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Ask for: Emily Kennedy
Date: 8 January 2024

Dear Member

POLICY AND RESOURCES CABINET COMMITTEE - WEDNESDAY, 15 JANUARY 2025

Please find enclosed, for consideration at the meeting of Policy and Resources Cabinet Committee on Wednesday, 15 January 2025, the budget papers for item 5 which were unavailable when the main agenda was published.

Agenda Item No

5 **Draft Revenue and Capital Budget and Medium-Term Financial Plan (Pages 1 - 30)**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Watts', is written over a faint circular stamp.

Benjamin Watts
General Counsel

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From: Roger Gough, Leader of the Council
Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services
Dylan Jeffrey, Cabinet Member for Communications and Democratic Services.

To: Policy and Resources Cabinet Committee 15th January 2025

Subject: **Draft Revenue Budget 2025-26 and Medium Term Financial Plan (MTFP) 2025-28 Update, and Draft Capital Programme 2025-35**

Classification: **Unrestricted**

Summary:

This report sets out for further scrutiny the material changes to the administration's draft revenue budget proposals for 2025-26 (together with any full year consequences in subsequent years) from those presented to committees in November for the Cabinet portfolios and directorates relevant to this committee. As with the November report this is a tailored report for each committee. The update includes:

- Full year effect of variances reported in quarter two 2024-25 budget monitoring report
- Latest projections for price indices applied for contractual price uplifts
- Latest activity/demand/cost trends
- Spending and income arising from Autumn 2024 Budget statement, Provisional Local Government Finance Settlement (PLGFS) and departmental grant announcements
- Updated savings and income forecasts including further progress on £19.8m policy savings to replace one-offs in 2024-25

Appendices to the report set out the draft capital programme and significant changes to the revenue budget since the draft published in November.

The administration's final 2025-26 draft budget, 2025-28 MTFP and Capital Programme 2025-35 will be published in full for Cabinet endorsement on 30th January. This will need to show a balanced revenue position for 2025-26 and fully funded capital programme.

Recommendations:

The Policy and Resources Cabinet Committee is asked to:

- a) NOTE the update to administration's draft revenue budget proposals
 - b) NOTE and COMMENT on draft capital programme; and
 - c) SUGGEST any changes which should be made to the administration's draft budget proposals related to the Cabinet Committee's portfolio area before the final draft is considered by Cabinet on 30th January 2025 and presented to Full County Council on 13th February 2025.
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1. Background and Context

1.1 The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Cabinet and Scrutiny Committees to allow for their comments to be considered before the final budget proposals are made to Full Council.

1.2 The Council is under a legal duty to set a balanced and sustainable budget within the resources available from local taxation and central government grants and to maintain adequate reserves. This duty applies to the final draft budget presented for Full Council approval at the annual budget meeting. The overall strategy for the budget is to ensure that the Council continues to plan for revenue and capital budgets which are affordable, reflect the Council's strategic priorities, allow the Council to fulfil its statutory responsibilities and continue to maintain and improve the Council's financial resilience.

1.3 An MTFP covering the entirety of the resources available to the Council is the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.

1.4 The administration's updated draft revenue budget 2025-26 proposals are now balanced in principle pending Cabinet endorsement. This includes resolution of the £11.4m unresolved balances in the November draft. The resolution comes from a mix of updated spending growth, updated savings and income plans, and increased/new grants in the PLGFS and other departmental grants. The timing of the £19.8m policy savings required to replace the use of one-offs to balance 2024-25 budget remains an issue for 2025-26 although this is now proposed to be resolved through a combination of funding qualifying transformational expenditure from capital receipts and extension of New Homes Bonus grant, with significantly less required from a loan from reserves.

1.5 The plans for 2026-27 and 2027-28 in the MTFP continue to be indicative based upon a set of assumptions for spending/savings & income, and funding. The plans for 2026-27 and 2027-28 are broadly balanced albeit at a high-level at this stage pending further detail of reforms to local authority funding and multi-year settlement. The illustrative plans set out the possible trajectory based upon current policy assumptions, although other scenarios are possible. There is a balance to be struck between planning for what is currently known (which are the factors cited above) and the likelihood of an improvement in the financial position via any additional Government support (including update and reform of current methodologies) or improved tax take, with the risk being managed through reserves.

1.6 The draft Capital Programme has been prepared on the basis that only fully funded projects are included in the programme, with a separate schedule of potential projects which could be considered for inclusion in future programmes once funding has been secured. The programme is based on the presumption of no new borrowing to fund new schemes. The plan includes the rephasing of projects as result of 2023-24 outturn as well as new fully funded schemes, invest to save projects, and resolution of outstanding funding on essential commitments arising since the original programme was published.

1.7 This report focuses on the key policy considerations within the administration's draft budget proposals (updated revenue plans and capital programme) for each Cabinet portfolio. This is a more focussed report to address previous concerns that presenting the

entire budget proposals for the whole Council does not allow for sufficient scrutiny on key service issues by individual Cabinet and Scrutiny Committees. An updated interactive dashboard is also provided to Members, enabling the details of revenue proposals to be examined and scrutinised, this includes a new dashboard covering the £19.8m required savings to replace one-off used to balance 2024-25 budget.

1.8 Separate appendices are included which set out:

- High Level Summary of draft capital programme 2025-35 (Appendix A)
- Detail of capital programme 2025-35 for Policy and Resources directorate (Appendix B)
- Projects under consideration for future capital programmes (Appendix C)
- An updated high-level summary of the administration's draft revenue plans 2025-28 (Appendix D)
- A summary of the updated revenue plan for Chief Executive's and Deputy Chief Executive's departments for 2025-26 (Appendix E)
- Budget risk register (Appendix F)

This together with the previous reports in November provides the same level of background information as presented to Cabinet and Scrutiny committees in previous years.

1.9 Following the further scrutiny of updated revenue plans and draft capital programme, a revised draft of the administration's final budget proposals will be published in January for Cabinet endorsement (including consideration of issues raised and alternative proposals during the scrutiny process) prior to final approval at County Council in February 2025.

2. Additional Policy Considerations and changes for Policy and Resources Cabinet Committee since previous Committee meeting

Updated Revenue Proposals

2.1 Flexible use of capital receipts (£19.8m policy saving). Related to the delivery of the £19.8m policy savings to be identified by members, 2025-26 required £12.3m of one-off solutions to replace the later phasing in identified savings. The latest budget proposal includes using £8m of available capital receipts to part fund revenue expenditure on the transformational activity within the Oracle Cloud Programme. The remainder of the programme is funded from established ICT reserves.

2.2 Reduce Civil Society subsidy. Although this saving reduces the budget available it still allows KCC the ability to work with partners collaboratively, to contribute to the recently published Government revised civil society covenant framework.

2.3 Review of top tier structure following consultation on proposed changes to senior posts.

2.4 Support Services targeted reductions. Review and reduce discretionary spend budgets as well as removing some vacant posts.

2.5 Domestic Abuse Grant – Previously funded by specific grant but now included within the Core Spending Power.

2.6 The updated draft budget includes, in centrally held budgets, £9.361m estimated cost of increased employer National Insurance Contributions (NICs) from the lowering of threshold from £9,100 to £5,000 and increasing contribution rate from 13.8% to 15% on earnings above the new threshold. The cost includes estimates for staff pay elements and Member allowances. At this stage this is a provisional figure based on a snapshot of pay/allowance costs and will be updated for latest staffing numbers and costs following conclusion of pay bargaining. The cost will be funded by a separate grant, the individual allocations of which have not yet been announced. The grant will be based on a share of £515m available nationally (determined according to a national assessment of additional NICs for local authority directly employed staff) and guidance issued as part of the Provisional Local Government Finance Settlement (PGLFS) 2025-26 stated this would be based pro rata to each authority's net current expenditure identified in 2023-24 outturn returns. Inevitably this is likely to result in a mismatch between the actual costs and grant which will need to be reflected in final budget once grant and final cost estimates have been confirmed.

2.7 The updated draft budget includes a contribution of £12.0m to a new specific earmarked reserve from the balance of the Extended Producer Responsibility (EPR) income (£13.3m) following the announcement of estimated payments from Department for Environment and Rural Affairs (DEFRA). This is held in reserve pending further guidance on additional responsibilities on waste disposal reforms. The DEFRA notification is based on estimated costs for packaging costs from collection through Household Waste Recycling Centres (district receive the allocation for kerb-side collection costs), disposal and recycling credits.

Changes between current capital programme and draft programme 2025-35

2.8 There has been little change to the capital programme for CED/DCED over the 2025-35 period although there are minor changes to the phasing of expenditure in 2025-27. The most significant addition to the capital programme is the inclusion of spend for short term accommodation requirements for unaccompanied asylum seeking children (UASC), whilst they await transfer to other Local Authorities via the National Transfer Scheme (NTS). All expenditure is entirely funded by external grants from central government departments and there is no net cost to Kent County Council.

3. Contact details

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Background documents

Below are click-throughs to reports, more information, etc.
Click on the item title to be taken to the relevant webpage.

- 1 [KCC's Budget webpage](#)
- 2 [KCC's Corporate Risk Register](#) (Governance and Audit Committee 16th May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#) (Governance and Audit Committee 19th March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 Q2 Budget Monitoring Report - <https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=9467&Ver=4> (Cabinet 28th November 2024 – item 5)
- 6 [Securing Kent's Future – Budget Recovery Strategy](#)
- 7 [Securing Kent's Future – Budget Recovery Report](#)
- 8 Dashboard – <https://app.powerbi.com/groups/me/apps/0c0c09e7-2b65-40de-a51b-0a21f1d7fa99/reports/c2d85b3d-adcc-41aa-a345-01aed649492b/ReportSection943f2a100173000c470?ctid=3253a20d-c735-4bfe-a8b7-3e6ab37f5f90&experience=power-bi>

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APPENDIX A - CAPITAL INVESTMENT SUMMARY 2025-26 TO 2034-35

ROW REF	Directorate	Dir	Total Cost	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
					£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	7,003	3,939	549	515	250	250
2	Children, Young People & Education	CYPE	565,619	162,244	97,113	105,761	53,338	27,325
3	Growth, Environment & Transport	GET	1,278,892	376,870	149,701	146,431	111,087	81,163
4	Chief Executive's Department	CED	3,973	1,634	-1,655	3,994	0	0
5	Deputy Chief Executive's Department	DCED	142,475	44,419	27,746	17,932	11,533	3,945
6	Total Cash Limit		1,997,962	589,106	273,454	274,633	176,208	112,683
Funded By:								
7	Borrowing		441,100	74,485	45,168	85,577	47,705	23,165
8	Property Enterprise Fund (PEF) 2		369	369				
9	Grants		1,107,270	351,956	143,509	110,169	77,192	65,353
10	Developer Contributions		184,067	45,322	34,435	56,608	33,685	10,521
11	Other External Funding e.g. Arts Council, District Contributions etc.		27,182	12,969	11,124	3,089		
12	Revenue Contributions to Capital		85,401	16,146	13,685	6,155	6,528	6,333
13	Capital Receipts		42,315	16,711	16,124	4,446	484	650
14	Recycled Loan Repayments		110,258	71,148	9,409	8,589	10,614	6,661
15	Total Finance		1,997,962	589,106	273,454	274,633	176,208	112,683

APPENDIX A - CAPITAL INVESTMENT SUMMARY 2025-26 TO 2034-35

ROW REF	Directorate	Dir	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	250	250	250	250	250	250
2	Children, Young People & Education	CYPE	22,338	19,500	19,500	19,500	19,500	19,500
3	Growth, Environment & Transport	GET	71,965	68,167	68,087	68,107	70,922	66,392
4	Chief Executive's Department	CED	0	0	0	0	0	0
5	Deputy Chief Executive's Department	DCED	6,150	6,150	6,150	6,150	6,150	6,150
6	Total Cash Limit		100,703	94,067	93,987	94,007	96,822	92,292
Funded By:								
7	Borrowing		25,000	28,000	28,000	28,000	28,000	28,000
8	Property Enterprise Fund (PEF) 2							
9	Grants		61,622	59,143	59,165	59,187	62,002	57,972
10	Developer Contributions		3,406	90				
11	Other External Funding e.g. Arts Council, District Contributions etc.							
12	Revenue Contributions to Capital		6,188	6,184	6,172	6,170	6,170	5,670
13	Capital Receipts		650	650	650	650	650	650
14	Recycled Loan Repayments		3,837					
15	Total Finance		100,703	94,067	93,987	94,007	96,822	92,292

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	3,973	1,634	-1,655	3,994	0	0
2	Total Individual Projects		3,973	1,634	-1,655	3,994	0	0
3	Total - Chief Executive's Department		3,973	1,634	1,655	3,994	0	0

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2025-26 to 2034-35

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2025-26 to 2034-35

Chief Executive's Department (CED)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Feasibility Fund [1]	Forward funding to enable future projects assess feasibility	0	0	0	0	0	0
2	Total Individual Projects		0	0	0	0	0	0
3	Total - Chief Executive's Department		0	0	0	0	0	0

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2025-26 to 2034-35

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2025-26 to 2034-35

Deputy Chief Executive's Department (DCED)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	25,000		2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	6,500		650	650	650	650
3	Modernisation of Assets (MOA) [1]	Maintaining KCC estates	35,268		8,163	5,310	3,000	795
4	Total Rolling Programmes [3]		66,768		11,313	8,460	6,150	3,945
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	2,675	926	1,749	0	0	0
6	Strategic Estate Programme	Options for the council's future strategic estate	20,000	2,367	5,250	7,000	5,383	0
7	Strategic Reset Programme [1]	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	6,768	2,062	2,234	2,472	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	8,430	6,580	1,850	0	0	0
10	Additional accommodation requirements for unaccompanied asylum seeking children (UASC)	To provide suitable accommodation requirements for UASC	37,834	32,484	5,350	0	0	0
11	Total Individual Projects		75,707	44,419	16,433	9,472	5,383	0
12	Total - Deputy Chief Executive s Department		142,475	44,419	27,746	17,932	11,533	3,945

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2025-26 to 2034-35

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX B - CAPITAL INVESTMENT SUMMARY 2025-26 to 2034-35

Deputy Chief Executive's Department (DCED)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Corporate Property Strategic Capital Delivery [1] [2]	Costs associated with delivering the capital programme	2,500	2,500	2,500	2,500	2,500	2,500
2	Disposal Costs [1]	Costs of disposing of surplus property	650	650	650	650	650	650
3	Modernisation of Assets (MOA) [1]	Maintaining KCC estates	3,000	3,000	3,000	3,000	3,000	3,000
4	Total Rolling Programmes [3]		6,150	6,150	6,150	6,150	6,150	6,150
5	Asset Utilisation	Strategic utilisation of assets in order to achieve revenue savings and capital receipts	0	0	0	0	0	0
6	Strategic Estate Programme	Options for the council's future strategic estate	0	0	0	0	0	0
7	Strategic Reset Programme [1]	Shape our organisation through our people, technology & infrastructure, identifying & connecting priority projects for maximum impact	0	0	0	0	0	0
8	Dover Discovery Centre [1]	Refurbishment to make the building fit for purpose	0	0	0	0	0	0
10	Additional accommodation requirements for unaccompanied asylum seeking children (UASC)	To provide suitable accommodation requirements for UASC	0	0	0	0	0	0
11	Total Individual Projects		0	0	0	0	0	0
12	Total - Deputy Chief Executive s Department		6,150	6,150	6,150	6,150	6,150	6,150

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved

[2] Estimated allocations have been included for 2025-26 to 2034-35

[3] Rolling programmes have been included for 10 year capital programme

APPENDIX C - POTENTIAL CAPITAL PROJECTS 2025-26 TO 2034-35 BY YEAR

These projects are currently very high level and commencement is subject to business case approval and affordable funding solutions identified.

Directorate	Potential Forthcoming Projects	Description of Project	Total Cost of Scheme	2025-26	2026-27	2027-28	2028-29
			£000s	Year 1 £000s	Year 2 £000s	Year 3 £000s	Year 4 £000s
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State							
DCED	Modernisation of Assets	Maintaining KCC's Office Estate	101,790	5,337	10,248	10,500	12,705
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	53,500	1,000	5,000	5,000	5,500
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	43,500		4,000	4,000	4,500
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	1,321,101	105,034	110,285	115,800	121,590
GET	Public Rights of Way	Structural improvements of public rights of way	25,130	2,513	2,513	2,513	2,513
Potential Forthcoming Projects							
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation	16,800		4,000	4,000	8,800
GET	Casualty Reduction/Congestion Management Schemes	Casualty reduction/congestion management scheme	7,500	7,500			
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes	43,100	8,200	7,500	6,400	3,000
GET	Transitioning Fleet to EV	Transitioning Fleet to EV	7,500				2,500
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities	10,000		10,000		
GET	Programme of Waste site Infrastructure Requirements	Programme of Waste Site Infrastructure Requirements	53,300	5,300	11,000	5,000	16,000
GET	Designated Funds	Programme of projects related to the Lower Thames Crossing	2,737	2,737			
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network	58,470	58,470			
GET	Thanet Way	Structural improvements to the Thanet Way A299	20,000	5,000	5,000	5,000	5,000
GET	North Thanet Link (formerly known as A28 Birchington)	Creation of a relief road	72,450	2,295	11,419	27,174	28,933
GET	A229 Bluebell Hill M2 and M20 Interchange Upgrades	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	243,000	2,982	2,488	15,114	105,602
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	52,000	6,500	6,500	6,500	6,500
DCED	Further Provision for Member Accommodation in Invicta House	Further Provision for Member Accommodation in Invicta House	3,000		3,000		
DCED	Renewable Energy Programme	Renewable energy source options to work towards Net Zero target	32,000	8,000	7,500	8,000	8,500
Total Potential Forthcoming Projects			2,166,878	220,868	200,453	215,001	331,643

APPENDIX C - POTENTIAL CAPITAL PROJECTS 2025-26 TO 2034-35 BY YEAR

These projects are currently very high level and commencement is subject to business case approval and affordable funding s

Directorate	Potential Forthcoming Projects	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£'000s	£000s
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State								
DCED	Modernisation of Assets	Maintaining KCC's Office Estate	10,500	10,500	10,500	10,500	10,500	10,500
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	5,500	6,000	6,000	6,500	6,500	6,500
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	4,500	5,000	5,000	5,500	5,500	5,500
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	127,669	134,052	140,755	147,793	155,182	162,941
GET	Public Rights of Way	Structural improvements of public rights of way	2,513	2,513	2,513	2,513	2,513	2,513
Potential Forthcoming Projects								
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation						
GET	Casualty Reduction/Congestion Management Schemes	Casualty reduction/congestion management scheme						
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes	3,000	3,000	3,000	3,000	3,000	3,000
GET	Transitioning Fleet to EV	Transitioning Fleet to EV	5,000					
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities						
GET	Programme of Waste site Infrastructure Requirements	Programme of Waste Site Infrastructure Requirements	16,000					
GET	Designated Funds	Programme of projects related to the Lower Thames Crossing						
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network						
GET	Thanet Way	Structural improvements to the Thanet Way A299						
GET	North Thanet Link (formerly known as A28 Birchington)	Creation of a relief road	2,629					
GET	A229 Bluebell Hill M2 and M20 Interchange Upgrades	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	67,901	45,617	626	2,670		
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	6,500	6,500	6,500	6,500		
DCED	Further Provision for Member Accommodation in Invicta House	Further Provision for Member Accommodation in Invicta House						
DCED	Renewable Energy Programme	Renewable energy source options to work towards Net Zero target						
	Total Potential Forthcoming Projects		251,712	213,182	174,894	184,976	183,195	190,954

APPENDIX D - High Level 2025-28 Revenue Plan and Financing

2024-25				2025-26			INDICATIVE FOR PLANNING PURPOSES					
Core £000s	External £000s	Total £000s		Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
			Original base budget	1,429,506.8	0.0	1,429,506.8	1,526,088.5	0.0	1,526,088.5	1,604,182.4	0.0	1,604,182.4
			internal base adjustments	-836.6	836.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,315,610.6		1,315,610.6	Revised Base	1,428,670.2	836.6	1,429,506.8	1,526,088.5	0.0	1,526,088.5	1,604,182.4	0.0	1,604,182.4
			SPENDING									
31,721.5		31,721.5	Base Budget Changes	10,425.7	-744.1	9,681.6	-100.0	0.0	-100.0	4,000.0	0.0	4,000.0
35.0		35.0	Reduction in Grant Income	3,234.7	11,276.2	14,510.9	0.0	0.0	0.0	0.0	0.0	0.0
10,798.4	505.1	11,303.5	Pay	21,645.7	626.9	22,272.6	12,524.5	0.0	12,524.5	11,863.6	0.0	11,863.6
49,568.4	1,695.6	51,264.0	Prices	41,407.1	1,944.4	43,351.5	31,361.3	0.0	31,361.3	27,562.6	0.0	27,562.6
85,349.7	284.7	85,634.4	Demand & Cost Drivers - Cost	48,209.4	0.0	48,209.4	46,631.1	0.0	46,631.1	46,631.1	0.0	46,631.1
		0.0	Demand & Cost Drivers - Demand	22,989.0	24,150.3	47,139.3	23,025.6	-15,600.0	7,425.6	22,979.6	-14,200.0	8,779.6
16,393.1	-10,327.3	6,065.8	Government & Legislative	-14,751.5	5,814.5	-8,937.0	454.5	-19,502.4	-19,047.9	3,249.5	-1,898.1	1,351.4
15,712.2	-1,538.8	14,173.4	Service Strategies & Improvements	17,278.5	2,136.2	19,414.7	-757.6	236.5	-521.1	-803.2	-3,995.2	-4,798.4
209,578.3	-9,380.7	200,197.6	TOTAL SPENDING	150,438.6	45,204.4	195,643.0	113,139.4	-34,865.9	78,273.5	115,483.2	-20,093.3	95,389.9
			SAVINGS, INCOME & GRANT									
-36,454.8		-36,454.8	Transformation - Future Cost Increase Avoidance	-30,834.5	0.0	-30,834.5	-10,788.7	0.0	-10,788.7	-10,300.0	0.0	-10,300.0
2,068.7		2,068.7	Transformation - Service Transformation	-4,500.0	0.0	-4,500.0	-1,900.0	0.0	-1,900.0	-400.0	0.0	-400.0
-16,195.0		-16,195.0	Efficiency	469.6	-65.0	404.6	-4,243.5	0.0	-4,243.5	-171.2	0.0	-171.2
-15,406.6	-281.3	-15,687.9	Income	-20,109.3	0.0	-20,109.3	-6,344.6	0.0	-6,344.6	-6,643.8	0.0	-6,643.8
-10,967.6		-10,967.6	Financing	1,001.0	0.0	1,001.0	7,253.3	0.0	7,253.3	-2,166.3	0.0	-2,166.3
-11,910.2	-9.2	-11,919.4	Policy	-8,742.9	0.0	-8,742.9	-14,215.2	0.0	-14,215.2	-12,111.8	0.0	-12,111.8
-88,865.5	-290.5	-89,156.0	TOTAL SAVINGS & INCOME	-62,716.1	-65.0	-62,781.1	-30,238.7	0.0	-30,238.7	-31,793.1	0.0	-31,793.1
	7,210.7	7,210.7	Increases in Grants and Contributions	0.0	-25,209.8	-25,209.8	0.0	18,429.4	18,429.4	0.0	-8,876.7	-8,876.7
-88,865.5	6,920.2	-81,945.3	TOTAL SAVINGS, INCOME & GRANT	-62,716.1	-25,274.8	-87,990.9	-30,238.7	18,429.4	-11,809.3	-31,793.1	-8,876.7	-40,669.8
			MEMORANDUM:									
			Removal of undelivered/temporary savings & grant	32,735.3	3,362.8	36,098.1	10,715.1	19,502.4	30,217.5	800.0	5,470.3	6,270.3
			New & FYE of existing Savings	-71,942.1	-65.0	-72,007.1	-33,259.2	0.0	-33,259.2	-25,949.3	0.0	-25,949.3
			New & FYE of existing Income	-23,509.3	0.0	-23,509.3	-7,694.6	0.0	-7,694.6	-6,643.8	0.0	-6,643.8
			New & FYE of existing Grants	0.0	-28,572.6	-28,572.6	0.0	-1,073.0	-1,073.0	0.0	-14,347.0	-14,347.0
				-62,716.1	-25,274.8	-87,990.9	-30,238.7	18,429.4	-11,809.3	-31,793.1	-8,876.7	-40,669.8
			Prior Year savings rolling forward for delivery in 25-26									
			TOTAL Savings for delivery in 2025-26	-95,451.4	-28,637.6	-124,089.0						

2024-25				2025-26			INDICATIVE FOR PLANNING PURPOSES					
Core £000s	External £000s	Total £000s		Core £000s	External £000s	Total £000s	2026-27			2027-28		
						Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	
RESERVES												
27,481.5		27,481.5	Contributions to Reserves	42,428.9	14,200.0	56,628.9	43,817.1	14,200.0	58,017.1	43,538.0	34,300.0	77,838.0
-24,739.6		-24,739.6	Removal of prior year Contributions	-34,545.8	-10,640.0	-45,185.8	-42,028.9	-14,200.0	-56,228.9	-35,796.1	-14,200.0	-49,996.1
-14,877.4	-1,350.5	-16,227.9	Drawdowns from Reserves	-13,064.7	-25,598.1	-38,662.8	0.0	-9,161.6	-9,161.6	0.0	-291.6	-291.6
5,318.9	3,811.0	9,129.9	Removal of prior year Drawdowns	14,877.4	1,271.9	16,149.3	13,064.7	25,598.1	38,662.8	0.0	9,161.6	9,161.6
-6,816.6	2,460.5	-4,356.1	TOTAL RESERVES	9,695.8	-20,766.2	-11,070.4	14,852.9	16,436.5	31,289.4	7,741.9	28,970.0	36,711.9
113,896.2	0.0	113,896.2	NET CHANGE	97,418.3	-836.6	96,581.7	97,753.6	0.0	97,753.6	91,432.0	0.0	91,432.0
			UNRESOLVED BALANCE / SURPLUS				-3,959.7	0.0	-3,959.7	2,638.3	0.0	2,638.3
			ADULT SOCIAL CARE FUNDING UNRESOLVED BALANCE				-15,700.0		-15,700.0	-18,400.0		-18,400.0
1,429,506.8	0.0	1,429,506.8	NET BUDGET	1,526,088.5	0.0	1,526,088.5	1,604,182.4	0.0	1,604,182.4	1,679,852.7	0.0	1,679,852.7
MEMORANDUM:												
The net impact on our reserves balances is:												
27,481.5	0.0	27,481.5	Contributions to Reserves	42,428.9	14,200.0	56,628.9	43,817.1	14,200.0	58,017.1	43,538.0	34,300.0	77,838.0
-14,877.4	-1,350.5	-16,227.9	Drawdowns from Reserves	-13,064.7	-25,598.1	-38,662.8	0.0	-9,161.6	-9,161.6	0.0	-291.6	-291.6
12,604.1	-1,350.5	11,253.6	Net movement in Reserves	29,364.2	-11,398.1	17,966.1	43,817.1	5,038.4	48,855.5	43,538.0	34,008.4	77,546.4
PER INITIAL DRAFT BUDGET												
			GROWTH	117,204.8	12,558.8	129,763.6	117,883.7	-16,436.5	101,447.2	106,103.6	-20,240.3	85,863.3
			SAVINGS, INCOME & GRANT	-41,633.1	7,370.8	-34,262.3	-40,368.6	0.0	-40,368.6	-28,656.1	-8,729.7	-37,385.8
			RESERVES	4,138.3	-20,766.2	-16,627.9	22,909.5	16,436.5	39,346.0	-4,795.2	28,970.0	24,174.8
			NET CHANGE	79,710.0	-836.6	78,873.4	100,424.6	0.0	100,424.6	72,652.3	0.0	72,652.3
CHANGE FROM INITIAL DRAFT BUDGET												
			GROWTH	33,233.8	32,645.6	65,879.4	-4,744.3	-18,429.4	-23,173.7	9,379.6	147.0	9,526.6
			SAVINGS, INCOME & GRANT	-21,083.0	-32,645.6	-53,728.6	10,129.9	18,429.4	28,559.3	-3,137.0	-147.0	-3,284.0
			RESERVES	5,557.5	0.0	5,557.5	-8,056.6	0.0	-8,056.6	12,537.1	0.0	12,537.1
			NET CHANGE	17,708.3	0.0	17,708.3	-2,671.0	0.0	-2,671.0	18,779.7	0.0	18,779.7

2024-25			2025-26			INDICATIVE FOR PLANNING PURPOSES					
Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
Funding per the Local Government Finance Settlement & Local Taxation											
	11,806.0				15,680.3			16,101.0			16,448.1
	117,046.1				137,143.6			137,143.6			137,143.6
	26,969.4				26,969.4			26,969.4			26,969.4
	11,686.6				0.0			0.0			0.0
					4,031.2			4,031.2			4,031.2
	1,311.9				0.0			0.0			0.0
					6,207.1			6,207.1			6,207.1
					0.0			0.0			0.0
	147,382.5				149,107.7			152,869.0			156,093.0
	50,014.7				61,701.3			61,701.3			61,701.3
	51,080.2				52,795.4			54,127.2			55,268.7
	2,058.5				1,926.7			0.0			0.0
					9,361.1			9,361.1			9,361.1
	3,544.6				0.0			0.0			0.0
	65,740.7				67,238.1			68,814.4			70,165.5
	2,682.8				0.0			0.0			0.0
	800,320.3				838,626.3			881,450.4			926,897.4
	135,347.0				155,922.5			178,406.7			202,566.3
	2,515.5				-622.2			7,000.0			7,000.0
	1,429,506.8	Total Funding			1,526,088.5			1,604,182.4			1,679,852.7

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APPENDIX E - CED, DCED, NAC & CHB (CORE ONLY)

PROPOSED 2025-26 BUDGET CHANGES BY CABINET MEMBER

	CED	DCED	NAC	CHB	TOTAL	Policy & Resources		
						Roger Gough	Peter Oakford	Dylan Jeffrey
	Core £000s	Core £000s	Core £000s	Core £000s	Core £000s	Core £000s	Core £000s	Core £000s
Original base budget	29,540.9	81,942.6	102,759.4	-2,386.0	211,856.9			
internal base adjustments	-518.8	241.9	0.0	-5.6	-282.5			
Revised Base	29,022.1	82,184.5	102,759.4	-2,391.6	211,574.4			
SPENDING								
Base Budget Changes	0.0	-915.0	307.0	-158.4	-766.4	0.0	-766.4	0.0
Reduction in Grant Income	274.2	0.0	0.0	0.0	274.2	274.2	0.0	0.0
Pay	-93.0	-75.5	65.5	21,761.1	21,658.1	-25.8	21,708.3	-24.4
Prices	6.7	459.4	79.0	0.0	545.1	0.0	464.1	81.0
Demand & Cost Drivers - Cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand & Cost Drivers - Demand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government & Legislative	40.0	0.0	-15,100.0	0.0	-15,060.0	40.0	-15,100.0	0.0
Service Strategies & Improvements	226.4	9,319.1	-184.1	-500.0	8,861.4	155.7	8,635.0	70.7
TOTAL SPENDING	454.3	8,788.0	-14,832.6	21,102.7	15,512.4	444.1	14,941.0	127.3
SAVINGS, INCOME & GRANT								
Transformation - Future Cost Increase Avoidance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transformation - Service Transformation	0.0	0.0	0.0	-2,050.0	-2,050.0	0.0	-2,050.0	0.0
Efficiency	-105.5	-309.4	0.0	-678.9	-1,093.8	0.0	-1,093.8	0.0
Income	-230.9	0.0	2,001.9	0.0	1,771.0	0.0	1,771.0	0.0
Financing	0.0	-8,021.0	9,022.0	0.0	1,001.0	0.0	1,001.0	0.0
Policy	-3,658.7	-872.9	0.0	2,100.0	-2,431.6	-462.0	-1,969.6	0.0
TOTAL SAVINGS & INCOME	-3,995.1	-9,203.3	11,023.9	-628.9	-2,803.4	-462.0	-2,341.4	0.0
Increases in Grants and Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL SAVINGS, INCOME & GRANT	-3,995.1	-9,203.3	11,023.9	-628.9	-2,803.4	-462.0	-2,341.4	0.0
MEMORANDUM:								
Removal of undelivered/temporary savings & grant	0.0	222.1	13,822.0	2,300.0	16,344.1	0.0	16,344.1	0.0
New & FYE of existing Savings	-3,764.2	-9,425.4	-1,500.0	-2,928.9	-17,618.5	-462.0	-17,156.5	0.0
New & FYE of existing Income	-230.9	0.0	-1,298.1	0.0	-1,529.0	0.0	-1,529.0	0.0
New & FYE of existing Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-3,995.1	-9,203.3	11,023.9	-628.9	-2,803.4	-462.0	-2,341.4	0.0
Prior Year savings rolling forward for delivery in 25-26	0.0	0.0	0.0	0.0	0.0			
TOTAL Savings for delivery in 2025-26	-3,995.1	-9,425.4	-2,798.1	-2,928.9	-19,147.5	-462.0	-18,685.5	0.0
RESERVES								
Contributions to Reserves	0.0	90.9	41,938.0	0.0	42,028.9	0.0	42,028.9	0.0
Removal of prior year Contributions	0.0	-160.0	-34,385.8	0.0	-34,545.8	0.0	-34,545.8	0.0
Drawdowns from Reserves	0.0	0.0	-12,904.7	0.0	-12,904.7	0.0	-12,904.7	0.0
Removal of prior year Drawdowns	262.0	0.0	13,573.2	0.0	13,835.2	262.0	13,573.2	0.0
TOTAL RESERVES	262.0	-69.1	8,220.7	0.0	8,413.6	262.0	8,151.6	0.0
NET CHANGE	-3,278.8	-484.4	4,412.0	20,473.8	21,122.6	244.1	20,751.2	127.3
PROPOSED NET BUDGET	25,743.3	81,700.1	107,171.4	18,082.2	232,697.0			
PER INITIAL DRAFT BUDGET								
GROWTH	182.9	1,055.7	-10,826.1	11,741.6	2,154.1	169.9	1,856.9	127.3
SAVINGS, INCOME & GRANT	-3,795.1	-1,089.0	10,523.9	250.0	5,889.8	-262.0	6,151.8	0.0
RESERVES	262.0	-69.1	3,063.2	0.0	3,256.1	262.0	2,994.1	0.0
NET CHANGE	-3,350.2	-102.4	2,761.0	11,991.6	11,300.0	169.9	11,002.8	127.3
CHANGE FROM INITIAL DRAFT BUDGET								
GROWTH	271.4	7,732.3	-4,006.5	9,361.1	13,358.3	274.2	13,084.1	0.0
SAVINGS, INCOME & GRANT	-200.0	-8,114.3	500.0	-878.9	-8,693.2	-200.0	-8,493.2	0.0
RESERVES	0.0	0.0	5,157.5	0.0	5,157.5	0.0	5,157.5	0.0
NET CHANGE	71.4	-382.0	1,651.0	8,482.2	9,822.6	74.2	9,748.4	0.0

KEY:

CED - Chief Executive's Department
DCED - Deputy Chief Executive's Department

NAC - Non Attributable Costs
CHB - Corporately Held Budgets

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Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
Significant Risks (over £10m)							
CYPE	High Needs Spending	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers.	The Safety Valve programme does not deliver the reduction to the in-year deficit on spending to support children with high needs as planned leading to a higher deficit. Whilst initial progress in 2022-23 and 2023-24 was positive the council was ahead of target, 2024-25 has been a more challenging year where the council is forecasting to be £10m off-target due to a combined effect of higher prices and significantly higher demand in financial support in mainstream schools. If compensating savings cannot be delivered and/or these pressures cannot be retained in future years, there is risk the Council will become increasingly off-target by the end of the agreement in 2027-28.	The Department for Education withholds its contribution towards the accumulated deficit and/or the increased overspend leaves a residue deficit. The government requires that the total deficit on the schools budget to be carried forward and does not allow authorities to offset from general funds anything above the amounts included in the Safety Valve agreement without express approval from Secretary of State. This approach does not resolve how the deficit will be eliminated and therefore still poses a significant risk to the council	4		165.0
AL Page 21	Non delivery of Savings and income and inability to replace one-off measures	Changes in circumstances, resulting in delays in the delivery of agreed savings or income and inability to replace one-off measures with sustainable permanent alternatives	Inability to progress with plans to generate savings or additional income as planned, due to changing circumstances	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	120.7	
ASCH / CYPE	Market Sustainability	The long term impact of Covid-19 is still impacting on the social care market, as is several years of unfunded above inflation increases in the national living wage. There continue to be concerns about the sustainability of the sector as a result. At the moment all areas of the social care sector are under pressure in particular around workforce capacity including both recruitment and retention of staff especially for providers of services in the community, meaning that sourcing appropriate packages for all those who need it is becoming difficult. This is likely to worsen over the next few months with the pressures of winter, and increased activity in hospitals. Throughout this year we have continued to see increases in the costs of care packages and placements far greater than what would be expected and budgeted for, due to a combination of pressures in the market but also due to the increased needs and complexities of people requiring social care support.	If staffing levels remain low, vacancies unfilled and retention poor, then repeated pressure to increase pay of care staff employed in the voluntary/private sector in order to be able to compete in recruitment market. At the moment vacancy level said to be 1 in 10. The increases to the National Minimum and National Living Wage will create more challenges for the market to recruit and retain when other sectors may be paying more, so it may be that they will need to increase their wages accordingly. The changes to Employer National Insurance contributions affect all employers, but the reduction in the threshold to £5,000 pa hits this sector hardest because of the number of part-time and low paid employees.	Care provider closures are not an infrequent occurrence and whilst some providers that close are either too small or poor quality, others are making informed business decisions to exit the market. The more providers that exit in this unplanned manner further depletes choice and capacity to meet need, which can create pressures in the system regarding throughput and discharge from hospital thus potentially increasing price.	4	20.0	

Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	2024-25 potential overspend impact on reserves	Under delivery of recovery plan to bring 2024-25 revenue budget into a balanced position by 31-3-25.	Overspend against the revenue budget in 2024-25 required to be met from reserves leading to a reduction in our financial resilience	Insufficient reserves available to manage risks in 2024-25 and future years	3	26.8	
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Inflation rises above the current forecasts leading to price increases on commissioned goods and services rising above the current MTFP assumptions and we are unsuccessful at suppressing these increases. Each 1% is estimated to cost £14m.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	14.0	
ALL	Distribution of Grant Settlements	The government's reforms to funding allocations, starting with targeted approach to additional funding in 2025-26 ahead of broader redistribution of funding through multi-year settlement from 2026-27 and the consolidation of existing funding streams	Allocations to fund services and activities in Kent are reduced	The council is unable to make consequential adjustments to spending on the same timescale as funding changes resulting in further calls on reserves	4	22.0	
Page 22	Council Taxbase assumptions	Collection authorities assume lower collection rates (increased bad debts) and/or change local discretionary discounts/premiums	Reduced council tax funding	The existing smoothing reserves for local taxation equalisation is insufficient to cover this ongoing base shortfall beyond 2025-26	4	12.0	
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4		12.0
ALL	Demand & Cost Drivers	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Non inflationary cost increases (cost drivers) continue on recent upward trends particularly but not exclusively in adult social care, children in care and home to school transport above the current MTFP assumptions and the Council is not able to suppress these	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	12.0	
CYPE	Market Sustainability	Availability of suitable placements for looked after children.	Continued use of more expensive and unregulated placements, where it is difficult to find suitable regulated placements as no suitable alternative is available.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	10.0	
CYPE	Home to School Transport	Lack of suitable local education placements for children with Special Education Needs	Parents seek alternative placements outside of their locality requiring additional transport support	Additional transport costs incurred resulting in an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves and potential recurring budget pressure for future years; or seek to demonstrate that the available local placements are suitable for the child's needs	3	10.0	

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Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET/DCED	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda (capital spend)	Government has previously provided 100% funding for certain Net Zero/green projects e.g. Public Sector Decarbonisation Scheme (PSDS) Funding towards the Bowerhouse and Kings Hill Solar Farms (£20m in total on community/HQ buildings, and £2m on schools), as well as LED installation, heat network or heat source pumps (gas, water). The PSDS grant is now moving focus from LED/Solar - despite the Council requiring 2 more Solar Parks as part of its Net Zero ambitions - and towards Heat Networks. Not only this, but whereas some projects were previously match funded, Government is now looking at >50% match funding requirements. The latest PSDS funding secured only funded 18% of the project. The cost of one large and one small Solar Park is in the region of £22.5m, plus a need for gas boilers on the corporate and schools estate to be replaced by heat source pumps (and/or hydrogen in the future).	The risk is that the Council has to find much higher match funding for future Net Zero projects, or review its expectations with regards to Net Zero 2030 and 2050 ambitions.	The consequence is that the Council has to put forward match funding for capital projects which can only come from borrowing or reserves. Borrowing then has a revenue implication and adds to the financing cost budget which is currently unaffordable, or accept that we will have to meet the target in other ways.	4		30.0
Non Attributable Costs	Insecure funding	The 2025-26 core budget includes £12.75m from insecure funding (company dividends, business rate pool and new homes bonus).	Previously it was recognised that core spending should not be funded from insecure/volatile sources and such funding should be held in reserve and used for one-off purposes	Funding is not secured at the planned level resulting in overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	14.2	

Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Waste capital infrastructure life expired and insufficient to cope with increased housing and population levels	A number of KCC's Household Waste Recycling Centres (HWRC) and Waste Transfer Stations (WTS) are life expired (35-40 years old) and require significant repair or replacement/reconfiguration. In addition to this, District Local Plan targets mean additional houses, and increasing population, presents a capacity issue for the service. Council Tax allows price inflation, additional tonnes (demography) and legislative changes to be taken into account, but does not allow for renewing or adding new infrastructure. The service started securing s106 from 2023 onwards, but unless other (Government) funding can be secured, the Council will need to invest in both of these areas. The introduction of new legislation (Simpler Recycling, Extended Producer Responsibility (EPR)) brings with it additional requirements and costs on how certain materials can be segregated, disposed of and new levies (Emissions Trading Scheme (ETS) - Jan 28) will further add to the cost of disposal (estimated £12m-17m) for all tonnes that are disposed via the Energy for Waste plant.	Unless grant or other funding (s106, CIL) can be secured, the Council will need to fund replacing and reconfiguring (due to Government legislative unfunded changes) the existing sites, as well as building new sites. Outside of the capital programme, which includes building one new WTS, there is up to £50m investment required and noted in the 10-year capital programme. Funding has not been identified for these schemes, which include two new WTS and renewing existing sites, but is an indication of the level of investment required over the medium to long term and for which there is no currently identified funding source (one WTS/HWRC could be partner funded). Funding will also need to be set aside to react/prepare for changes in legislation (Simpler Recycling, EPR, ETS), although some of the EPR income can be used to reconfigure sites due to the new legislation, as well as to enable behaviour change in terms of improved recycling, re-use and hence lower disposal costs.	The consequence is that the Council has to put forward match funding, or the entirety of funding, for the new sites and/or reconfigured sites which means additional borrowing and the financing/borrowing costs that go along with this. £50m is the maximum financial impact figure, or accept the consequential reduction in capacity in terms of Waste Infrastructure, with impact of ETS then being estimated at £12m -17m per annum.	4		50.0
Other Risks (under £10m - individual amounts not included)						80.0	30.0
ALL	Full year effect of current overspends	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Increases in forecast current year overspends on recurring activities resulting in higher full year impact on following year's budget than included in current plan meaning services would start the year with an existing deficit (converse would apply to underspends). This risk is less significant than in previous year budget risk register due to a lower amount of base budget changes required in 2025-26 draft budget compared to 2024-25 budget	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		

Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Capital – asset management and rolling programmes including: Highways, Country Parks, PROW	The asset management/rolling programmes for KCC Highways are annual budgets and are not increased for inflation each year, meaning that the purchasing power reduces year on year as inflation is compounded yet the budget remains fixed.	Inflation pressures are incurred annually on these budget areas but the funding sources (Council borrowing, DfT grant) remain fixed and therefore this contributes to the 'managed decline' notion in that these budgets do not even maintain steady state as often the level of investment is significantly below (risk accepted by the Executive) the required level of spend - steady state asset management principles recommend £170m pa is spent. Plus year-on-year inflation is not budgeted for so the level of works commissioned reduces year-on-year also, which was exacerbated in 2023 with BCIS reaching 29% and RPIX 12%+ (inflation is estimated at needing to be £4m pa) just to stand still, plus then a £110m pa shortfall on asset management "steady state" (£170m, less actual capital spend of c£60m).	A funding gap exists annually, so steady state cannot be achieved, so unless budget provision is made, the level of capital/asset management preventative works commissioned each year will reduce. This will present a revenue pressure, as more reactive works are likely to be required, plus the respective backlogs for Highways Asset Management (c£700m) will increase exponentially. The risk represents the level of annual inflation required to mitigate this risk or accept that the asset will deteriorate.	4		
GET	Highways asset defects/failures as a result of static asset management funding	New risk of highways failures due to inadequate provision for inflation in DfT grants and KCC capital borrowing, leading to reduction in real terms value of grant/funding to the quantum of asset management/replacement works that can be effected. KCC spend c£60m per annum (DfT and KCC borrowing) but asset management principles calculate the annual spend requirement to remain at "steady state" to be £170m per annum and hence a £110m per annum shortfall.	An increase in reactive general repairs (revenue) as well as increased Cat 1 and Cat 2 defects where assets on the highways network will need replacement or extensive repairs well before the end of their useful economic life	Current funding levels are insufficient to be able to react to such defects, so the asset management backlog increases and more reactive revenue repairs are needed whereas proactive asset management/replacement is the preference. Previously an annual borrowing funded Cat 1 budget but this ceased 3 years ago when the no new borrowing stance was enacted	4		
ALL	Capital	Capital project costs are subject to higher than budgeted inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted, resulting in an overspend on the capital programme, or having to re-prioritise projects to keep within the overall budget. For rolling programmes (on which there is no annual inflationary increase), the level of asset management preventative works will reduce, leading to increased revenue pressures and maintenance backlogs.	4		
ALL	Contract retender	Contracts coming up for retender are more expensive due to prevailing market conditions and recruitment difficulties	This risk could result in a shortage of potential suppliers and/or increases in tender prices over and above inflation	Higher than budgeted capital/revenue costs resulting in overspends unless that can be offset by specification changes	4		

Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Investment in the Public Rights of Way (PROW) network	Insufficient funding to adequately maintain the PROW network. Estimated shortfall compared to steady state asset management principles is an additional £2.5m pa.	Condition of the PROW network suffering from under-investment. A £150k allocation was included in the 2021-22 but additional one-off and base funding is likely to be needed for a service that is already operating at funding levels below best practice recommended asset management levels. This has been further exacerbated by the increased usage several years ago arising from the covid related restrictions and national lockdown	The potential for claims against the Council due to injury and from landowners and the need to undertake urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4		
GET	Revenue - drainage and adverse weather	Persistent heavy rainfall and more frequent storm events mean insufficient revenue and capital budget to cope with the reactive and proactive demands on the service	An additional £1m was put into the drainage budget in 2021-22 but this was below the level of overspends in the two prior years and the risk is therefore the budget is not being funded at the level of demand/activity. More erratic weather patterns also cause financial pressures on the winter service and many other budgets. The risk is that this weather pattern continues and additional unbudgeted funding is required. A £1m saving was put into the budget in 2023-24 with a view to reducing the service standards/intervention levels in this area but due to the climate/persistent rainfall, damage to the network meant that additional works were required. Despite provisionally including £1m back into the 2024-25 budget, there is still a view that the budget is £1m light due to the changing weather climate/events and that the budget could see activity/demand require an additional £1m-£1.5m being required to reduce potential for flooding on the road network and the level of defects that then arise.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	4		
GET	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda (revenue spend)	The Sustainable Business and Communities team with Net Zero within its remit has received significant EU/Interreg funding which has helped plan and deliver the plan for Net Zero by 2030/2050. This funding ceased in 2023-24 and the Council has invested £0.7m (2023-24) into the base budget to create a permanent team, with £0.3m deferred until 2025-26 (budgetary constraints) to deliver this strategy/Framing Kent's Future priority. If such funding is unaffordable to the Council then Net Zero requirements won't be met.	The risk is that the Council has to fund any reduction or cessation of funding.	The consequence is an overspend against the revenue budget, requiring compensating savings or funding from reserves, as simply not delivering Net Zero by 2050 is not an option due to Government legislation being implemented.	4		

Appendix F: Budget Risks Register 2025-26

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Waste income, tonnage and gate fee prices	The current market has seen a considerable volatility in the income received for certain waste streams (potentially due to other supply shortages), as well as increased gate fees due to the double digit inflation seen in 2023 (majority of Waste contracts are RPI which was 12% during the year). The budget for 2024-25 includes not only significant price pressures for contract inflation, gate fees and HWRC management costs, but also realignment of budgets from 2023-24 where the actual inflation levels at the point the contracts are uplifted being higher than budgeted. Inflation is reducing, but November OBR showed a slowing rate of reduction than March OBR.	Projected levels of income fall, or gate fees/contractual price uplifts are above budgeted levels which leave an unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		
CYPE	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children's social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
DCED	Cyber Security	Malicious attacks on KCC systems.	Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.	Financial loss from damages and potential capital/revenue costs as a result of lost/damaged data and need to restore systems	3		
DCED	Strategic Headquarters	Sub optimal solution for the Council's strategic headquarters following the decision to market Sessions House as an entire site (with options on individual blocks)	Capital programme includes a capped £20m allocation for strategic assets project that limits the available options. Provision of a dedicated council chamber cannot be afforded within the current allocation. If the purchase falls through then KCC would need to re-assess all options.	Inability to address all backlog issues increases the risk of cost overruns and potential need for higher future maintenance, running and holding costs	3		
ALL	Capital - Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects requiring additional forward funding.	3		

Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
GET Page 28	English National Concessionary Travel Scheme (ENCTS) and Kent Travel Saver (KTS) journey levels	ENCTS journeys have reduced over time, more so during the pandemic, so a £3.4m reduction was reflected in 2022-23 budget with a further £1.9m reduction in the 2023-24 budget. Should custom/patronage return to pre-covid levels, this would lead to a £5.3m budget shortfall. This is a national scheme and the Council has to reimburse the operators for running this on the Council's behalf. There was initially a ringfenced grant for this service, it then became part of the Revenue Support Grant and now no specific grant exists so the taxpayers of Kent fund this scheme and would need to fund any update.	Activity levels return to a level of journeys in excess of the revised budget, therefore causing a financial pressure.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years if current activity levels are not indicative of the new normal.	3		
Non Attributable Costs	Volatility on Investment Income	The 2025-26 budget for investment income from the treasury management strategy is £10.2m for 2025-26 and £9.9m for 2026-27. The outturn is heavily dependent on the path of short term interest rates, the level of cash that is available for investment, and the performance of investments. The budget already assumes a reduction in interest rates but a faster or more severe decline in rates could lead to underperformance versus the budget.	Performance of our investments falls below predicted levels as a result of volatility in the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
CYPE	Unaccompanied Asylum Seeking (UAS) Children	Home Office Grant for Unaccompanied Asylum Seeking Children and (former UAS Children) Care Leavers permanently residing in Kent has not increased for inflation for several years	The Grant no longer covers the full cost of supporting UAS Children and Care Leavers permanently residing in Kent. The Home Office does not increase the rates with inflation.	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		

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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
CYPE / DCED	Reduction in DFE grants for central services for schools and review of school services provided by the Local Authority	Local Authority grant funding to support schools continues to be reduced, equating to a cumulative total reduction of nearly £5m for the Council since 2019-20. Consequently the Council needs to review its relationship with schools and the services it provides free of charge.	Long term solutions cannot be implemented within timescales and may require schools agreement (which may not be achieved). There is also a risk that passing greater responsibilities to schools could have a possible negative impact on other areas of Local Authority responsibility if schools do not comply (for example: school maintenance). There is also the risk of further cuts to the Local Authority Central Services for School Grants in the future.	If this remains unresolved there is a risk that this will also have to either be met from reserves in future years or result in an overspend until a longer term solution is identified	3		
ASCH (PH)	Uplift in Public Health Grant	The 'real' increase in the Public Health grant is insufficient to meet additional costs due to i) price increases (particularly those services commissioned from NHS staff where pay has increased) and/or increased demand; and/or ii) costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. (ii) Public Health Reserves could be exhausted	3		
Page 29							
ALL	Capital - Climate Change	Additional costs are incurred to comply with climate change policy	Project costs increase beyond budget	Overspend on the capital programme resulting in additional borrowing	3		
DCED	Enterprise Business Capabilities (EBC) - Now called Oracle Cloud Programme	Cost and/or timescale overruns on implementation phase for Oracle replacement	Unforeseen or higher than budgeted costs	Additional unfunded costs over and above the reserve set aside for the project	3		
DCED	Capital Investment in Modernisation of Assets	Unless the Council estate asset base is reduced sufficiently, there is risk of insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	2		
ALL	VAT Partial Exemption	The Council VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by the Council result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2		

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Appendix F: Budget Risks Register 2025-26

TOTAL £m	341.7	287.0
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Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	IFRS9	Local Authorities will be required to recognise the revenue impact on the General Fund of unrealised gains/ losses on pooled fund investments from 2025-26 when the statutory override ceases. The statutory override currently allows unrealised gains/losses resulting from changes in the fair value of pooled investment funds to be transferred to an unusable reserve until the gain/loss is realised once the financial asset has matured.	Any unrealised gain or loss as a result of stock market performance will impact on the General Fund. The likelihood and estimated financial exposure reflected reference an adverse scenario where the Council would need to recognise a significant loss on its investments, (as a scenario where the council recognises a significant gain, would be to our advantage and therefore not a budget risk).	A significant loss would reduce our General Fund and the council's financial resilience.	2		
CYPE	Capital - Basic Need Allocations	Estimates of future basic need allocations are included in the capital programme.	Basic need allocations are less than expected.	Funding gap for basic need projects which will need to be funded either by reprioritising the capital programme or by descoping.	2		
DCED Page 30	Highways unadopted land	Maintenance costs for residual pieces of land bought by Highways for schemes and subsequently tiny pieces not required or adopted.	Work becomes necessary on these pieces of land and neither Highways or Corporate Landlord have budget to pay for it.	Work needs to be completed whilst estates work to return the land to the original landowner	1		
DCED	Backlog of maintenance for properties transferring to Corporate Landlord	Maintenance backlog historically funded by services from reserves or time limited resources which have been exhausted. Properties that have been transferred to the corporate landlord require investment.	Urgent repairs required which cannot be met from the Modernisation of Assets planned programme within the capital budget	Unavoidable urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	1		

Likelihood Rating

Very Likely	5
Likely	4
Possible	3
Unlikely	2
Very Unlikely	1