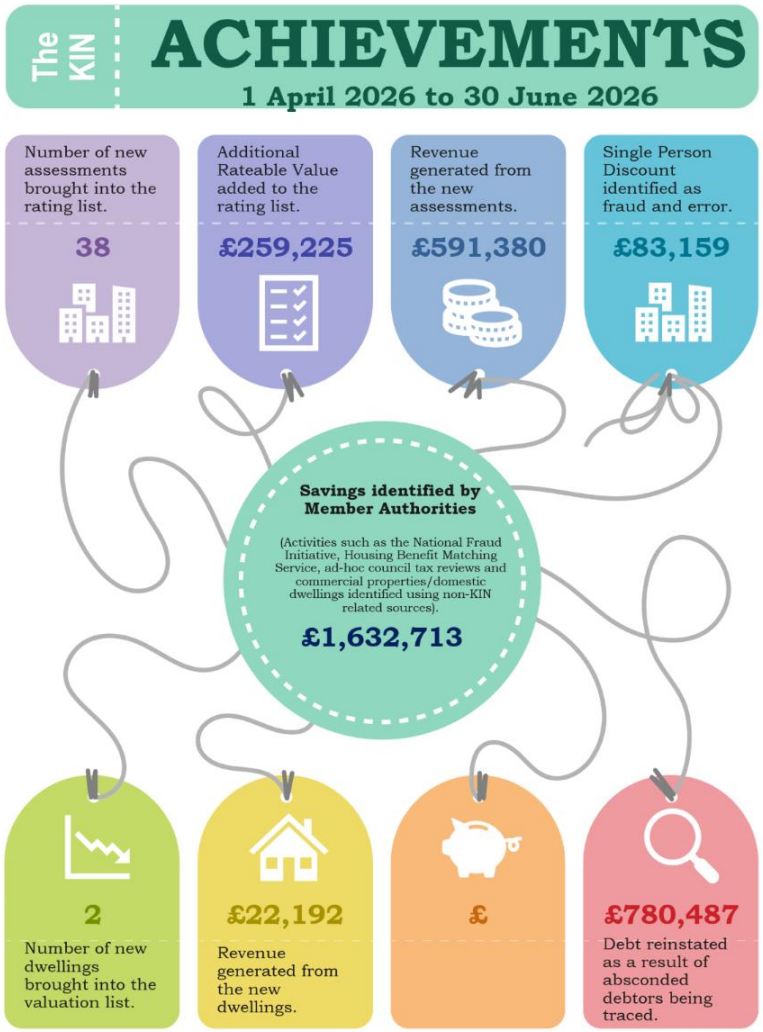
38 commercial properties, amassing a combined rateable value of £245,725 (£259,225 including Medway), have been identified that were previously missing from the rating list. These properties have now been brought into the list by the Valuation Office Agency (VOA) and consequently, the businesses occupying these properties are now liable for business rates.

The additional business rates revenue generated from the identification of these missing properties is £567,965 (£591,380 including Medway), of which broadly 9% (£51,117) comes to KCC, once collected, is a combination of the following:

The total amount of business rates billed for both the current financial year and previous financial years of £215,749 (£221,668 including Medway); and

A 'future loss prevention' provision of 3 years of £352,216 (£369,712 including Medway). This represents the amount of additional income that would have been lost if the respective properties had not been identified by the KIN.

It is also pertinent to highlight that on 30 June there were 97 cases with the VOA awaiting assessment/valuation, none of which are included in the figures stated above, and a further 173 cases which are currently under investigation by billing authorities



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Council Tax

The KIN also helped to identify dwellings missing from the valuation list and an additional 2 dwellings have been identified in this financial year.

The additional council tax revenue generated from the identification of these missing properties is £8,155 (£22,192 including Medway), of which broadly 73% (£5,953) comes to KCC, once collected, is a combination of the following:

The total amount of council tax billed for both the current financial year, and previous financial years is £2,039 (£7,572 including Medway); and

A future loss prevention' provision of 3 years of £6,116 (£14,620 including Medway). This represents the amount of additional income that would have been lost if the respective dwellings had not been identified by the KIN.

It is also pertinent to highlight that on 30 June there were 374 cases with the VOA awaiting assessment/valuation, none of which are included in the figures stated above, and a further 267 cases which are currently under investigation by billing authorities.

Dwellings added to the Valuation List before April 2026 contributed to housing growth and, under the previous funding arrangements, helped generate New Homes Bonus (NHB) funding for local authorities, including District Councils and KCC. The NHB has now ended, with the associated funding returned to the core Local Government Finance Settlement and redistributed through the new needs and resources-based funding system. Consequently, this report no longer separately references the NHB generated as a result of KIN activity.

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Debtor Tracing

In respect of the £780,487 that has been traced from absconded council tax debtors, this will generate additional income for KCC, depending on the amount that is collected. Even if a bad debt provision of 30% is applied to the amount of debt brought back into recovery, KCC would broadly receive 73% of £546,341, once collected, and this would amount to £398,829.

Single Person Discount

Finally, the proactive work being done in respect of identifying erroneous claims for Council Tax Single Person Discounts has resulted in the additional billing of Council Tax amounting to £83,159, of which broadly 73% (£60,706) comes to KCC, once collected.

Conclusion

In total, the financial benefit to KCC from the KIN related initiatives and successes detailed above amounts to £516,605.

It is also important to highlight the investment made by KCC to help billing authorities achieve these outcomes. This investment is by way of an annual grant given to the respective billing authorities, the components for which are broken down as follows:

- A grant of £440,374 for the provision of additional resources to help carry out KIN related work, and also to assist with non-KIN related initiatives that help to increase the tax base and rates base.

- A grant of £24,615 towards a product that helps to trace absconded council tax debtors.

Solely in respect of KIN-related work, the £464,989 financial investment made by KCC for 2026/27 has already been fully offset within the first three months by additional revenue generated through KIN initiatives. KIN activity during the remainder of this year will therefore deliver a positive return-on-investment for KCC.

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Counter Fraud Action Plan 2026/2027

Updates to the 2026/27 Counter Fraud Action Plan are set out in Appendix B.

The balance between proactive and reactive activity is working to drive improvements across KCC to ensure management understand and can manage the risks as well as ensuring staff are aware of the threats. Reactive work continues to deliver outcomes to ensure any financial loss is fully recovered and appropriate sanctions applied. Resource levels below include staff working within the shared service with Tonbridge and Malling Council (0.4 FTE Counter Fraud Manager/ specialist, 1 FTE Counter Fraud Technician & 0.8 FTE Intelligence Officer) as well as our other external client base.

The Action Plan for 2026/27 is being progressed with key activity being reported in the body of this report.

Counter Fraud Resources

Position	Current number of employees
Interim Head of Counter Fraud	1
Interim Deputy Counter Fraud Manager	2
Counter Fraud Specialists	1
Counter Fraud Technician	2.8
Intelligence Officer	0.8
Intelligence Assistant	1

A recruitment exercise has taken place, this resulted in the intelligence assistant moving to the newly created Counter Fraud Technician position. The intelligence assistant position has been filled by an external candidate.

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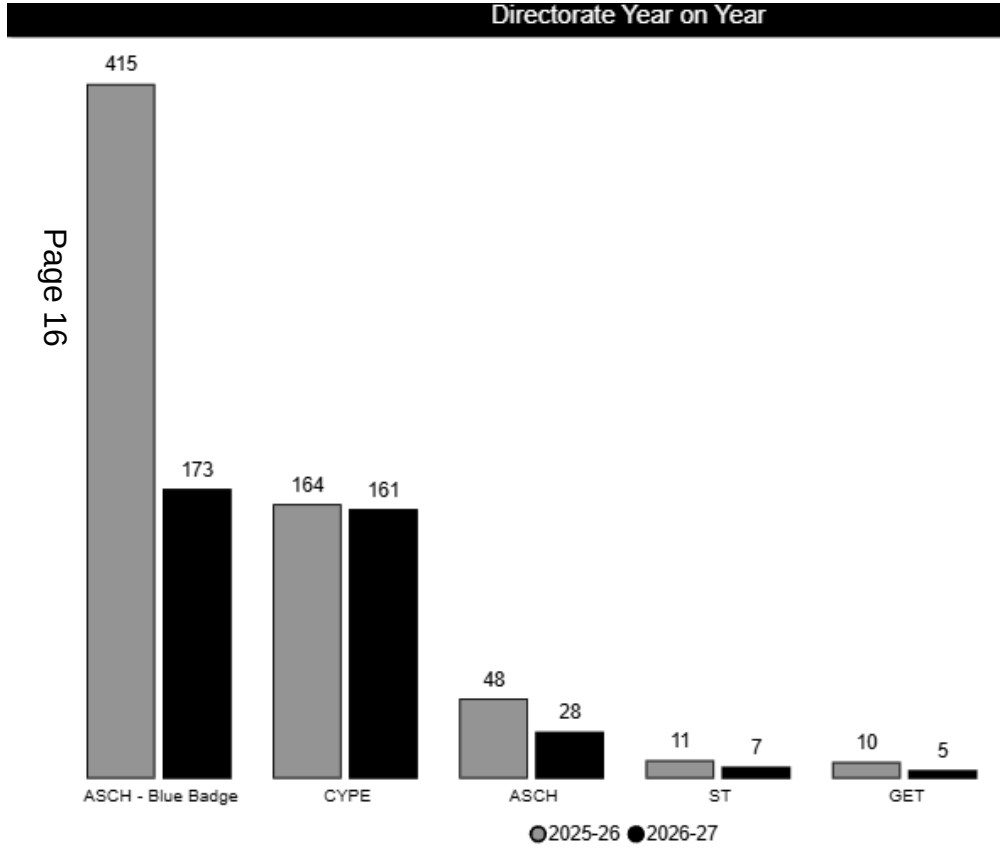
Kent Intelligence Network

Appendix A: Current Year Referrals in Detail

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Appendix A - Year on Year Comparison – by Directorate

Blue Badge cases still represent the largest number of referrals the Counter Fraud service receives although with a 18% decrease compared to this time last year. CYPE Essential Living Allowance irregularities have resulted in the total number of referrals for Q1 & Q2 nearly matching the total numbers received for 2025/26. As the service addresses root causes these numbers should reduce.



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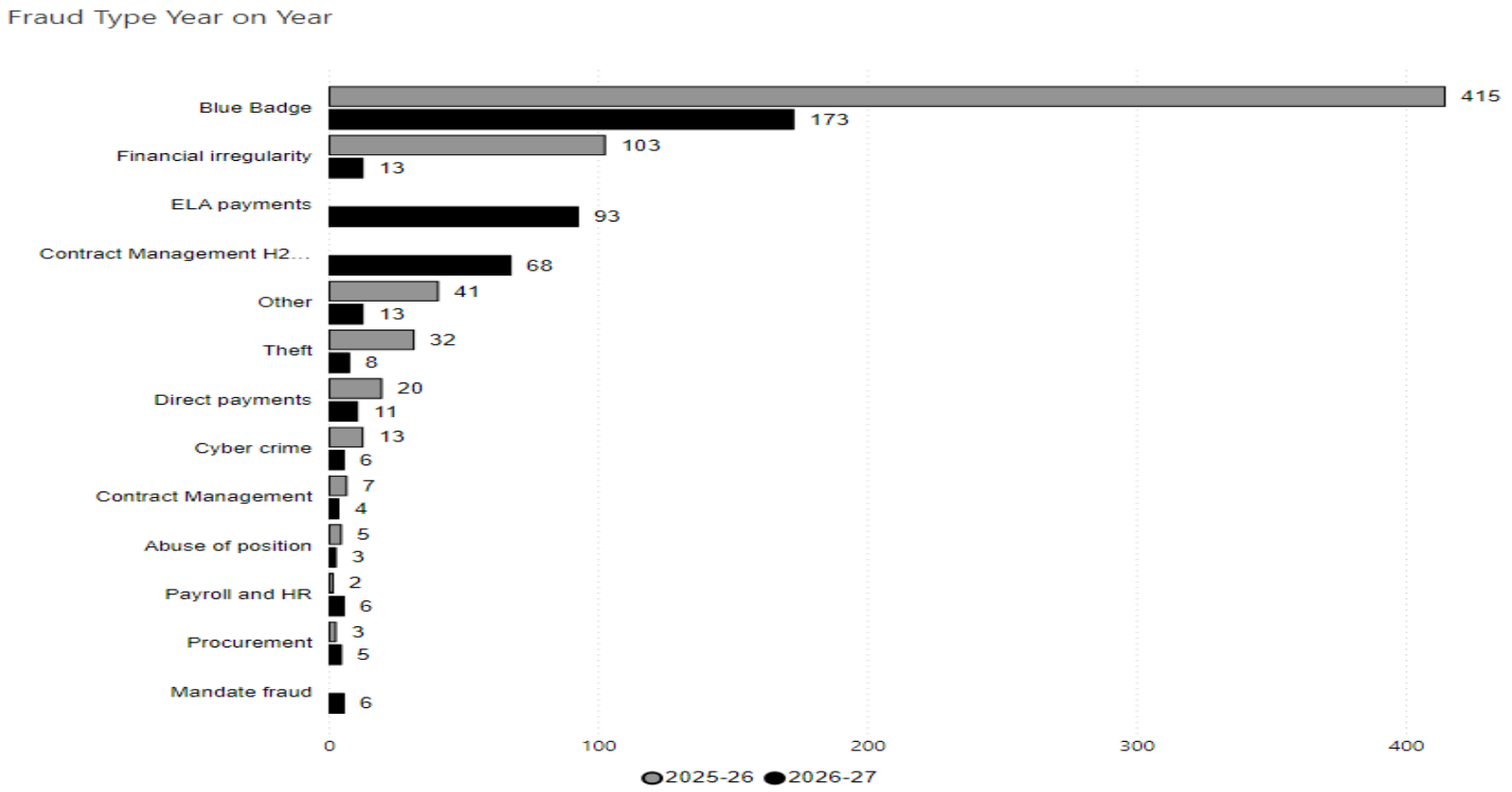
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Appendix A - Year on Year Comparison – by Fraud Type

Financial Irregularities being reported to the Counter Fraud Team have increased by 18% compared to this time last year. This provides management with insight to address root causes.

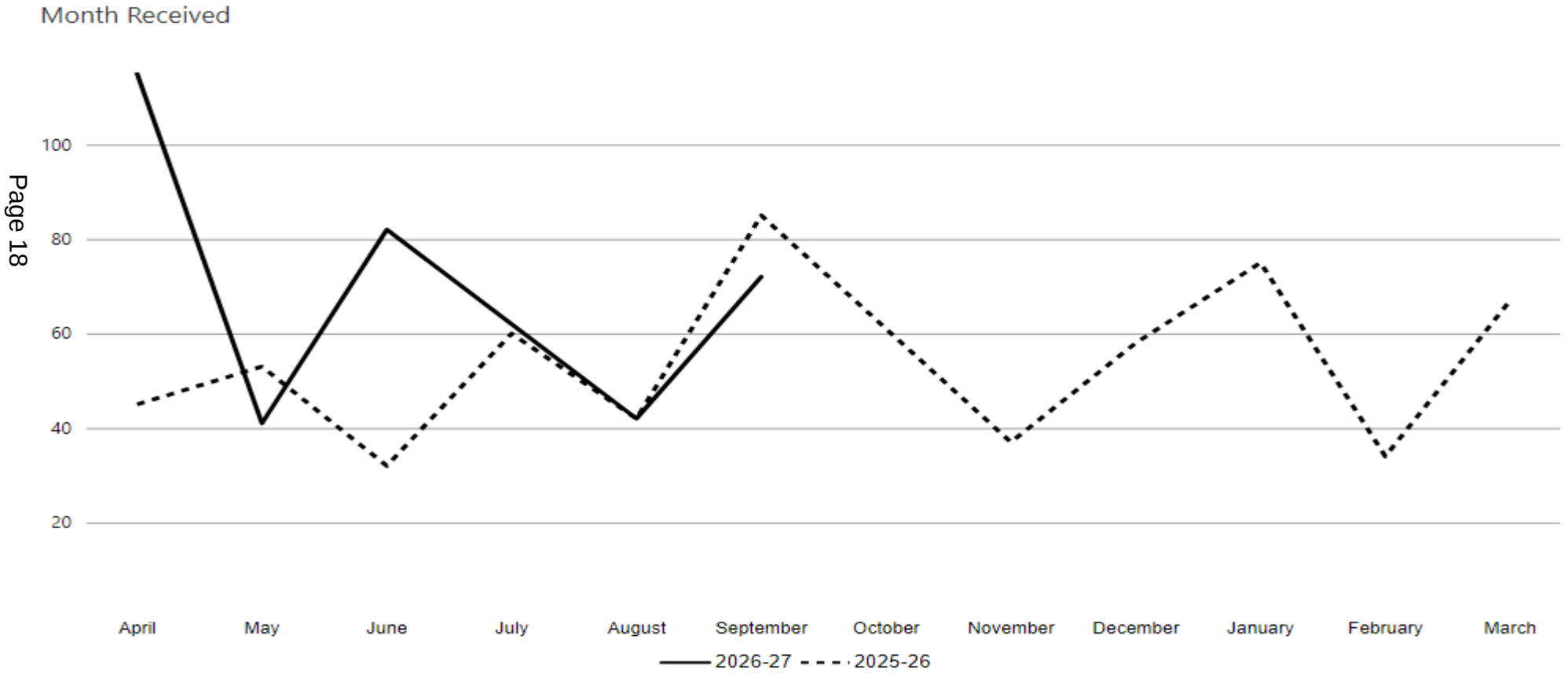
A new fraud type for Contract Management – Home to School Transport has been added for Q2 2026/27 reporting, which is currently being reported as a financial irregularity.



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Appendix A - Year on Year Comparison – by Month Received

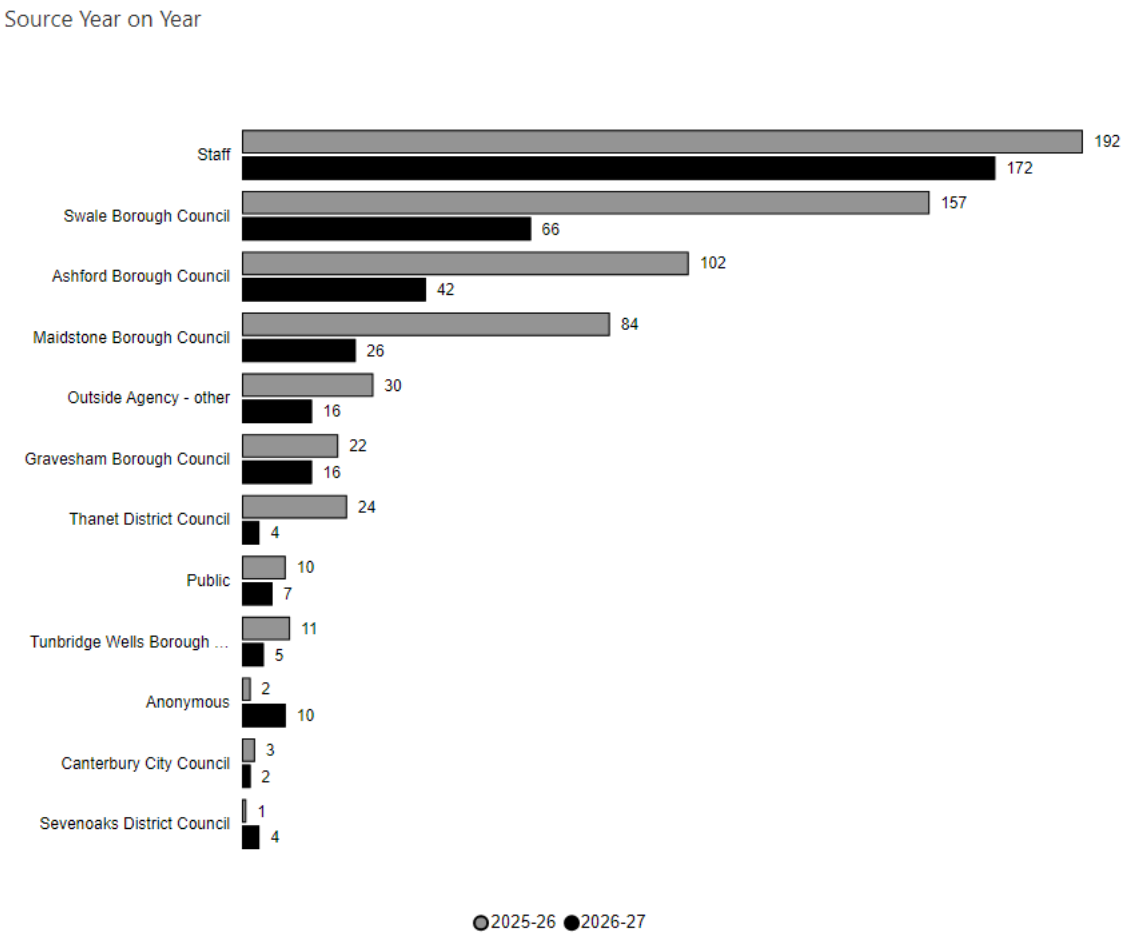
The spikes in referrals received in April relate to the Essential Living Allowance being added. Referrals are being managed within resource levels, with advice provided to management on civil reclaims where needed and identification of root causes to support management with better processes and when needed additional controls.



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Appendix A - Year on Year Comparison – by Source of Referral

Relationship management/ awareness continues to work, as in most cases, the number of referrals received from KCC staff and Parking Enforcement Officers is showing continued awareness of reporting financial irregularities to Internal Audit and Counter Fraud.



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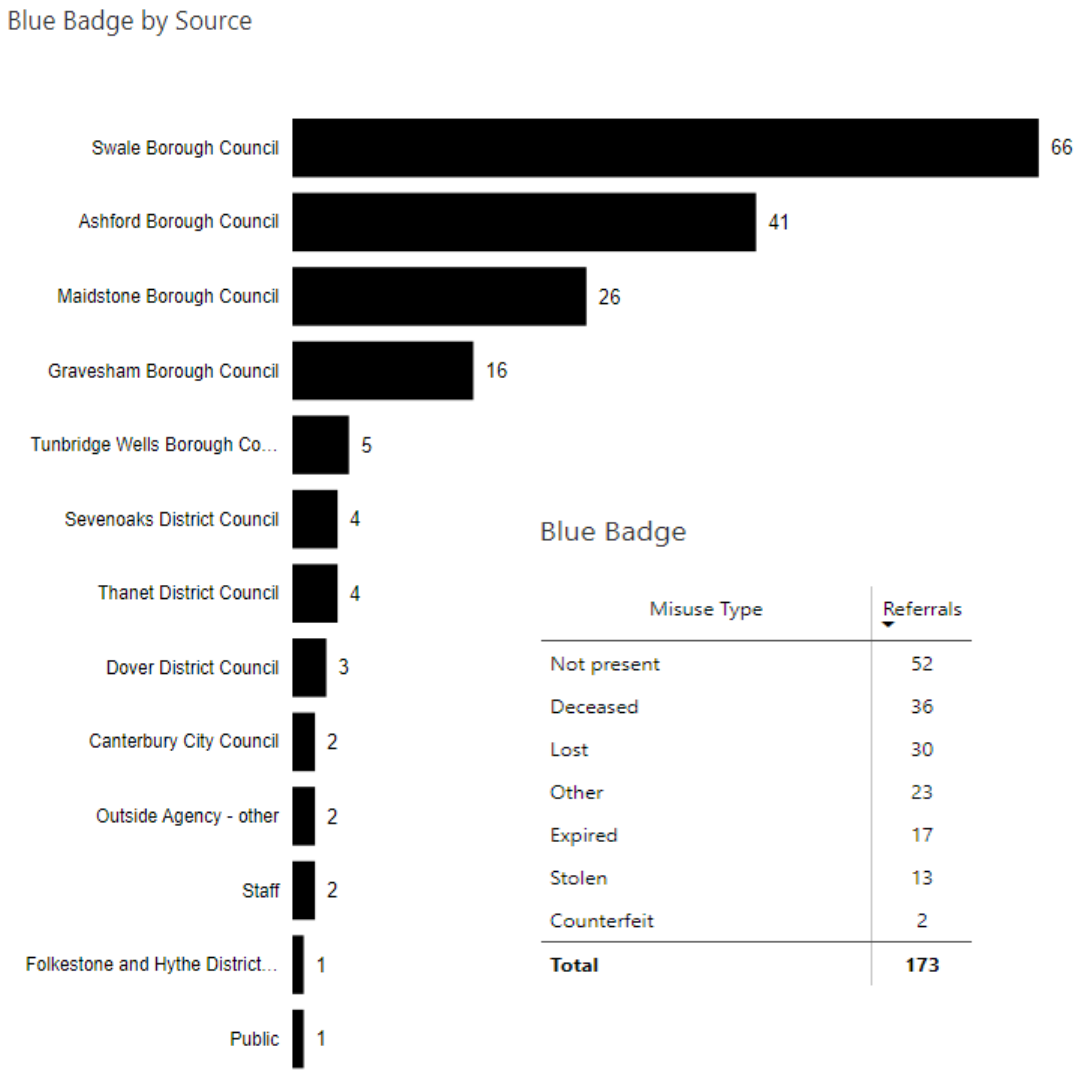
Appendix A - Blue Badge Referrals – by Type and Referring Parking Team

Swale Borough Council is detecting the highest number of blue badge misuse compared with other District/Borough Councils. This is a good indication of the level of misuse occurring across the whole of Kent.

Badge holder not present is the highest detected misuse type, followed by use of cancelled badges due to the badge holder being deceased or reported as lost.

'Other' reasons include, badges being used following them being reported as damaged or being cancelled as they were no longer needed.

The task and finish working group with parking managers is in progress to support parking teams with improving detection rates that will benefit the disabled community in ensuring that parking is available for their use.



Blue Badge

Misuse Type	Referrals
Not present	52
Deceased	36
Lost	30
Other	23
Expired	17
Stolen	13
Counterfeit	2
Total	**173**

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Appendix B - Fraud Action Plan 2026/27

Pillar	Activity	Detail	Update
Govern - Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Counter Fraud Update, Audit Committee	At least two yearly Counter Fraud update will be provided to Corporate Management Team and the Audit Committee to demonstrate the activities undertaken by the Counter Fraud Team against the plan to prevent and detect Fraud, Bribery and Corruption.	Q1 & Q2 Progress report provided to November 2026 G&A Committee
Acknowledge - An organisation must acknowledge and understand fraud risks and demonstrate this by having the right support and appropriate resource to tackle fraud.	Fighting Fraud and Corruption Locally Checklist	The Counter Fraud Team to undertake an assessment of the authority against the Fight Fraud and Corruption Locally Checklist.	Due Q4
	Fraud Risk Assessments	The Counter Fraud Team to support management in assessing the risk of fraud and error, providing advice on controls to mitigate the risk. Including risks associated to the Economic Crime and Corporate Transparency Act (failure to prevent fraud). Deployment of the Cabinet Office AI Risk Assessment Tool to be deployed to key areas as fraud risk owners.	On going – Proactive details covered in main report
	Relationship Management	Strengthening the anti-fraud culture within the organisation requires Counter Fraud to continue with relationship management meetings to report on emerging and current fraud and error risks identified through investigations.	On going – Proactive details covered in main report
	Local Government Reorganisation	Support in the preparation of de-aggregation of services ahead of vestment day. This will Include fraud risk assessing the de-aggregation process as well as informing delivery of counter fraud services post vestment.	Paused
	Whistleblowing Hotline and log	The Counter Fraud Team manage the Councils Central Whistleblowing Log and the Whistleblowing helpline.	On going – working with HR&OD on review

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Pillar	Activity	Detail	Update
Prevent - Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture	Fraud Awareness	Deliver fraud awareness training to teams to ensure that sessions delivered to officers on a risk- based approach. The training will seek to raise awareness about new emerging fraud risks and current risks, continue to strengthen the anti-fraud and integrity culture.	On going – Proactive details covered in main report
	Internal Audit	The Counter Fraud Team will review draft engagement plans to ensure any issues identified through investigations or relationship management meetings help inform the scope of any audits.	On going – Proactive details covered in main report
	International Fraud Awareness Week Campaign	To deliver an internal campaign to officers during International Fraud Awareness week.	Due in Q3
	National Fraud Initiative	The Counter Fraud Team will lead on the NFI submission that matches data within and between public and private sector bodies to prevent and detect fraud. A nominated person from each of the data sets will be identified and liaised with through the project to ensure matches are cleared.	Due in Q3
	Kent Intelligence Network	The Counter Fraud Team will support the Kent Intelligence Network on activities that benefit KCC and the wider Kent Residents.	On Going – Update on Q1 in main report
	Artificial intelligence – Counterfeit/ Forgery	To explore the use of AI as a detection tool to identify counterfeit/ forged documents used to access services.	Awaiting a suitable test site

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Pillar	Activity	Detail	Update
Pursue **Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders.** **Collaborating across geographical and sectoral boundaries. Learning lessons and closing the gaps**	Investigations	The Counter Fraud Team will apply a risk-based approach to investigating all instances of actual, attempted and suspected fraud and financial irregularities. The Counter Fraud Team will ensure; that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice the Council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council employee appropriate sanctions are applied Staff meet the standards of the Government Counter Fraud Profession	On going – relevant oversight by commissioning managers for secondary investigations. Section 151 Officer updated on progression of secondary investigations. All staff have a completed self-assessment to the Government Counter Fraud Professional Standards. Reviews progressing on evidence that supports self-assessment.
	Partnership Working	To maintain and develop working with key partner agencies in the prevention and detection of fraud such as the Kent Intelligence Network, Local Authorities, Kent Police as well as internal teams within KCC.	On-Going

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