SCRUTINY COMMITTEE

Wednesday, 6th December, 2023

10.00 am

Council Chamber, Sessions House, County Hall, Maidstone

AGENDA

SCRUTINY COMMITTEE

Wednesday, 6th December, 2023, at 10.00 am	Ask for:	**Anna Taylor**
Council Chamber, Sessions House, County Hall, Maidstone	Telephone:	**03000 416478**

Membership

Conservative (10):	Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman), Mrs R Binks, Mr T Bond, Mr D L Brazier, Mr N J Collor, Mrs L Game, Mrs S Hudson, Mrs S Prendergast and Mr O Richardson
Labour (1):	Dr L Sullivan
Liberal Democrat (1):	Mr A J Hook
Green and Independent (1):	Rich Lehmann
Church Representatives (3):	Mr J Constanti, Mr M Reidy and Mr Q Roper
Parent Governor (2):	Ms R Ainslie-Malik and Ms H Carter

County Councillors who are not Members of the Committee but who wish to ask questions at the meeting are asked to notify the Chairman of their questions in advance.

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UNRESTRICTED ITEMS

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

Committee Business

1 Introduction/Webcast Announcement

2 Apologies and Substitutes

3 Declarations of Interests by Members in items on the Agenda for this Meeting

4 Minutes of the meeting held on 1 November 2023 (Pages 1 - 8)

Initial Draft Budget

5 Initial Draft Budget 2024-25 and Medium Term Financial Plan 2024-27 (Pages 9 - 86)

Securing Kent's Future items for discussion

6 Revenue and Capital Budget Monitoring Report - September 2023-24 (Pages 87 - 178)

7 Home to School Transport and Short Focused Inquiry Executive Response (Pages 179 - 184)

Items for discussion

8 Decision 23/00083 - Supported Accommodation Service 16 - 19 and transitional arrangements (Pages 185 - 206)

9 Work Programme (Pages 207 - 210)

Any items called-in - None for this meeting

EXEMPT ITEMS

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

Benjamin Watts
General Counsel
03000 416814

Tuesday, 28 November 2023

KENT COUNTY COUNCIL

SCRUTINY COMMITTEE

MINUTES of a meeting of the Scrutiny Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 1 November 2023.

PRESENT: Mr. A Booth (Chairman), Mr. T Bond, Mr. D L Brazier, Mr. N J Collor, Mr. M Hood, Mr. A J Hook, Mrs. S Hudson, Mr. O Richardson, Mr. T L Shonk (Substitute) and Dr L Sullivan

ALSO PRESENT: Mr N Baker (Cabinet Member for Highways and Transport), Mrs C Bell (Cabinet Member for Community and Regulatory Services), Mr A Brady (Member for Canterbury City North), Mrs S Chandler (Cabinet Member for Integrated Children's Services), Mr R Gough (Leader of the Council), Mr T Hills (Deputy Cabinet Member for Environment and Chairman of the Flood Risk Management Committee), Mr D Jeffrey (Cabinet Member for Communications and Democratic Services), Mr B Lewis (Member for Margate), Mr R Love OBE (Cabinet Member for Education and Skills), Mr D Murphy (Cabinet Member for Economic Development), Mr P Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services), Mr H Rayner (Deputy Cabinet Member for Finance, Corporate and Traded Services), Mrs S Prendergast, Mr D Watkins (Cabinet Member for Adult Social Care and Public Health)

IN ATTENDANCE: Mrs A Beer (Interim Chief Executive), Mr L Burchill (Major Capital Programme Manager), Mrs Z Cooke (Corporate Director for Finance), Mrs S Hammond (Corporate Director of Children, Young People and Education), Mr S Jones (Corporate Director for Growth, Environment and Transport), Mr J Ratcliffe (Transport Strategy Manager), Miss A Roscoe (Principal Transport Planner), Mr R Smith (Corporate Director for Adult Social Care and Health), Ms A Taylor (Scrutiny Research Officer), Ms L Tricker (Democratic Services Officer), Mr B Watts (Monitoring Officer), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance)

UNRESTRICTED ITEMS

19. Declarations of Interest
(Item A3)

There were no declarations of interest.

20. Minutes of the meeting held on 13 September 2023
(Item A4)

1. The minutes were approved by the Scrutiny Committee.

RESOLVED that the minutes of the meeting held on 13 September 2023 were an accurate record and that they be signed by the Chairman.

21. Securing Kent's Future - Budget Recovery Strategy
(Item C1)

All Cabinet Members and Corporate Directors were in attendance for this item.

1. The Chairman explained that the Scrutiny Committee wishes to see more regular items on the budget at its meetings, as every Councillor was aware of the pressure and demand being placed on local authority finances. Many authorities had already issued S114 notices, but he remained confident that the Council could work together for the benefit of residents in a transparent manner through continual engagement between the Scrutiny Committee and the Executive. The Scrutiny Committee needed reassurance and evidence to ensure the budget was on-track for delivery, and the choices available to the Council were clear. This included good agenda-setting and Work Programming by the Scrutiny Committee, early engagement from the Executive and clear expectations set by all parties. The Council were in a challenging situation and a close working relationship was needed to ensure good outcomes. The Chairman thanked the Executive for attending the meeting and answering questions.

2. The Leader of the Council set the overall scene of the budget and outlined the scale of the challenge, including the important role of scrutiny and good governance during this time. There continued to be in-year financial pressures, which had become apparent at the end of June 2023, whereby the savings plan introduced at the beginning of 2023 was being outpaced by spend in areas such as Adult Social Care, placements within Children's Services, and home to school transport including SEND transport. This spend was largely due to increasing costs rather than an increase in volume and demand, and the Cabinet had met in August and October 2023 to discuss these budget pressures and set the direction of travel. The Leader outlined the four strategic objectives of the Saving Kent's Future report which were bringing the 2023/24 budget back into balance; delivering savings from identified opportunity areas to set a sustainable 2024/25 budget and MTFP; policy choices and scope of Council's ambitions; and further transforming the operating model of the Council. There was also focus on the strategic business plan and decisions being made to integrate strategy and finance through a long-term plan, which would be an iterative process. The Leader also wanted to work closely with the Scrutiny Committee, and this would be done through frequent Cabinet meetings to discuss the budget and linking these to the Scrutiny Committee meeting timetable.

3. Mr Oakford outlined that there remained a £26m gap in the 2023/24 financial year which needed to be closed by March 2024 to ensure a balanced budget. He thanked Mr Rayner, and officers within directorates, for their hard work on trying to close the budget gap, which would be partly achieved through increasing asset sales, and how these monies would be invested in further assets to increase revenue; reviewing all non-essential and non-committed spend; considering recruitment to vacant posts and the numbers of agency staff; and by considering reserves. There was also £46m of savings identified for the 2024/25 financial year but remained a £35m gap which could increase. Directors were looking at all areas within their directorates to make savings and CMT met every week to consider potential savings and proposals to

balance the budget. Areas with potential savings included commissioning and hospital discharges within Adult Social Care; placements within Children's Social Care; home to school transport including SEND transport; reviewing third party contracts; and a review into staffing numbers and agency staff. The appropriate governance for all these proposed savings would be undertaken, including the necessary consultations and liaison with the Scrutiny Committee.

4. Mr Watkins explained that half of the Council's budget, approximately £800m per year, was spent on Adult Social Care, which was why it remained a key focus for savings. Adult Social Care was a demand-led directorate which provided many statutory duties for people who needed care, but the costs associated with providing such care, for example wage costs, unit costs, and the increasing complexity of care needs, meant that spend was increasing. The Council was duty bound to provide care, but the team were focusing on how services were delivered. This included:
    a. Redesigning services to make £27m savings in 2023/24 and £14m savings in 2024/25, although spend would still be increasing.
    b. Restructuring the frontline care assessment team, which meant that people could remain in their own homes for longer with more community support, rather than living in a care home.
    c. Increasing collaboration with the NHS, including working together on hospital discharges, which would mean £6m savings in 2023/24 and £11m in 2024/25.
    d. Recommissioning contracts, for example the home care contracts, which would lead to £11m savings in 2023/24.
    e. Redoubling preventative initiatives to improve outcomes and reduce spend in the longer term.

5. Mrs Chandler explained the significant challenges within Children's Social Care placements, as this was also a demand-led service. The number of children in care had increased in 2022/23, which had increased spend, but this number was now stabilising and decreasing slowly. The early help and family court teams were working hard to ensure children remained with their families, wherever safe and possible to do so, and Kent remained in the lowest quartile in the UK for the numbers of children in care compared to population size. The number of Unaccompanied Asylum-Seeking Children (UASC) in Kent added to the pressure on the Children's Social Care directorate. Several savings initiatives were being proposed for Children's Social Care, which included:
    a. Reviewing ongoing placements and working more closely with the NHS.
    b. Reviewing the care placement team, including reviewing seniority within the team.
    c. Increasing the number of foster carers being recruited.
    d. Aligning the 18-25 SEND transport scheme with the commissioning process.
    e. Introducing longer-term savings solutions.

6. Mr Love, OBE explained that a large proportion of overspend within his directorate was due to home to school and SEND transport spending, which was a large proportion of the budget. Several costs within the service had increased due to inflation, fuel costs, and driver costs; as well as increases in demand due to more special school places and EHCPs being awarded, meaning more families were entitled to home to school transport. Home to school transport was a statutory service, so there was limited scope for savings, but the team were working to reduce costs by: refocusing home to school transport for the children with the most complex needs; promoting inclusion in education; and ensuring EHCPs were granted strictly in line with legislation and guidelines.

7. Mr Baker explained that the highways directorate spend had been affected by inflation of 30-35% within the building sector and increased demand on services. The team were raising more income by accessing grant applications and external funding sources, such as the Active Travel Scheme, but these funding streams did not impact upon core funding and was often ringfenced for certain areas. Projects which did not have committed funding were being delayed and activities were being coordinated to ensure best value for the taxpayer whilst meeting highways obligations. He thanked frontline staff for their hard work during the stormy period.

8. Members raised several concerns and questions:
    a. A Member questioned what work had already been undertaken to reduce the home to school transport budget. Mr Oakford explained that high-level exploratory work had been completed, but the detail would not be available until late 2023 or early 2024.
    b. A Member welcomed the idea of a closer working relationship between the Executive and Scrutiny Committee, and asked what this would look like in practice, for example increased information sharing. The Leader of the Council explained that both the Executive and Scrutiny Committee would need to monitor proposed savings. The Executive would produce budget monitoring reports for each Cabinet meeting, which would then provide the basis for the Scrutiny Committee’s oversight and budget monitoring. The Leader added that a session would be planned for the Scrutiny Committee to meet the analytics team to better understand data within the budget and closely monitor savings.
    c. A Member asked how the proposed savings would be monitored and the impact on residents measured, for example using Key Performance Indicators (KPIs). The Leader stated that KPIs would be available to the Scrutiny Committee and relevant Cabinet Committees, and Equality Impact Assessments (EQIAs) would be undertaken to understand the impact on residents.
    d. A Member felt that the Scrutiny Committee would need to see all options considered for savings, as some decisions

may have unintended consequences and could increase spend in other areas. The Leader explained that scrutiny would be included in decisions in a timely and efficient way, which would not delay decision-making. The Executive would continue to consider a range of options to ensure best-value, economy, and efficiency, and would include scrutiny and Cabinet Committees through due process.

e. A Member raised a concern regarding optimism bias and the lack of checks in balances in place at KCC, and how savings in Adult Social Care and within the home to school transport budget would be made. The Leader reassured Members that savings proposal and the budget would be brought to Cabinet meetings every six weeks alongside the quarterly budget monitoring report. The Council had managed to balance the budget for twenty-one years, but pressures and demand had increased across local authorities recently, which had been compounded by inflationary pressures and the collapse of key markets.

f. Members raised concerns regarding the spend within Adult Social Care and the recommissioning of services within this area. Mr Watkins explained that large contracts within the residential care market ended in 2024, and the team were trying to shape the market rather than undertake traditional procurement, by being more strategic in their approach. This included using a framework to commission services, rather than commission on an ad-hoc basis, and use consultants for niche and specialist contracts. Mr Oakford added that the Council were considering all options, including bringing contracts in-house.

g. Members questioned the home to school transport budget, and if personal travel budgets were being utilised effectively. Mr Love, OBE confirmed that parents were offered the option of personal travel budgets. KCC were reviewing the home to school transport contracts to ensure best value for money, whilst ensuring children with specific and complex needs could get to school safely and on-time. Ms Taylor explained that a report from the Executive on the home to school transport short-focussed inquiry would be presented to the Scrutiny Committee at their next meeting.

h. Members questioned the situation of the Council’s cashflow, and Mrs Cooke explained that the treasury management team followed the Treasury Management Strategy to ensure bills were paid. Spend to date and forecasts were monitored regularly and shared with the Executive as part of the budget monitoring reports.

i. Mr Watts, General Counsel questioned what the Scrutiny Committee wanted to see in terms of budget monitoring moving forward. The agenda-setting process would remain important and invitees to meetings needed to be relevant, to ensure questions could be answered. The Scrutiny Committee also needed to undertake forensic questioning to get clarity and ensure an honest exchange of ideas.

j. Ms Taylor confirmed that Cabinet would receive regular budget updates to their meetings, which would then follow to the Scrutiny Committee.

RESOLVED that the Committee agreed to the development of a specific programme of work relating to the oversight of Securing Kent's Future.

The meeting was adjourned at 12.56pm.

The meeting reconvened at 1.47pm.

22. Thanet Parkway Railway Station Project
(Item C2)

Mr N Baker (Cabinet Member for Highways and Transport), Mr L Burchill (Major Capital Programme Manager), Mr S Jones (Corporate Director of Growth, Environment and Transport), Mr J Ratcliffe (Transport Strategy Manager), and Miss A Roscoe (Principal Transport Planner) were in attendance for this item.

1. Mr Baker introduced the report and explained that the decision to undertake the Parkway project had occurred before he had become Cabinet Member but was seen as an infrastructure first project. Concerns had been raised regarding the finances for the project, but it had been completed within the budget envelope and had secured external funding.

2. Mr Jones added the project had evolved as it had progressed, and experienced risks and challenges in delivery and funding. These challenges had been outlined in the 'lessons learnt' section of the report.

3. Members raised the following points:
    a. A Member felt that the Parkway station would help to address the poverty imbalance between East and West Kent and would promote economic growth. The report had considered the parkway stations in Warwick and Southend, which had been successful, well-utilised, and had good facilities.
    b. A Member felt that Thanet Parkway station had negatively impacted local villages, through increased light pollution, and had not improved the local economy in Ramsgate.
    c. Members questioned the cost of the project, and if any of these costs would remain ongoing. Mr Jones confirmed the project had been completed within budget envelope, and not increased the financial burden on the authority. Any ongoing costs had been mandated through the planning process, but some costs were being disputed.
    d. A discussion was held regarding the number of passengers using the station. Mr Jones confirmed that

although numbers were currently low, train operators remained confident that these would improve, and passenger targets would be met.

e. Members discussed the risks and challenges of the projects, and what lessons had been learned. Members felt that they needed more oversight of the project when it met important milestones. Mr Jones explained that the team had provided regular updates to the Cabinet Committee and Portfolio Holder, but one of the lessons learned had been that the project had progressed quite far with external partners before being presented to Members. Mr Baker added that a balance needed to be struck between proper scrutiny and the project moving forward at a timely pace.
f. A Member felt that the project was unnecessary as it did not significantly reduce travel time between Thanet and Stratford or St Pancras. He felt that the station was not being utilised by enough passengers and was not wanted by local residents.

RESOLVED that the Committee noted the contents of the report.

23. Vehicle Crossings (dropped kerbs)
(Item C3)

Mr N Baker (Cabinet Member for Highways and Transport) and Mr S Jones (Corporate Director of Growth, Environment and Transport) were in attendance for this item.

1. Mr Hook outlined the reasons for the report as many residents requested dropped kerbs from the Council, and these requests were rejected due to Council guidelines. Council guidelines stated that a driveway needed to be at least 5m in length, but he was proposing to reduce this figure, as many cars were shorter than this, for example a Fiat 500 was 2.5m in length and a Ford Focus, the UKs most popular car, was 4m in length. He felt it would be good to remove cars from parking on the roads and would increase the number of households able to charge electric vehicles.

2. Mr Baker explained that national guidelines were a 5m driveway for a dropped kerb, and 3m if cars could park horizontally or at an angle to their house, and if the Council reduced this figure, KCC could be liable if an accident were to happen. He explained that he would raise Mr Hook’s query with the team. Mr Jones added that the team also had to consider the possibilities of cars obstructing footways by overhanging their drives.

RESOLVED that the Committee considered and noted the report on vehicle crossings.

24. Kent Flood Risk Management Committee Annual Report
(Item D1)

Mr T Hills (Chairman of the Flood Risk Management Committee) was in attendance for this item.

1. Mr Hills introduced the report and thanked officers for their hard work in its production. He outlined the topics that had been covered since October 2022 and explained the future activities that the Committee were planning to undertake, for example the Met Office would be attending a meeting to provide an update following Storm Ciaran, and Southern Water would be attending a meeting in 2024 to discuss flooding.

2. The Chairman felt Southern Water needed to be held to account by the Committee over their continued policy of sewage dumping, particularly off the North Kent shoreline. Mr Rayner added that sewage was also dumped by Southern Water in the River Eden, close to wear people swam in the lake at Hever Castle. Mr Hills explained that Southern Water had been fined £90m for sewage dumping, and had introduced pilot schemes in Margate and Deal, but felt that these schemes needed to be implemented faster and on a wider scale.

RESOLVED that the Committee noted the Kent Flood Risk Management Committee Annual report.

25. Work Programme
(Item D2)

No Members had anything to add to the Work Programme.

RESOLVED that the Committee considered and noted the Work Programme.

From:	Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services
To:	Scrutiny Committee, 6 December 2023
Subject:	**Initial Draft Budget 2024-25 and MTFP 2024-27**
Classification:	Unrestricted

Summary:
The attached report sets out the background to the setting of the capital programme, revenue budget and medium-term financial plan (MTFP) for the forthcoming year. The report includes fuller details of funding, spending, savings, income and reserves estimates in the initial draft revenue budget together with analysis of risks.

The same budget report is being presented to each Cabinet Committee/Scrutiny Committee as it is a standard report for the whole council, focussing on the key strategic considerations underpinning the decisions necessary for County Council to agree the budget at the Budget Meeting in February.

The relevant Cabinet Member has outlined the key budget points relating to their portfolio as part of the Cabinet Committee consideration. The role of the Scrutiny Committee is to scrutinise the overall financial position and direction of the Council and strategic issues relating to this.

To support ongoing budget consideration by Members, outside of the particular Committee stage of the budget development process, a separate interrogatable dashboard is available to Members, setting out key information about individual elements of the initial draft revenue budget.

Recommendations:
The Scrutiny Committee is asked to:
a) NOTE the initial draft revenue budget including responses to consultation
b) SUGGEST any changes to the initial draft revenue budget before the draft is considered by Cabinet on 25th January 2024 and presented to Full County Council on 19th February 2024

Contact details

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Initial Draft Budget 2024-25 and 2024-27 MTFP

From	Leader of the Council; Roger Gough Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services; Peter Oakford Cabinet Members
Relevant Director(s)	Corporate Director Finance; Zena Cooke Interim Chief Executive, Corporate Directors, ASCH, CYPE and GET
Report author	Head of Finance Policy, Planning and Strategy; Dave Shipton
Circulated to	Cabinet Committees and Scrutiny Committee
Classification	Unrestricted

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Directorates – abbreviations in this report	
ASCH - Adult Social Care and Health	CYPE - Children, Young People and Education
GET - Growth, Environment & Transport	CED - Chief Executive's Department
DCED – Deputy Chief Executive's Department	NAC - Non-Attributable Costs

1.1 This report sets out the proposals in the administration's initial draft revenue budget 2024-25 and three-year medium term financial plan (MTFP) 2024-27. The report and appendices provide the essential information for the scrutiny process in advance of full Council approval in February 2024. As reported to Policy & Resources committee in July 2023 the draft budget for scrutiny is being published earlier than in recent years for the November 2023 cycle of meetings; initially enabled by the announcement of the settlement principles for 2024-25 in the 2023-24 local government finance settlement, and more importantly to free up capacity in the January 2024 cycle of meetings for key decisions on individual aspects of the budget proposals to be considered and agreed in principle pending County Council approval of the budget on 19th February 2024.

1.2 This timescale was planned before the challenge of further significant revenue overspends emerged in the first budget monitoring for 2023-24 as reported to Cabinet on 17th August 2023. These overspends are principally in adult social care (older persons and to a lesser extent vulnerable adults), home to school transport, and placement costs for children in care. The level of spending growth in these areas in recent years has been increasing at an unsustainable rate within the constraints of current government spending plans for local government. This growth has added significantly to the revenue budget challenge for 2024-25, not only from the need to reflect the full year effect of unbudgeted activity and costs during 2023-24 (and later stages of 2022-23) into 2024-25, but also on future forecasts for impact from cost drivers and demand. Inevitably an earlier publication for scrutiny also means that the initial draft budget is based on the best estimates available at the time and the final draft budget will need to be based on the latest information available in December/January (including the local government settlement announcement for 2024-25 and tax base estimates). Therefore, all the financials in the initial draft are necessarily provisional.

1.3 The report to Cabinet on 5th October "Securing Kent's Future – Budget Recovery Strategy" set out the necessity to address the structural budget deficits that have led to overspends in 2022-23 and 2023-24, and to bring the council back into financial sustainability based on securing the provision of services for Kent residents whilst meeting the statutory Best Value duties. The budget recovery plan set out the broad strategic approach with specific focus on the actions in 2023-24 that would have an immediate impact to bring current year spending back into balance as quickly as possible (many of which are one-offs and would not feed through into 2024-25).

1.4 The recovery plan set out separately the proposed strategies to meet the objective of delivering savings and future cost reductions over the medium to longer term impacting on 2024-25 budget and 2024-27 MTFP. Not all the detail of this second objective has yet been fully worked up in time for the publication of the initial draft budget for November scrutiny and delivering some of the structural changes to resolve deficits will take time. At this stage the administration's initial draft budget for 2024-25 and MTFP 2024-27 is unbalanced with budget gaps, and with indicative amounts from the broad strategic objectives in the recovery plan identified but with further detail to follow. However, this does not preclude scrutiny of the initial draft spending, savings, income and reserves estimates towards balancing the budget against the estimated 2024-25 settlement and council tax. An updated draft will need to be published in January 2024 with any missing detail for further scrutiny and consideration of key decisions in March 2024. As in previous years a final draft will be published on 9th February in accordance with publication deadlines for County Council consideration and approval on 19th February 2024.

1.5 The budget recovery strategy identified 3 main areas where there is the biggest opportunity for further substantial savings and to reduce costs in 2024-25 to resolve the gap and balance the budget. These include review of demand and cost drivers in adult social care, children's services and home to school transport leading to scope to reduce future cost growth; contract renewals in the next 12 months; and further targeted savings including bringing forward savings in later years of MTFP.

1.6 The financial sustainability of a number of councils is a national concern at this time, and many of the spending growth pressures impacting on KCC are common in other councils. Whilst KCC will seek to take all the necessary steps to manage future spending within resources available through savings, income and future cost avoidance this will not necessarily fully secure the Council's financial resilience and sustainability if future spending growth continues at unsustainable levels. In particular, if the structural deficits in key spending areas in adults and children's are not addressed there will become a point where the council is unable to balance the budget on a sustainable basis from savings in other spending areas.

1.7 The draft revenue estimates for spending, savings, income and reserves have been set out in a more accessible format. This change was planned alongside the earlier publication timescale and the development of outcomes based budgeting. It is designed to enable plans to be considered from the perspective of the main spending areas accounting for over 80% of revenue spending (excluding non-attributable costs), as well as the traditional directorate perspective. The main spending areas cover care support & preventative services for older persons, care support & preventative services for vulnerable adults, care support & preventative services for vulnerable and disabled children, public transport (including home to school transport), waste recycling & disposal, and highways management & maintenance. The more accessible format comprises of dashboards that allow interrogation in more detail of current spending and proposed changes from spending growth, savings, income and reserves that lead to draft net spending plans for 2024-25 and subsequent years, as well as providing background information on key impacts, risks, sensitivities and dependencies. These dashboards replace the previous tabular formats and are only available internally within the Council (link sent with budget papers). The estimates are an early forecast which can, and in all likelihood will, change in the final draft budget. Effectively this means the gap presented is a figure within a likely range.

1.8 The draft capital plan will not be published for November scrutiny. The final draft programme will be published in January to ensure that the plan can fully reflect grant notifications and the latest forecast spending on projects and rolling programmes including rollovers from the 2022-23 outturn.

1.9 As well as the impacts of current year overspends and future forecast cost drivers and demand, inflation is still forecast to remain at historically high levels during 2023-24 and into 2024-25. Inflation impacts on the costs of goods and services in revenue budgets and costs of labour, fees and materials on capital projects. At this stage the impact of inflation built into budget estimates is based on the March 2023 forecasts from the Office of Budget responsibility (OBR). The March 2023 OBR forecasts were for Consumer Price Index (CPI) to peak at 10.7% in quarter 4 2022, thereafter reducing to:

- 9.7% in quarter 1 2023
- 6.9% in quarter 2 2023
- 5.4% in quarter 3 2023
- 2.9% in quarter 4 2023
- 1.5% in quarter 1 2024

1.10 Inflationary uplifts are applied according to the terms of individual contracts including timing. This means that in many cases mid-year uplifts have a part year impact in 2023-24 and full year impact in 2024-25. The rate of inflation in 2023 has not reduced as quickly as the March 2023 OBR forecast, with reported CPI from Office for National Statistics (ONS) of 10.2% quarter 1, 8.4% quarter 2 and 6.7% quarter 3 2023. Revenue spending subject to inflation is around £1.4bn, so each 1% adds £14m to council costs.

1.11 The administration's initial draft budget includes a 4.992% assumed increase in Council Tax charge. This would increase the County Council share of the bill for a typical band D household by £1.47 per week (£76.59 per year). Council Tax is the council's most significant source of income to fund essential services, and whilst the administration seeks to keep increases to a minimum, the assumed amount is in line with the government's principles for 2024-25 announced in the 2023-24 local government finance settlement of a 3% referendum limit and 2% adult social care precept. The tax base (the number of dwellings liable for council tax after discounts, exemptions and assumed collection rates) is assumed to increase by 1.7%, which is around the normal level we would expect from growth in the number of households and anticipated changes to discounts. The council tax precept is based on combination of the council tax band D charge and the estimate of the net number of band D equivalent properties in the tax base for 2024-25. The tax base estimate is ultimately determined by collection authorities (district and borough councils) for the final draft budget and council tax precept for full Council approval on 19th February.

2.1 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.

2.2 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. This is consistent with the objectives set out in Securing Kent's Future – Budget Recovery Strategy. However, these aims are not always an easy combination and involves some difficult decisions about service levels and provision both for the forthcoming year and over the medium term. In reaching this balance it is essential that the Council has regard to bearing down on spending growth (future price inflation, non inflation related cost increases and demand increases), delivering efficiency/transformation savings, generating income to fund services, and agreeing changes in policies to reduce current recurring spending and/or avoid future spending while making the necessary investments to support service improvement. In this context it is worth clarifying that savings relate to reducing current recurring spend whereas bearing down on future growth is cost avoidance, both amount to the same end outcome of reducing future spending from what it would otherwise have needed to be without action and intervention. The initial draft budget should be assessed against these aims recognising that there are still gaps to close.

2.3 The Council is under a legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities. A MTFP covering the entirety of the resources available to the Council is considered to be 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. However, it must also be acknowledged that the Government's Autumn Budget 2022 statement only covered a 2-year period, and the Local Government Finance settlement (LGFS) announcements to date only contained high level principles for 2024-25 with little detail and no indicative allocations for individual authorities. This means that the funding for 2024-25 is a best estimate at this stage and the forecasts for later years are speculative, consequently planning has to be sufficiently flexible to respond accordingly. Even so, it is clear that 2024-25 and medium term to 2026-27 are likely to continue to be exceptionally challenging and will require real terms reductions even though overall net cash spending is increasing. This will be a difficult message to convey.

2.4 As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFP particularly in the context of wider public spending and geo-economic factors. Over the previous decade the Council had to become ever more dependent on locally raised sources of income through Council Tax and retained business rates, and it is only in recent years that additional central government funding has been made available to local authorities primarily to address spending pressures in social care (albeit at a time when the national public sector deficit has been increasing). However, there is no certainty that this additional central government funding will be baselined for future years.

2.5 In accordance with Financial Regulations, a medium-term capital programme and financing plan is prepared on an annual basis. Where capital estimates are included, funding must be secured and approved prior to any expenditure being incurred.

2.6 Setting the annual budget is one of the most significant decisions the County Council takes each year. It sets the County Council's share of council tax and the overall resource framework in which the Council operates. The administration's budget is the financial expression of the council's strategic priorities. The budget gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors are accountable for spending decisions within delegated powers reporting to the Chief Executive, and these are monitored through the council's budget monitoring arrangements regularly reported to Cabinet. The draft budget is developed, scrutinised and ultimately approved in compliance with the following six key considerations:

A) Strategic Priorities – Strategic Statement

2.7 The County Council approved a new strategic statement "Framing Kent's Future (FKF)" on 26th May 2022. The statement sets out the challenges and opportunities Kent is faced with and the actions the Council will prioritise to address them over the next four years focussing on four key priorities. The 2023-24 budget recognised that the significant shift in the financial and operating landscape since FKF's approval meant that policy and service decisions had to be taken to balance the budget which could run counter to the priorities and ambition set out in Framing Kent's Future.

2.8 Securing Kent's Future (SKF) has explored these shifts in more depth and acknowledges that given the significance of adults and children's social care within the council's budget, and that spending growth pressures on the council's budget overwhelming (but not exclusively) come from social care, that the priority of delivering New Models of Care and Support within FKF must take precedence over the other priorities. This creates an expectation that council services across all directorates must collectively prioritise delivering the new models of care and support objective as a collective enterprise.

2.9 This does not mean that the other objectives of Levelling Up Kent, Infrastructure for Communities, and Environmental Step Change are not still important and all work on these must stop. However, the scope of these other three objectives will have to be scaled back in terms of additional investment and funding, and management time and capacity that can reasonably be given to them.

B) Best Value

2.10 SKF has recognised that the Council must prioritise its Best Value statutory responsibility. The expansion of the legislative framework in which councils operate in has extended statutory duties without the necessary additional financial resources through increased government funding or income generating/local tax raising powers to cover the additional costs. The government has recently issued revised statutory Best Value guidance (subject to consultation) reminding local authorities of the requirement to secure continuous improvement having regard to economy, efficiency and effectiveness. The revised guidance goes on to explicitly state that this covers delivering a balanced budget, providing statutory services, including adult social care and children's services, and securing value for money in all spending decisions.

2.11 The implication is clear. Those councils that cannot balance competing statutory duties, set a balanced budget, deliver statutory services, and secure value for money are not meeting their legal obligations under the Local Government Act 1999. Consequently, the statutory Best Value duty must frame all financial, service and policy decisions and the council must pro-actively evidence the best value considerations, including budget preparation and approval. The initial draft budget is a step towards this enhanced Best Value compliance and we will look to develop Best Value assessment of individual elements within budget proposals in later drafts (and subsequent budgets) but these will not be ready for this initial draft and until the further detail to resolve budget gaps has been completed.

C) Requirement to set a balanced budget

2.12 The Local Government Finance Act 1992 requires the Council to consult on and ultimately set a legal budget and Council Tax precept for the forthcoming financial year, 2024-25. This requirement applies to the final draft budget presented for County Council approval. It does not apply to interim drafts. Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice with an expectation that the financial strategy is based on a balanced plan in the medium term (albeit the resource equation beyond 2024-25 is still highly uncertain)

2.13 Setting the Council's revenue and capital budgets for the forthcoming year will be incredibly challenging due to the economic circumstances and forecast levels of growth pressures on council services. This has made current year budgets significantly more volatile due to unpredictable cost of providing council services from inflation, market conditions, delivering statutory responsibilities and ultimately client and resident expectations. Demand is also unpredictable although currently this is less volatile in terms of client numbers in most services. This volatility has knock-on consequences for our ability to forecast future spending requirements and income levels.

2.14 The LGFS for 2023-24 provided some additional certainty and increase in the resources available to the local government sector as a whole (and social care in particular) through the announcement of core principles for council tax referendum and grant settlements for 2024-25. The announcement did not include any indicative amounts for individual authorities for 2024-25 although we are able to estimate the likely amount with a reasonable degree of certainty providing the allocation methodology is not significantly altered for 2023-24.

2.15 The Council has a statutory duty to set a balanced budget. However, what is meant by 'balanced' is not defined in law and relies on the professional judgement of the Chief Financial Officer to ensure that the budget is robust and sustainable. A prudent definition of a balanced budget would be a financial plan based on sound assumptions which shows how planned spending and income equals the available funding for the forthcoming year. Plans can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. The government has confirmed that the Statutory Override for the Dedicated Schools Grant deficits is extended for a further 3 years from 2023-24 to 2025-26. However, despite this extension under the Safety Valve programme the Council will have to start to make provision for a contribution in the 2024-25 budget and subsequent years for the duration of the agreement towards the accumulated DSG deficit.

2.16 While there is no legal definition of a balanced budget, legislation does provide a description to illustrate when a budget is considered not to balance:

- where the increased uncertainty leads to budget overspends of a level which reduce reserves to unacceptably low levels, or
- where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

2.17 The administration's initial draft budget includes a significant increase in risks, due to the combination of the magnitude of overspends in the current year (including under delivery of savings plans), unsustainable levels of growth and the need to avoid/reduce these, the magnitude of savings/income required for 2024-25, and external factors including geo economic circumstances and the impact of a recent high court order that the Council must take all possible steps to care for all Unaccompanied Asylum Seeking (UAS) children arriving in the county under the Children's Act 1989, unless and until they are transferred to other local authorities under the National Transfer Scheme. The risks from the judgment not only arise from the cost of securing additional care provision for UAS children should government departments not fully compensate the council but also knock-on consequences on the availability and cost of care for other children already in Kent. To date the offer is circa £9m which is insufficient to cover forecast costs for caring for UAS children for the remainder of 2023-24 which if not resolved would leave a forecast deficit, and no offer has yet been made for 2024-25. This combination poses a major threat to the Council's financial sustainability.

2.18 The increased risks means there will need to be a very robust approach to negotiating and agreeing prices for a range of council services to stay within the inflation allocations in the draft budget, an enhanced emphasis on controlling the drivers of non-inflation related cost increases, a more rigorous approach to managing, monitoring and reporting on demand for council services and greater oversight, monitoring and reporting of savings delivery to reduce the risk of further calls on reserves. The level of savings required in 2024-25 and over the medium term continues to be higher than in recent years driven largely by growth in spending rather than cuts in funding, representing a new and very specific challenge.

2.19 To avoid the risk of an unbalanced budget the Council has to be financially resilient. Good financial management is fundamental in establishing confidence in the budget and ensuring that the finances can withstand unexpected shocks. The Council undertook a review of each Directorate's financial management arrangements, following the Council wide financial management review undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Council is also developing Outcomes Based Budgeting which will see a more integrated approach to budget and service planning over the MTFP period focussing on priority outcomes and value for money.

2.20 Setting a clear medium-term financial plan (MTFP) also strengthens the Council's financial resilience by identifying financial issues early and options for potential solutions.

D) Budget Consultation

2.21 The Council launched a consultation on the 2024-25 budget on 13th July 2023. The consultation was open until 6th September 2023 and can still be viewed via the https://letstalk.kent.gov.uk/budget-consultation-2024-25 Council's website.

2.22 2,620 responses were received which is higher than the 2,161 responses to last year's budget consultation. Responses were received from Kent residents, KCC staff and local businesses. 49.8% of respondents found out about the consultation via Facebook advertising, 19.4% via a KCC e-mail and/or website.

2.23 A supporting document set out the background to the consultation including key facts about Kent, KCC's strategic priorities, the financial challenges the council has had to address in recent years, the 2022-23 budget outturn, and the 2023-24 budget. The document included information on the council tax referendum principles together with the assumed levels for 2024-25 and impact on council tax bills. The document sets out the financial outlook for the forthcoming year and the difficult decisions that will be needed to balance significant forecast spending increases with the forecast resources from council tax and central government settlement.

2.24 The supporting document focuses on the six main spending areas which account for over 80% of revenue spending (excluding non-attributable costs):

- Care, support and preventative services for vulnerable adults (32%)
- Care, support and preventative services for vulnerable and disabled children (17%)
- Care, support and preventative services for older persons (15%)
- Public transport including home to school transport (8%)
- Waste recycling and disposal (7%)
- Highways management and maintenance (4%)

2.25 The consultation sought views on both the general council tax and the adult social care levy, and whether increases up to the referendum level are supported, increases should be less than referendum level, or any increase is opposed. The consultation sought views on spending priorities within the big six areas, and whether current spending is too little, too much or about right. The consultation sought views on if spending has to be reduced in one of the big six areas which should it be. The consultation also sought views on ideas for savings.

2.26 A separate detailed report setting out the responses received is included as a background document to this report.

E) Equalities Considerations

2.27 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

2.28 To help meet its duty under the Equality Act the council undertakes equality impact assessments to analyse a proposed change to assess whether it has a disproportionate impact on persons who share a protected characteristic. As part of our budget setting process an equality impact assessment screening will be completed for each savings proposal to determine which proposals will require a full equality impact analysis (with mitigating actions set out against any equality risks) prior to a decision to implement being made.

2.29 The amounts for some savings can only be confirmed following consultation and completion of an equalities impact assessment. Consequently, amounts are only planned at the time the budget is approved and can change. Any changes will be reported through the in-year budget monitoring reports which will include separate and specific consideration of delivery of savings plans.

F) Treasury Management Strategy

2.30 The Treasury Management Strategy Statement will be included as an appendix to the report for approval by full Council in accordance with the CIPFA Treasury Management Code of Practice. The Statement sets out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.

2.31 The prudential indicators set out in the Treasury Management Strategy and Capital Strategy will be based on the first three years of the 10 year Capital Programme.

3.1 The provisional local government finance settlement for 2023-24 included guiding principles for 2024-25, although no indicative figures for individual councils were set out. The guiding principles related to council tax referendum principles, additional social care grants announced as part of a two-year package for 2023-24 and 2024-25 in the Autumn 2022 Budget, and uplifts to retained business rates and Revenue Support Grant (RSG) linked to business rate multipliers.

3.2 The guiding principle on council tax is that referendum limits for 2024-25 would be the same as 2023-24 i.e. for authorities with adult social care responsibilities an increase in the general precept of up to but not exceeding 3% without the requirement for a referendum, and adult social care levy of up to but not exceeding 2%. The initial draft budget assumes a council tax increase of 4.992%, the maximum that would be allowed without a referendum.

3.3 The additional grants for social care include:

- an extra £532m nationally in the Social Care Grant for adults and children's social care (increasing the total grant from £1,345m to £1,877m). If the same distribution methodology is used for 2024-25 as 2023-24 KCCs estimated share of the extra would be £14.4m (increasing Social Care grant from £88.8m to £103.2m).
- an extra £283m nationally in the Market Sustainability and Improvement Fund (increasing the total grant from £562m to £845m). If the same distribution methodology is used for 2024-25 as 2023-24 KCCs estimated share of the extra would be £7.3m (increasing Market Sustainability and Improvement Fund grant from £14.4m to £21.7m).
- an extra £200m nationally in the local authority 50% share of the Discharge Fund (increasing the total grant from £300m to £500m). If the same distribution methodology is used for 2024-25 as 2023-24 KCCs estimated share of the extra would be £4.7m (increasing Discharge Fund grant from £7.0m to £11.7m).

3.4 On 28th July 2023 the government announced a further £600m funding for adult social care over 2023-24 and 2024-25. £570m was added to the Market Sustainability and Improvement Fund (£365m in 2023-24 and a further £205m in 2024-25). KCC's share in 2023-24 was £9.4m with an estimated share of £5.2m in 2024-25. The remaining £30m is to be targeted to those authorities in the most challenged health systems (no details have yet been published).

3.5 The estimated increased social care grants have been included in the initial draft budget assumptions. The additional social care grants and increase in the adult social care council tax precept must be passported into social care budgets. This effectively sets a minimum increase in net spending on social care services between 2023-24 and 2024-25 and caps the amount that can be delivered from efficiency and transformation programmes in social care services to offset increasing costs.

3.6 The Non-Domestic Rating Bill is currently making its way through parliament. Most of this will not affect the retained funding for local authorities other than it will confirm that the annual indexation will be based on Consumer Price Index (CPI) rather than Retail Price Index (RPI) and the increase in the small business and standard multipliers would be decoupled. The impact of these changes on retained business rates funding is subject to technical consultation which closes on 2nd November. Ministers will still have the power to approve a lesser increase in the multiplier. Minsters have used the power of a lesser increase in recent years including using CPI rather than RPI (although local authorities have been compensated for the impact on retained business rates through a separate Section 31 grant).

3.7 The initial draft budget assumes that retained business rates (including top-up grant) and RSG will be uplifted by CPI (with no further compensation to RPI) as this was set out in the guiding principles. At this stage there has been no assumption about the decoupling of small business and standard multipliers pending the outcome of the consultation. This could mean that future uplifts are either based on local weighted average tailored for each authority according to the individual mix of small businesses and standard businesses within the tax base, or an England wide national weighted average. The initial draft budget assumes all increases are based on the un-decoupled small business rate multiplier (assumed 1.4p less than standard multiplier for 2024-25). The final impact of the decision on decoupled uplifts will need to be included in subsequent drafts once decisions have been confirmed.

4.1 Traditionally the revenue budget has been determined on an incremental basis. Incremental budgeting starts with the current year's budget and then adds/subtracts for known and forecast changes. These changes include the full year effect of current year forecast variances as well as future forecasts for pay/prices, service demands (largely driven by non-inflation related demand and cost drivers), service improvements and government legislation. These spending forecasts are then balanced against available funding by spending reductions through savings and income. Non inflation related demand and cost drivers would include things like increased costs of additional hours in care packages, longer journey routes, and supplier competition.

4.2 Incremental budgeting is relatively simple to understand and is appropriate if the primary cost drivers do not change from year to year, or changes can be robustly forecast. One of the big challenges in recent years has been the scale and unpredictability of changes in these non-inflation related demand and cost drivers and the difficulty in forecasting them accurately. This has resulted in overspends. There are also other problems with incremental budgeting as it tends to reinforce current practices and can lead to budget slack due to the inbuilt incentive to over-estimate incremental changes or failure to challenge the basis of current budgets. It is also highly susceptible to volatility from external factors.

4.3 Outcomes based budgeting (OBB) seeks to challenge the orthodoxy of incremental budgeting as it seeks to measure the difference that council spending is expected to make to the quality of life for local residents and communities and target spending accordingly. It will take some time to fully move to OBB due to the large amount of recurrent spending that is effectively fixed in the short to medium term due to existing care and support packages, contractual obligations, and long-standing agreements. This means that initially OBB is focused on an alternative approach to determining the distribution of the available year on year change in resources. This continues to be through the calculation of resource envelopes. For 2024-25 budget and MTFP resource envelopes were set for each of the next three years covering 2024-25 and indicative allocations for 2025-26 and 2026-27. The envelopes for 2024-25 are more predictable with the announcement of guiding principles within the 2023-24 settlement which confirmed increases in social care grants and council tax referendum principles for 2024-25.

4.4 The resource envelopes allocate the forecast available additional resources after taking account of corporate issues such as maintaining adequate and prudent reserves, provision for Kent scheme pay award and debt charges to fund capital programme. The resource envelopes for social care (adults and children's) need to ensure that additional resources from targeted government grants and specific council tax levy are passported in full.

4.5 Envelopes have been set on an Outcomes Based approach for the "big six" spending areas:

- care, support and preventative services for older persons
- care, support and preventative services for vulnerable adults
- care, support and preventative services for vulnerable and disabled children
- public transport (including home to school transport)
- waste recycling and disposal
- highways management & maintenance

4.6 The resource envelope calculation for the big six is based on a combination of unavoidable spending increases (largely contractual price increases) and savings from existing incremental MTFP, with the balance of available resources allocated according to outcomes. Effectively this replaces the previous incremental demographic demand growth and service improvements with an Outcomes basis. The envelopes for remaining spending outside the big six (other envelope) are set from the remaining resources based on historical spend and existing incremental MTFP growth and savings/income.

4.7 Services were tasked with identifying the actions they would need to take to manage spending within the resource envelopes. The initial draft plans to date have led to significant gaps in older people & vulnerable adults, integrated children's and public transport envelopes where spending growth to date is forecast to be greater than the envelope and sufficient new savings/income have not been identified to manage within the envelope. It will be essential in closing the gap that the further outstanding actions seek to find ways to manage down the spending growth in these areas although this will take some time and it is inevitable that spending in other areas will also have to reduce below the levels expected in the envelope allocations. The council will need to engage additional external support to assist with identifying solutions that enable future spending growth in these key areas to be managed within the likely resources available within general fund from local taxation and government settlement and that these services do not take up an ever increasing and disproportionate share of the Council's overall budget.

4.8 Currently there is a smaller gap in the waste recycling and disposal envelope and small surpluses in highways and other envelopes. The overall gap in the initial draft revenue budget of £48.8m will need to be closed across all envelopes for subsequent and final drafts through the objectives and actions identified in the strategy reported to Cabinet on 5th October 2023 "Securing Kent's Future – Budget Recovery Strategy". The latest position compared to the envelopes is set out in table 1 below.

Table 1 – Resource Envelopes compared to Initial Draft Spending Plans

	Resource Envelope £m	Initial Draft Plans £m	Gap / (surplus) £m
Older people & vulnerable adults	40.4	52.3	11.9
Integrated Children's Services	3.7	21.4	17.8
Highways management & maintenance	4.8	4.3	-0.5
Waste recycling & disposal	0.7	3.0	2.3
Transport	3.9	26.3	22.3
Other	-0.4	-1.3	-0.9
Corporate for reserves, pay & financing	46.9	42.7	-4.2
Total	99.8	148.6	48.8

4.9 The spending plan submissions have been captured in a new way using sharepoint templates. This allows for more consistency with strategic business planning, enables more information to be collected and held centrally to inform budget decisions, and allows members to access more information about the draft budget proposals as part of the scrutiny process. The information from the templates is presented in a series of dashboards that can be interrogated. These dashboards have been designed to provide a high level of summary information which can then be drilled down. The information can be viewed from directorate, OBB service category, and the traditional MTFP categories (prices, demand, efficiencies, etc) perspectives.

4.10 A short video demonstration of the dashboards has been prepared to help to use them. The dashboards can only be accessed through a kent.gov e-mail account. The attached appendix C includes screen shots of examples from the dashboards. A brief description of each of the spending growth, savings & income, and reserves entries in the dashboard is set out in appendix D. The templates and dashboards are a new approach to gathering and presenting budget information. This means that inevitably further developments and improvements both to the design and presentation of them, and quality of information, will be needed as these evolve.

4.11 This approach is part of a transition towards Outcomes Based Budgeting ensuring a greater outcome focus on the most significant spending areas. This is not to say that other services are not necessarily a priority and cannot be added to the outcome based approach in later years. As the approach is developed increasingly future years envelopes will be based on finance and performance outcomes metrics. These metrics will need to be developed and agreed.

4.12 The core objectives of the revenue strategy are largely unchanged by an Outcome Based approach. The core budget objectives are as follows:

- Maintain a balanced budget and medium-term financial plan with net expenditure (after income and specific grants) not exceeding available funding from un-ringfenced grants and local taxation
- Set a council tax that does not exceed the government referendum limits
- Ensure the council is financially sustainable minimising the risk that the council could cease to be responsible for its financial and other affairs through government intervention or appointment of commissioners
- Maintain an adequate and prudent level of reserves commensurate with risks
- Maintain and improve the council's overall financial resilience through sustainability of reserves, levels of external borrowing and debt costs, balance of income compared to spend, proportion of council budget spent on social care
- Prudent management of cashflow and liquidity through Treasury Strategy which balances risks and returns on financial investments and low interest costs and certainty on borrowing
- Full cost recovery on charges for discretionary services other than where Cabinet agrees to provide services at a subsidy and/or concession
- Prudent capital investment programme
- Aligns resources to the council's strategic vision and priorities whilst allowing the council to fulfil statutory obligations

5.1 Council Tax income is a key source of funding for council services. The amount generated through Council Tax is based on precept on collection authorities derived from the estimated band D equivalent Council Tax Base (the number of weighted properties in each band adjusted for exemptions, discounts and assumed collection rates) and the county council share of the band D household charge.

5.2 A significant proportion of the funding towards the revenue budget is derived from the County Council's share of council tax. The County Council share of council tax typically amounts to around 70% of a household council tax bill. The County Council charge is the same for all households in the county (as is the share for Police & Crime Commissioner and Fire and Rescue authority), the amount for district/borough and town/parish councils will vary depending on the local area and the individual decisions of these councils.

5.3 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms, the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £8.9m per annum in 2024-25, which equates to an extra 29.5 pence per week for a band D property.

5.4 The guiding principles for 2024-25 allow for up to but not exceeding 3% general tax rate increases without a referendum plus an additional Adult Social Care precept of up to 2%. These increases are based on the total county council share of the household charge for 2023-24 (£1,534.23 for band D household). The administration's initial draft budget 2023-24 includes an assumed 2.998% increase for the general precept (up to but not exceeding the referendum level) and a further 1.994% increase for the adult social care levy (ASCL). The impact of these assumed council tax increases on individual bands are shown in table 2.

Table 2 – Assumed Council Tax Band Charges

Band	Proportion of Band D Tax Rate	2023-24 (incl. ASCL)	2024-25 (excl. increase in ASCL)	2024-25 (incl. increase in ASCL)
A	6/9	£1,022.82	£1,053.48	£1,073.88
B	7/9	£1,193.29	£1,229.06	£1,252.86
C	8/9	£1,363.76	£1,404.64	£1,431.84
D	9/9	£1,534.23	£1,580.22	£1,610.82
E	11/9	£1,875.17	£1,931.38	£1,968.78
F	13/9	£2,216.11	£2,282.54	£2,326.74
G	15/9	£2,557.05	£2,633.70	£2,684.70
H	18/9	£3,068.46	£3,160.44	£3,221.64

5.5 The County Council's 2023-24 council tax charge (including Fire and Rescue Authority to ensure valid like for like comparison) is currently 10th highest of the 21 counties and 4th of the 7 south east counties. We will not know KCC's relative position on Council Tax for 2024-25 until all county councils have agreed their precept and Council Tax charge for 2024-25.

5.6 The assumed tax base in the initial draft budget is 1.7% increase. This is based on an assumed historical average increase of 1.5% for increases in number of dwellings and changes in discounts, exemptions and assumed collection rates plus a further 0.2% for the assumed impact if the remaining 9 councils remove the remaining discounts on empty dwellings. Removing such discounts would be consistent with reducing the number of empty dwellings and reducing collection costs. Removing empty property discounts would also be more consistent with reforms in the Levelling up and Regeneration Bill which would allow premiums to be charged on dwellings empty for more than one year as otherwise owners of empty dwellings would pay reduced or no council tax in the first year a property became empty but then double council tax in second year. At this stage the tax base includes no assumption of these increased premiums pending progress of the Bill through parliament.

5.7 The final council tax precept and council tax funding levels will have to be based on tax base estimates notified by the 12 collection authorities. This could change from the assumed tax base in the initial draft 2024-25 budget. Collection authorities also have to notify estimated collection fund balance for over/under collection. This must also be reflected in the final budget as over/under collection has to be taken into account as part of the final decision on council tax charge for 2024-25. The initial draft includes an assumed £7m collection fund balance.

6.1 The administration's initial draft capital and revenue budgets are subject to the budget scrutiny process in November (with scrutiny of further detail to follow in January). The estimates in the initial draft budget are early forecasts which can, and in all likelihood will, change in the final draft budget. Following the scrutiny process the administration's final draft budget for approval by County Council will be published by 9th February 2024. The full Council is responsible for agreeing the budget at the County Council meeting on 19th February 2024 (this is later than previous years to avoid the school holidays but does mean that the council tax precept must be agreed even if other aspects of the budget are deferred to the reserve date as district and borough councils need certainty over the county council precept for their budget setting which is scheduled in the days immediately after the county council meeting). As required by the Council's Constitution and Financial Regulations, the final draft budget for County Council approval will be proposed by the Leader and published in a format recommended by the Corporate Director, Finance and agreed by the Leader.

6.2 The draft proposed ten-year capital spending plans for 2024-34 are being updated to reflect the recent monitoring position and are currently work in progress. The updated plans will need to include some minor changes as detailed below, with the comprehensive refresh scheduled to be published in January:

- Roll overs from the 2022-23 outturn position,
- The transfer of small recurring annual spend to revenue,
- The addition of £26.1m between 2024-25 to 2026-27 to the corporate Modernisation of Assets programme, funded from additional capital receipts,
- Reflection of the 2025-26 basic need grant allocations which resulted in £20.5m additional grant in 2025-26,
- Replacement of £2.6m prudential borrowing with available grant in 2024-25.

6.3 The presentation of the administration's draft revenue budget 2024-25 and 2024-27 MTFP focuses on the key policy and strategic implications of the proposals. The revenue proposals are summarised in appendices A to D of this report. These appendices show the spending, income and savings changes from the current year's approved budget (2023-24) and the financing requirements. Appendix A provides a high-level summary of the proposed three-year plan for the whole council, showing separately the spending growth, savings & income, changes in reserves for core KCC funded activity (funding from the local government settlement and local taxation) from changes in externally funded activities (largely specific grant funded).

6.4 Appendix B provides a directorate high level summary of the proposed plan for 2024-25 again showing separately spending growth, savings & income, changes in reserves and funding for core KCC funded activity (funding from the local government settlement and local taxation) from changes in externally funded activities (largely specific grant funded). Throughout this report the focus is on core funded spending, savings, income and reserves as changes on externally funded spend are financially neutral.

6.5 Appendix C shows examples of the more detailed information available through the dashboards. Appendix D provides a full list of individual spending and savings & income items. Subsequent versions of the draft and final budget will provide more budget details in other formats as the dashboards can only be accessed via a kent.gov e-mail account. The dashboards have been designed specifically to address issues with previous budget presentations for scrutiny purposes.

6.6 The final draft budget presented to County Council will include the key service analysis. The original planned spending on key services is set out in appendix E of the final approved Budget Book for 2023-24 (published in March) and available on KCC website at https://www.kent.gov.uk/__data/assets/pdf_file/0006/148947/Budget-Book-2023-24.pdf
It is not feasible or appropriate to produce a key service presentation in the initial draft budget for scrutiny as the scrutiny process needs to focus on the proposed changes to the approved budgets for 2023-24 before more detailed delivery plans are completed and these plans will inform the key service budgets for 2024-25.

6.7 Additional proposed spending growth includes the impact of decisions and activities already being delivered in the current year not included in the current base budget and known future contractual obligations. It also includes forecasts for future cost or activity changes for the forthcoming year, or changes in Council policy. These are set out in fuller detail in dashboards including an explanation of the reasons for the change, key impacts and risks, dependencies and sensitivities. As outlined in section 4, the dashboards have been designed as a new approach but inevitably will need further development on design, content and data quality.

6.8 The savings and income options in the dashboards follows a similar pattern with proposed savings amounts derived from the full year effect of 2023-24 plans already agreed; savings and income for 2024-25 in the original 2023-26 MTFP (albeit updated); savings/income from the application of existing policies; savings/income that do not require any changes in policy; and those that require policy changes presented as policy savings, efficiency/transformation savings, income or financing savings. Given the scale of the savings, enhanced detailed delivery plans will need to be prepared and monitoring arrangements will be put in place in addition to the arrangements already embedded through the monthly monitoring with budget managers and regular quarterly budget monitoring reports to Cabinet.

6.9 The high-level equation for changes in planned revenue spending for 2024-25 (growth and savings), income and net budget, together with the balancing changes in funding is shown in table 3 below. This summarises how the requirement to set a balanced budget will be met once the outstanding actions for 2024-25 outlined in Securing Kent's Future have been finalised and confirmed. To improve transparency the spending, savings and reserves from core KCC funds are shown separately from externally funded changes (consistent with revised presentation of appendices A and B).

Table 3 – Net Change in Spending and Funding

Change in Net Spending	Core Funded	External Funded	Change in Net Funding	Core Funded
Assumed additional spending	£201.5m	-£24.1m	Increase in Social Care grants	£31.7m
Proposed savings from spending reductions and future cost avoidance	-£59.2m*		Net Increase in other government grants	£7.9m
Proposed changes in income	-£10.1m*	-£0.3m	Change in council tax base	£14.9m
Savings & future cost avoidance from SKF to be identified	-£48.8m		Assumed increase in council tax charge	£44.5m
Assumed changes in specific government grants		£20.9m	Change in retained business rates	£3.0m
Proposed net change in reserves	£16.4m	£3.5m	Change in net collection fund balances/S31 compensation	-£2.2m
Total Change in Net Spending	**£99.8m**	**£0.0m**	**Total Change in Net Funding**	**£99.8m**

*Net figures from original 2023-26 plan updated and new proposals

6.10 The increased and additional grants have been set out in more detail in the section on the principles for 2024-25 local government finance settlement (section 3 of this report). This includes the ASC Discharge Fund, increases in Social Care Grant and Market Sustainability and Improvement Fund.

6.11 The initial draft MTFP does not show a balanced 3 year plan. The initial draft budget for 2024-25 has a gap of £48.8m due to spending growth after savings, income and reserves exceeding the estimated resources from the government settlement and local taxation. The early forecasts on which the initial draft budget is based means that effectively this means the gap presented is a figure within a likely range. The recovery plan has set out indicative amounts from the further actions to close this gap although at this stage these have not been worked in sufficient detail to include as savings and cost reduction plans for the initial draft budget. The recovery plan identified 3 main areas where there is the biggest opportunity for further savings and to reduce costs in 2024-25 to resolve the gap and balance the budget. These include:

- review of demand and cost drivers in adult social care, children's services and home to school transport leading to scope to reduce future cost growth with a particular focus on managing down demand and non-inflationary cost increases in line with the best value principles outlined in section 2B of this report
- Review of all contracts due for renewal in the next 12 months with particular regard to those that can be allowed to lapse and those where there can be a significant change in specification leading to lower tender prices
- Further targeted policy savings in areas of non-statutory spending (including elements of SEN, adult social care and children's services), efficiency/transformation savings such as planning of SEN transport routes, and bringing forward savings in later years of MTFP.

These further detailed plans will need to be presented for scrutiny in January in advance of the publication of final draft budget plans for full Council approval in February. The plans for 2025-26 and 2026-27 have further albeit lesser gaps although the funding and spending forecasts are less reliable for these later years.

6.12 Pressures arising from Special Education Needs & Disabilities (SEND) impact upon both the Dedicated Schools Grant (DSG) and the General Fund. Pressures on DSG are addressed primarily by the Safety Valve mechanism, whereby Department for Education provides a substantial contribution (up to £140m), in return for improvements to the SEND system. Pressures on the General Fund are reflected primarily on the number of requests to assess, produce and then annually review Education & Health Care Plans (EHCP) and the associated increased SEND home to school transport costs.

6.13 There is already substantial work being undertaken to manage down this financial pressure and additional work will focus on identifying and reviewing changes to existing policy and practice so that we are meeting statutory minimum requirements, but ceasing discretionary services where they are not cost effective and only issuing EHCPs where they are necessary, and needs cannot be met by other means.

6.14 Where required consultation and Equality Impact Assessments (EQIA) will need to be undertaken on individual new savings and income proposals. The final planned amounts can only be confirmed following consultation and EQIA. Any variances between the approved budget and final planned amounts will be included in the budget monitoring report to Cabinet, together with progress on delivery.

Proposed Initial Draft 2024-25 Revenue Budget – key numbers

£1,415.4m	Assumed net revenue budget for 2024-25. This represents a £99.8m increase on the final approved budget for 2023-24 of £1,315.6m.
£201.5m	Additional assumed core funded spending growth – see paragraph 7.1 for more detail.
-£69.3m	Assumed savings, income and future cost increase avoidance. Of this £28.3m relates to proposed savings, £10.1m additional income generation (mainly fees and charges), and £30.9m reductions in the amount assumed for future demand and cost increases in adult social care and home to school transport – see paragraph 7.2 for more detail.
£16.4m	Assumed net impact on the budget of changes in use of reserves including new contributions and removing previous years drawdown and contributions – see section 8 for more detail
-£48.8m	Outstanding actions yet to be finalised from Securing Kent's Future – Budget Recovery Strategy. These additional reductions will need to mainly come from further avoidance of future spending increases from reviewing impact of cost and demand drivers, contract renewals and further service savings.
£936.2m	Assumed to be raised from Council Tax precept. An increase of £59.4m on 2023-24. £14.9m is due to a 1.7% assumed increase in the tax base due to additional dwellings, changes in discounts and exemptions and assumed collection rates. £44.5m is from the assumed increase in the household charge up to but not exceeding 5% (including £17.8m from the adult social care levy).
£39.6m	Assumed increase in the local government grant settlement. This comprises: • £14.4m increase in Social Care Grant announced in 2023-24 settlement from repurposed funding from social care charging reforms • £12.5m increase in Market Sustainability and Improvement Fund to support capacity and discharge (including £7.3m announced in 2023-24 settlement and £5.2m further announcement in summer 2023) • £4.7m ASC Discharge Fund • £10.2m indexed linked uplifts in business rate top-up, business rate compensation and Revenue Support Grant • -£2.3m removal of New Homes Bonus Grant

Revenue spending: a reminder of what it is
Revenue spending is spent on the provision of day to day services, either directly through KCC staff and operational buildings, or commissioned from third parties. Revenue spending is identified as gross spend and net spend after taking account of service income and specific government grants. The net revenue budget requirement is funded by a combination of council tax, locally retained business rates and un-ring-fenced grants from the Department for Levelling-up, Housing and Communities (DLUHC) included in the local government finance settlement. Grants from other government departments are ring-fenced to specific activities and are shown as income to offset the related spending.

7.1 The additional assumed core funded spending growth (i.e. excluding changes arising from external funding changes) of £201.5m for 2024-25 is summarised in appendices A and B and set out in more detail in appendix D together with more detail in the dashboard. It has been subdivided into the following categories:

Net base budget changes £45.5m	Changes to reflect full year effect of variations in the current year's monitoring forecast compared to approved budget. These adjustments are necessary to ensure the draft budget is based on a robust and sustainable basis.
Demand and cost drivers £80.9m	Forecast estimates for future non-inflationary cost and demand increases such as additional care hours, increased journey length's, etc. across a range of services including adult social care, integrated children's services, home to school transport and waste tonnage.
Price uplifts £46.2m	Contractual and negotiated price increases on contracted services, including full year effect of planned mid-year uplifts in current year and forecast future price uplifts.
Pay £14.2m	Additional net cost of assumed pay award and progression after savings from appointing new staff lower in pay ranges.
Service Strategies & Improvements £13.2m	Other assumed spending increases to deliver strategic priorities and/or service improvements and outcomes including financing of capital programme
Government & Legislative £1.4m	Additional spending to meet compliance with legislative and regulatory changes

7.2 The proposed savings, income and future cost increase avoidance of £69.3m for 2024-25 are summarised in appendices A and B and set out in more detail in appendix D together with more detail in the dashboard. It has been subdivided into the following categories:

Policy Savings £6.6m	Savings arising from proposed changes in KCC policies including full year effect of 2023-24 savings and new proposals for 2024-25 (full year effect in later years will be shown in detail in future drafts). Savings in this category are changes to charging policies and changes in our service offer.
Transformation & Efficiency Savings £49.4m	Savings aimed at achieving improved or the same outcomes at less cost including full year effect of 2023-24 savings and new proposals for 2024-25 (full year effect in later years will be shown in detail in future drafts. Savings in this category include future cost increase avoidance as well as reductions to existing recurring spend. Transformation and efficiency savings include contracted spending as well as in-house spending on staffing and premises.
Financing Savings £3.3m	Review of amounts set aside for debt repayment (MRP) based on asset life and increased investment income returns.
Income Generation £10.1m	Increases in fees and charges for council services from applying existing policies on fee uplifts (including contributions from other bodies) and new income generation proposals. Existing policies include increases in client contributions in line with estimated 2024-25 benefits and other personal income increases and increases in contributions to Kent Travel Saver and 16+ pass linked to fare increases.

8.1 Reserves are an important part of the Council's financial strategy and are held to create long-term financial stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its financial standing and resilience.

8.2 The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance to mitigate future financial risks.

8.3 There are two main types of reserves:

- Earmarked Reserves – held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year(s).
- General Reserves – these are held for 'unforeseen' events.

8.4 The Council maintains reserves both for its General Fund activities and it accounts for the reserves of its maintained schools. Schools are funded by a 100% government grant, Dedicated Schools Grant (DSG). Local authorities cannot fund DSG activities from the general fund without express approval from the Secretary of State. The Statutory Override on DSG deficits has been extended for 3 years from 2023-24 to 2025-26, however during this period it is essential that the Council makes provision for the local authority contributions to the Safety Valve agreement. The Secretary of State has given the council the necessary approval for KCC's contribution to the Safety Valve to be funded from the general fund. The Safety Valve agreement does not fully eliminate the risk of DSG overspends until the plan has been fully delivered and high needs spending is contained within the block of funding available within DSG.

8.5 There remains a significant risk to reserves from the forecast overspend for 2023-24 and the gap in 2024-25 in the initial draft budget until all the actions to bring spending in 2023-24 back into balance have been delivered and the actions to balance planned spending in 2024-25 finalised and agreed. The level of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. A Reserves Policy is included as Appendix E to this report. An analysis of budget risks is included as Appendix F, and risk register as Appendix G.

8.6 The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to initially resource policy developments and initiatives without a disruptive impact on Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.

8.7 The Council also relies on interest earned through holding cash and investment balances to support its general spending plans.

8.8 Reserves are one-off monies and, therefore, the Council generally aims to avoid using reserves to meet on-going financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

8.9 Reserves are therefore held for the following purposes:

- Providing a working balance
- Smoothing the impact of uneven expenditure profiles between years e.g. collection fund surpluses or deficits, local elections, structural building maintenance and carrying forward expenditure between years.
- Holding funds for future spending plans e.g. capital expenditure plans, and for the renewal of operational assets e.g. information technology renewal.
- Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in the context of forecast declining future external resources.

8.10 All earmarked reserves are held for a specific purpose. A summary of the movement on each category of reserves is published annually, to accompany the annual Statement of Accounts.

8.11 The administration's Initial draft budget 2024-25 includes an assumed net £16.4m increase in reserves impacting on the budget including new contributions and removing previous years drawdown and contributions. These changes include the following main changes:

Increased/new contributions £36.7m

- £16.2m general reserves including £11.1m repayment of 50% of the amount drawn down to balance 2022-23 and £5.1m for the additional annual contribution to reflect the increase in net revenue budget to maintain general reserves at 5%. The phased repayment of 2022-23 drawdown means general reserves are not planned to be returned to 5% of net revenue until 2025-26
- £15.1m DSG reserve for the planned 2024-25 local authority contribution to the safety valve programme
- £4.3m repayment to smoothing reserves for planned drawdown to support 2023-24 budget
- £1.0m annual contribution to establish new Emergency Capital Events Reserve for emergency capital works and revenue costs related to capital spend such as temporary accommodation, and condition surveys which don't result in capital works

Drawdowns and Removal of Prior Year Drawdown and Contributions -£20.2m

- -£5.8m removal of 2023-24 contribution to general reserve for increase in net budget
- -£12m removal of contribution to risk reserve (now treated as contingent spend rather than reserve)
- -£5.6m removal of 2023-24 contribution to Local Taxation Equalisation reserve
- -£1.2m removal of annual contribution for phased repayment of long term reserves borrowed to fund grant reductions in 2011-12 as these are now fully repaid
- +£4.3m replace drawdown from reserves to support 2023-24 budget

Appendices and background documents

Appendices

High Level Summary 3 Year Draft Revenue Plan and Financing 2024-27	A
Directorate Summary of 2024-25 Spending, Savings & Income and Reserves	B
Budget 2024-25 Dashboard	C
List of individual spending growth and savings & income items	D
Reserves Policy	E
Budget Risks and Adequacy of Reserves	F
Budget Risk Register	G

Background documents

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

KCC's Budget webpage	1
KCC's Corporate Risk Register (item 9)	2
KCC's Risk Management Strategy, Policy and Programme (item 11)	
KCC's approved 2023-24 Budget	3
2024-25 Budget Consultation (Let's Talk Kent) including the Budget Consultation report	4
June 2023 (high level update for August 2023) Monitoring Report	5
Securing Kent's Future – Budget Recovery Strategy	6
Securing Kent's Future – Budget Recovery Report	7

APPENDIX A: HIGH LEVEL 2024-27 REVENUE PLAN AND FINANCING

	2024-25			2025-26			2026-27		
	core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	externally funded £000s	TOTAL £000s
Revised Base Budget	1,315,610.6		**1,315,610.6**	1,415,450.7		**1,415,450.7**	1,473,162.2		**1,473,162.2**
Spending									
Base Budget Changes	45,470.2	0.0	**45,470.2**	20,355.0	0.0	**20,355.0**	20,400.0	0.0	**20,400.0**
Reduction in Grant Income	35.0	0.0	**35.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Pay	14,205.9	505.1	**14,711.0**	7,611.8	0.0	**7,611.8**	7,560.1	0.0	**7,560.1**
Prices	46,234.9	967.4	**47,202.3**	28,345.0	0.0	**28,345.0**	22,513.2	0.0	**22,513.2**
Demand & Cost Drivers	80,924.7	314.7	**81,239.4**	84,447.6	0.0	**84,447.6**	82,879.0	0.0	**82,879.0**
Service Strategies & Improvements	13,205.7	-2,568.8	**10,636.9**	572.6	-3,952.0	**-3,379.4**	738.8	0.0	**738.8**
Government & Legislative	1,406.5	-23,337.5	**-21,931.0**	126.5	-4,520.6	**-4,394.1**	0.0	0.0	**0.0**
Total Spending	**201,482.9**	**-24,119.1**	**177,363.8**	**141,458.5**	**-8,472.6**	**132,985.9**	**134,091.1**	**0.0**	**134,091.1**
Savings, Income & Grants									
Transformation & Efficiency	-49,387.1	0.0	-49,387.1	-46,852.2	-13.9	-46,866.1	-41,833.7	0.0	-41,833.7
Income	-10,060.5	-281.3	**-10,341.8**	-5,170.3	0.0	**-5,170.3**	-4,695.4	0.0	**-4,695.4**
Financing	-3,279.6	0.0	**-3,279.6**	222.4	0.0	**222.4**	-281.8	0.0	**-281.8**
Policy	-6,569.4	-9.2	**-6,578.6**	-14,499.1	0.0	**-14,499.1**	-5,032.9	0.0	**-5,032.9**
Total Savings & Income	**-69,296.6**	**-290.5**	**-69,587.1**	**-66,299.2**	**-13.9**	**-66,313.1**	**-51,843.8**	**0.0**	**-51,843.8**
Increases in Grants and Contributions		20,949.1	**20,949.1**		8,136.0	**8,136.0**		0.0	**0.0**
Total Savings & Income & Grant	**-69,296.6**	**20,658.6**	**-48,638.0**	**-66,299.2**	**8,122.1**	**-58,177.1**	**-51,843.8**	**0.0**	**-51,843.8**
RESERVES									
Contributions to reserves	36,699.7	0.0	**36,699.7**	29,910.0	0.0	**29,910.0**	15,560.0	0.0	**15,560.0**
Removal of prior year Contributions	-24,739.6	0.0	**-24,739.6**	-36,699.7	0.0	**-36,699.7**	-29,910.0	0.0	**-29,910.0**
Drawdowns from reserves	-829.2	-350.5	**-1,179.7**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Removal of prior year Drawdowns	5,318.9	3,811.0	**9,129.9**	829.2	350.5	**1,179.7**	0.0	0.0	**0.0**
Net impact on MTFP	**16,449.8**	**3,460.5**	**19,910.3**	**-5,960.5**	**350.5**	**-5,610.0**	**-14,350.0**	**0.0**	**-14,350.0**
NET CHANGE	**148,636.1**	**0.0**	**148,636.1**	**69,198.8**	**0.0**	**69,198.8**	**67,897.3**	**0.0**	**67,897.3**
Outstanding Actions for Securing Kent's Future (-ve)	**-48,796.0**		**-48,796.0**	**-11,487.3**		**-11,487.3**	**-2,385.2**		**-2,385.2**
NET BUDGET REQUIREMENT	**1,415,450.7**	**0.0**	**1,415,450.7**	**1,473,162.2**	**0.0**	**1,473,162.2**	**1,538,674.3**	**0.0**	**1,538,674.3**
MEMORANDUM:									
The net impact on our reserves balances is:									
Contributions to Reserves	36,699.7	0.0	36,699.7	29,910.0	0.0	29,910.0	15,560.0	0.0	15,560.0
Drawdowns from Reserves	-829.2	-350.5	-1,179.7	0.0	0.0	0.0	0.0	0.0	0.0
Net movement in Reserves	**35,870.5**	**-350.5**	**35,520.0**	**29,910.0**	**0.0**	**29,910.0**	**15,560.0**	**0.0**	**15,560.0**
FUNDING									
Revenue Support Grant			11,649.6			11,716.1			11,716.1
Business Rate Top-Up Grant			148,138.7			148,985.2			148,985.2
Business Rate Compensation Grant			46,546.6			46,812.6			46,812.6
Social Care Support Grant			103,212.0			103,212.0			103,212.0
Market Sustainability & Improvement Fund			26,969.4			21,703.9			21,703.9
Hospital Discharge Grant			11,686.6			11,686.6			11,686.6
Services Grant			7,599.4			7,599.4			7,599.4
Improved Better Care Fund			50,014.7			50,014.7			50,014.7
Other un-ringfenced grants			3,257.7			3,257.7			3,257.7
Local Share of Retained Business Rates			63,177.9			63,521.7			63,521.7
Business Rate Collection Fund			0.0			0.0			0.0
Council Tax Income (including increase up to referendum limit but excluding social care levy)			800,774.3			841,243.1			884,201.0
Council Tax Adult Social Care Levy			135,423.8			156,409.2			178,963.4
Council Tax Collection Fund			7,000.0			7,000.0			7,000.0
Total Funding			**1,415,450.7**			**1,473,162.2**			**1,538,674.3**

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APPENDIX B: HIGH LEVEL 2024- 25 REVENUE PLAN BY DIRECTORATE

	TOTAL			ASCH Adult Social Care & Health	PH Public Health	CYPE Children, Young People & Education			GET Growth, Environment & Transport	CED Chief Executive's Department			DCED Deputy Chief Executive's Department	NAC Non Attributable Costs	CHB Corporately Held Budgets		
	core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	externally funded £000s	core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	core funded £000s	externally funded £000s	TOTAL £000s	core funded £000s	core funded £000s	core funded £000s	externally funded £000s	TOTAL £000s
Revised Base Budget	1,315,610.6		**1,315,610.6**	527,430.4	0.0	360,353.0		**360,353.0**	194,949.0	33,118.9		**33,118.9**	83,989.0	116,062.2	-291.9		**-291.9**
Spending																	
Base Budget Changes	45,470.2	0.0	**45,470.2**	16,900.0	0.0	21,666.0	0.0	**21,666.0**	-468.9	-55.4	0.0	**-55.4**	-3,000.0	-3,369.7	13,798.2	0.0	**13,798.2**
Reduction in Grant Income	35.0	0.0	**35.0**	0.0	0.0	0.0	0.0	**0.0**	35.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Pay	14,205.9	505.1	**14,711.0**	0.0	505.1	553.0	0.0	**553.0**	85.0	0.0	0.0	**0.0**	0.0	67.9	13,500.0	0.0	**13,500.0**
Prices	46,234.9	967.4	**47,202.3**	28,482.3	967.4	13,384.0	0.0	**13,384.0**	2,841.5	0.0	0.0	**0.0**	1,482.1	45.0	0.0	0.0	**0.0**
Demand & Cost Drivers	80,924.7	314.7	**81,239.4**	50,602.0	314.7	29,181.5	0.0	**29,181.5**	1,141.2	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	**0.0**
Service Strategies & Improvements	13,205.7	-2,568.8	**10,636.9**	296.1	-2,568.8	2,008.0	0.0	**2,008.0**	5,065.0	656.6	0.0	**656.6**	-320.0	5,500.0	0.0	0.0	**0.0**
Government & Legislative	1,406.5	-23,337.5	**-21,931.0**	0.0	-489.6	0.0	-777.0	**-777.0**	1,406.5	0.0	59.9	**59.9**	0.0	0.0	0.0	-22,130.8	**-22,130.8**
Total Spending	**201,482.9**	**-24,119.1**	**177,363.8**	**96,280.4**	**-1,271.2**	**66,792.5**	**-777.0**	**66,015.5**	**10,105.3**	**601.2**	**59.9**	**661.1**	**-1,837.9**	**2,243.2**	**27,298.2**	**-22,130.8**	**5,167.4**
Savings, Income & Grants																	
Transformation & Efficiency	-49,387.1	0.0	**-49,387.1**	-39,758.1	0.0	-9,240.0	0.0	**-9,240.0**	-94.0	-250.0	0.0	**-250.0**	-45.0	0.0	0.0	0.0	**0.0**
Income	-10,060.5	-281.3	**-10,341.8**	-8,773.9	-281.3	-417.7		**-417.7**	-868.9	0.0		**0.0**	0.0	-500.0	500.0		**500.0**
Financing	-3,279.6	0.0	**-3,279.6**	0.0	0.0	0.0		**0.0**	0.0	0.0		**0.0**	0.0	-3,279.6	0.0		**0.0**
Policy	-6,569.4	-9.2	**-6,578.6**	-1,250.0	-9.2	-3,131.0		**-3,131.0**	-1,221.0	-102.5		**-102.5**	-864.9	0.0	0.0		**0.0**
Total Savings & Income	**-69,296.6**	**-290.5**	**-69,587.1**	**-49,782.0**	**-290.5**	**-12,788.7**	**0.0**	**-12,788.7**	**-2,183.9**	**-352.5**	**0.0**	**-352.5**	**-909.9**	**-3,779.6**	**500.0**	**0.0**	**500.0**
Increases in Grants and Contributions		20,949.1	**20,949.1**		-1,898.8		777.0	**777.0**			-59.9	**-59.9**				22,130.8	**22,130.8**
Total Savings & Income & Grant	**-69,296.6**	**20,658.6**	**-48,638.0**	**-49,782.0**	**-2,189.3**	**-12,788.7**	**777.0**	**-12,011.7**	**-2,183.9**	**-352.5**	**-59.9**	**-412.4**	**-909.9**	**-3,779.6**	**500.0**	**22,130.8**	**22,630.8**
RESERVES																	
Contributions to reserves	36,699.7	0.0	**36,699.7**	0.0	0.0	0.0		**0.0**	0.0	0.0		**0.0**	160.0	36,539.7	0.0		**0.0**
Removal of prior year Contributions	-24,739.6	0.0	**-24,739.6**	0.0	0.0	0.0		**0.0**	0.0	0.0		**0.0**	-160.0	-24,579.6	0.0		**0.0**
Drawdowns from reserves	-829.2	-350.5	**-1,179.7**	-567.2	-350.5	0.0		**0.0**	0.0	-262.0		**-262.0**	0.0	0.0	0.0		**0.0**
Removal of prior year Drawdowns	5,318.9	3,811.0	**9,129.9**	567.2	3,811.0	0.0		**0.0**	0.0	262.0		**262.0**	0.0	4,489.7	0.0		**0.0**
Net impact on MTFP	**16,449.8**	**3,460.5**	**19,910.3**	**0.0**	**3,460.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**16,449.8**	**0.0**	**0.0**	**0.0**
NET CHANGE	**148,636.1**	**0.0**	**148,636.1**	**46,498.4**	**0.0**	**54,003.8**	**0.0**	**54,003.8**	**7,921.4**	**248.7**	**0.0**	**248.7**	**-2,747.8**	**14,913.4**	**27,798.2**	**0.0**	**27,798.2**
Outstanding Actions for Securing Kent's Future	**-48,796.0**		**-48,796.0**												**-48,796.0**		**-48,796.0**
NET BUDGET REQUIREMENT	**1,415,450.7**	**0.0**	**1,415,450.7**	**573,928.8**	**0.0**	**414,356.8**	**0.0**	**414,356.8**	**202,870.4**	**33,367.6**	**0.0**	**33,367.6**	**81,241.2**	**130,975.6**	**-21,289.7**	**0.0**	**-21,289.7**
MEMORANDUM:																	
The net impact on our reserves balances is:																	
Contributions to Reserves	36,699.7	0.0	36,699.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	160.0	36,539.7	0.0	0.0	0.0
Drawdowns from Reserves	-829.2	-350.5	-1,179.7	-567.2	-350.5	0.0	0.0	0.0	0.0	-262.0	0.0	-262.0	0.0	0.0	0.0	0.0	0.0
Net movement in Reserves	**35,870.5**	**-350.5**	**35,520.0**	**-567.2**	**-350.5**	**0.0**	**0.0**	**0.0**	**0.0**	**-262.0**	**0.0**	**-262.0**	**160.0**	**36,539.7**	**0.0**	**0.0**	**0.0**

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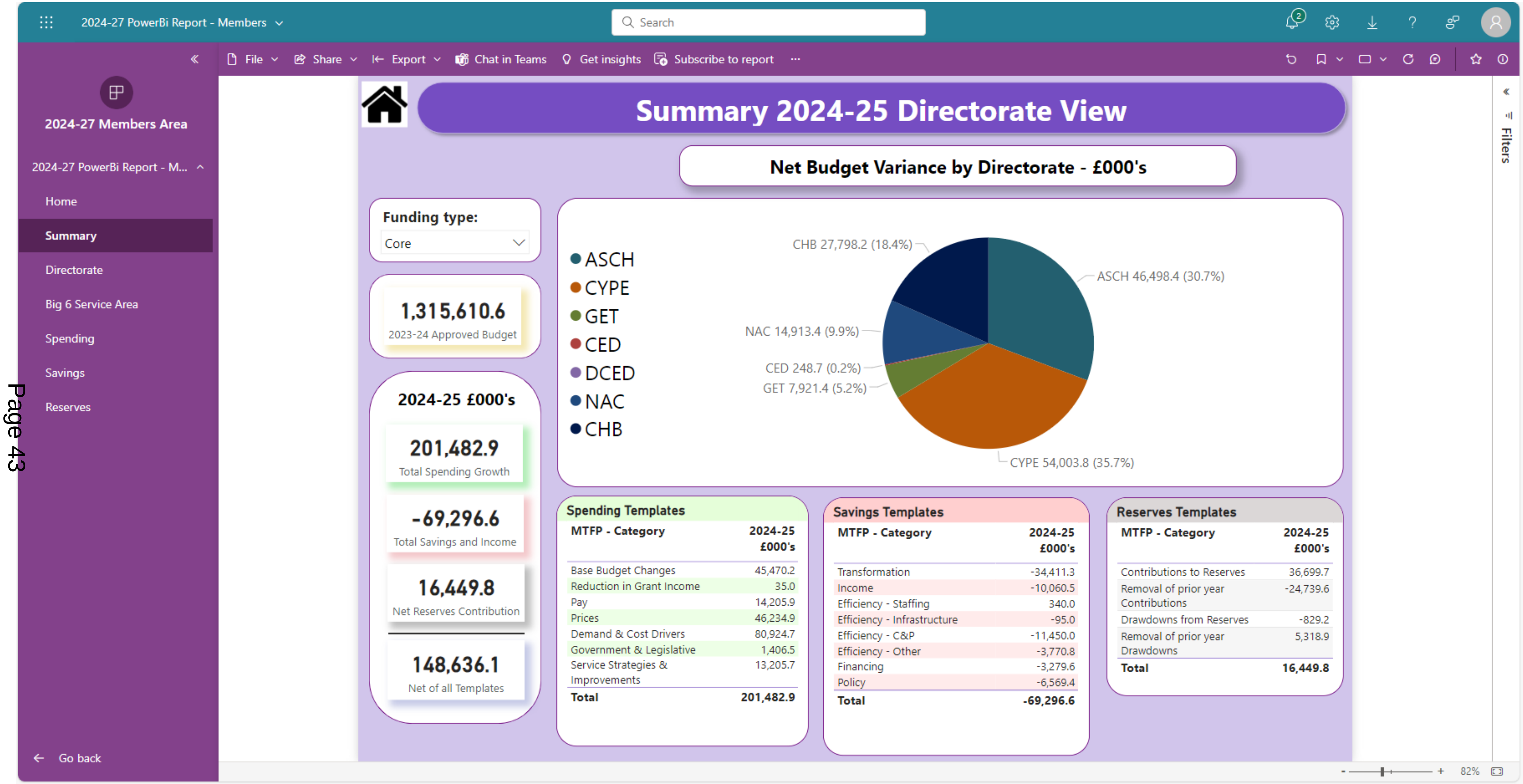
APPENDIX C



Spending Templates

MTFP - Category	2024-25 £000's
Base Budget Changes	45,470.2
Reduction in Grant Income	35.0
Pay	14,205.9
Prices	46,234.9
Demand & Cost Drivers	80,924.7
Government & Legislative	1,406.5
Service Strategies & Improvements	13,205.7
Total	**201,482.9**

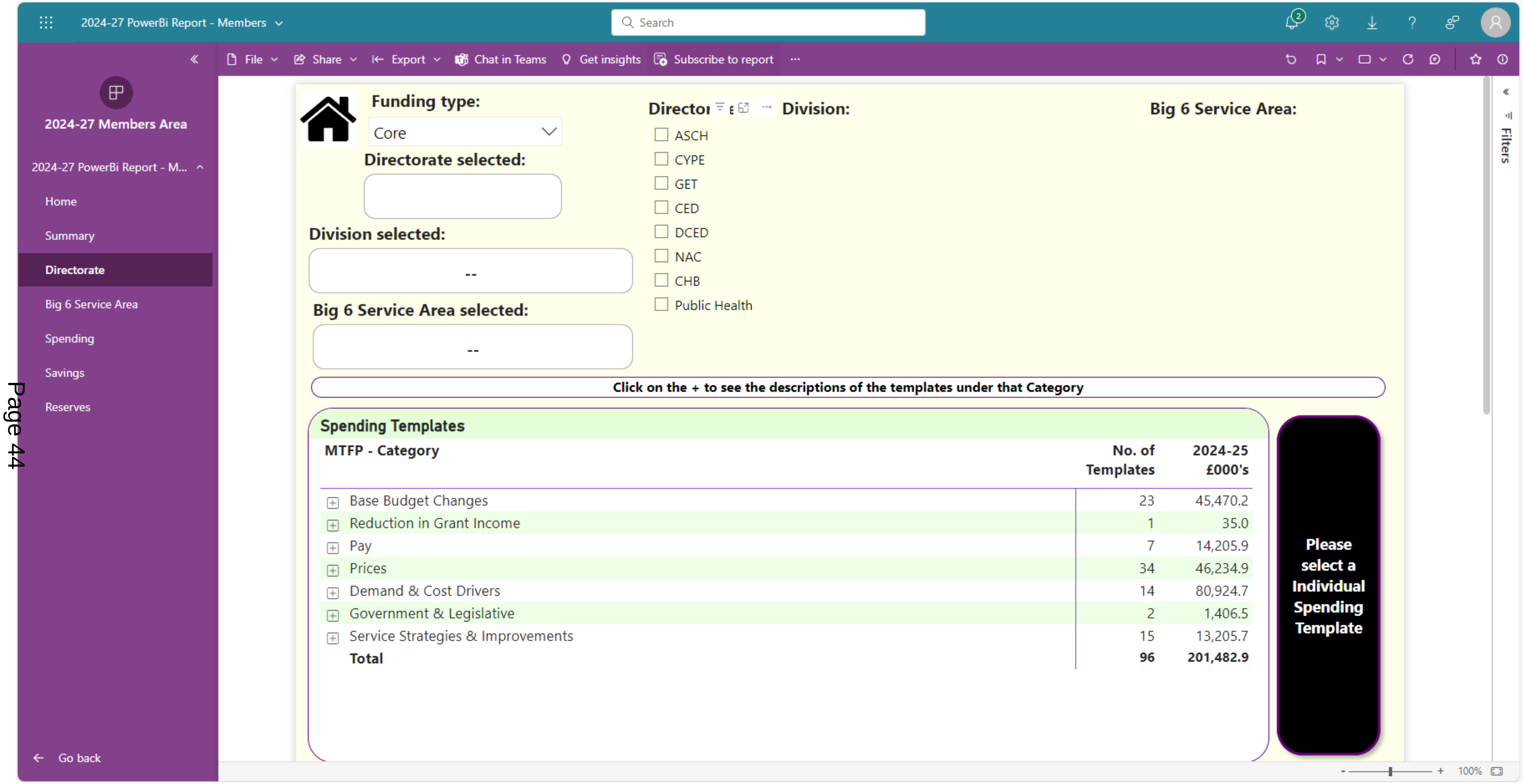
Savings Templates

MTFP - Category	2024-25 £000's
Transformation	-34,411.3
Income	-10,060.5
Efficiency - Staffing	340.0
Efficiency - Infrastructure	-95.0
Efficiency - C&P	-11,450.0
Efficiency - Other	-3,770.8
Financing	-3,279.6
Policy	-6,569.4
Total	**-69,296.6**

Reserves Templates

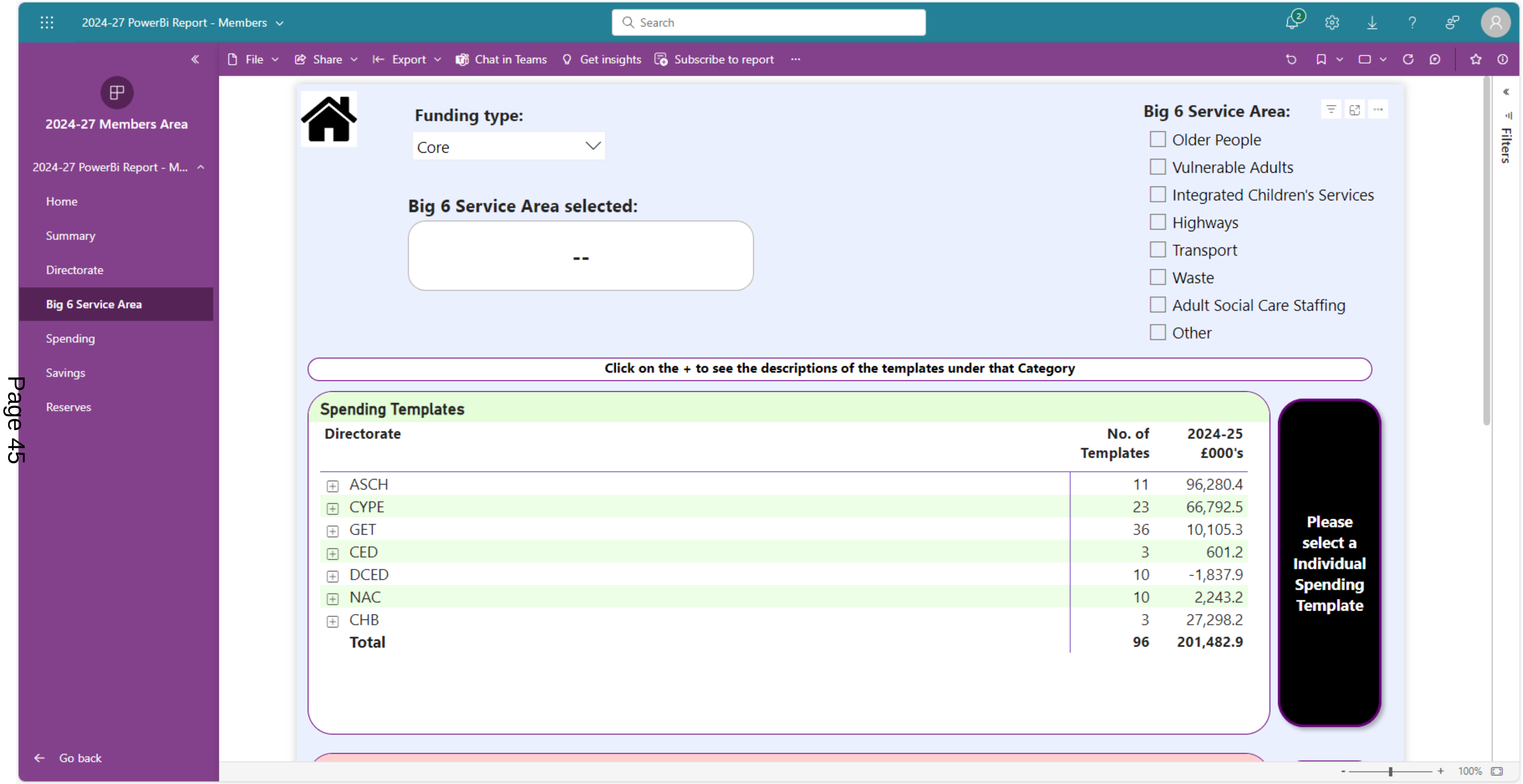
MTFP - Category	2024-25 £000's
Contributions to Reserves	36,699.7
Removal of prior year Contributions	-24,739.6
Drawdowns from Reserves	-829.2
Removal of prior year Drawdowns	5,318.9
Total	**16,449.8**

APPENDIX C



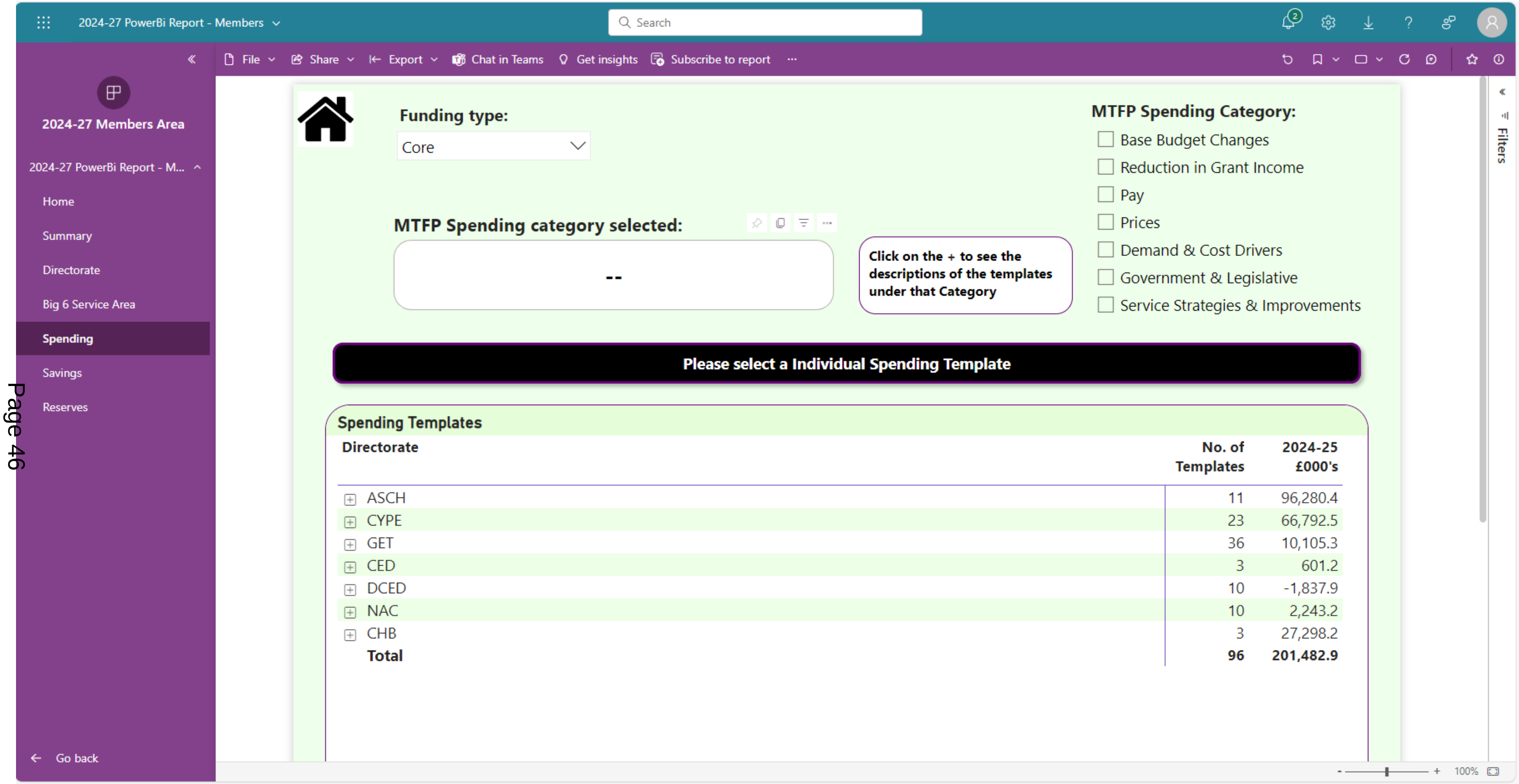
MTFP - Category	No. of Templates	2024-25 £000's
Base Budget Changes	23	45,470.2
Reduction in Grant Income	1	35.0
Pay	7	14,205.9
Prices	34	46,234.9
Demand & Cost Drivers	14	80,924.7
Government & Legislative	2	1,406.5
Service Strategies & Improvements	15	13,205.7
Total	**96**	**201,482.9**

APPENDIX C



Directorate	No. of Templates	2024-25 £000's
ASCH	11	96,280.4
CYPE	23	66,792.5
GET	36	10,105.3
CED	3	601.2
DCED	10	-1,837.9
NAC	10	2,243.2
CHB	3	27,298.2
Total	**96**	**201,482.9**

APPENDIX C



Directorate	No. of Templates	2024-25 £000's
ASCH	11	96,280.4
CYPE	23	66,792.5
GET	36	10,105.3
CED	3	601.2
DCED	10	-1,837.9
NAC	10	2,243.2
CHB	3	27,298.2
Total	**96**	**201,482.9**

APPENDIX C

2024-27 PowerBi Report - Members

Search

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2024-27 Members Area

2024-27 PowerBi Report - M...

- Home
- Summary
- Directorate
- Big 6 Service Area
- Spending
- **Savings**
- Reserves

Go back

Funding type: Core

MTFP Savings Category:

- Transformation
- Income
- Increases in Grants and Contribut...
- Efficiency - Staffing
- Efficiency - Infrastructure
- Efficiency - C&P
- Efficiency - Other
- Financing
- Policy

MTFP Savings category selected:

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Click on the + to see the descriptions of the templates under that Category

Please select a Individual Savings Template

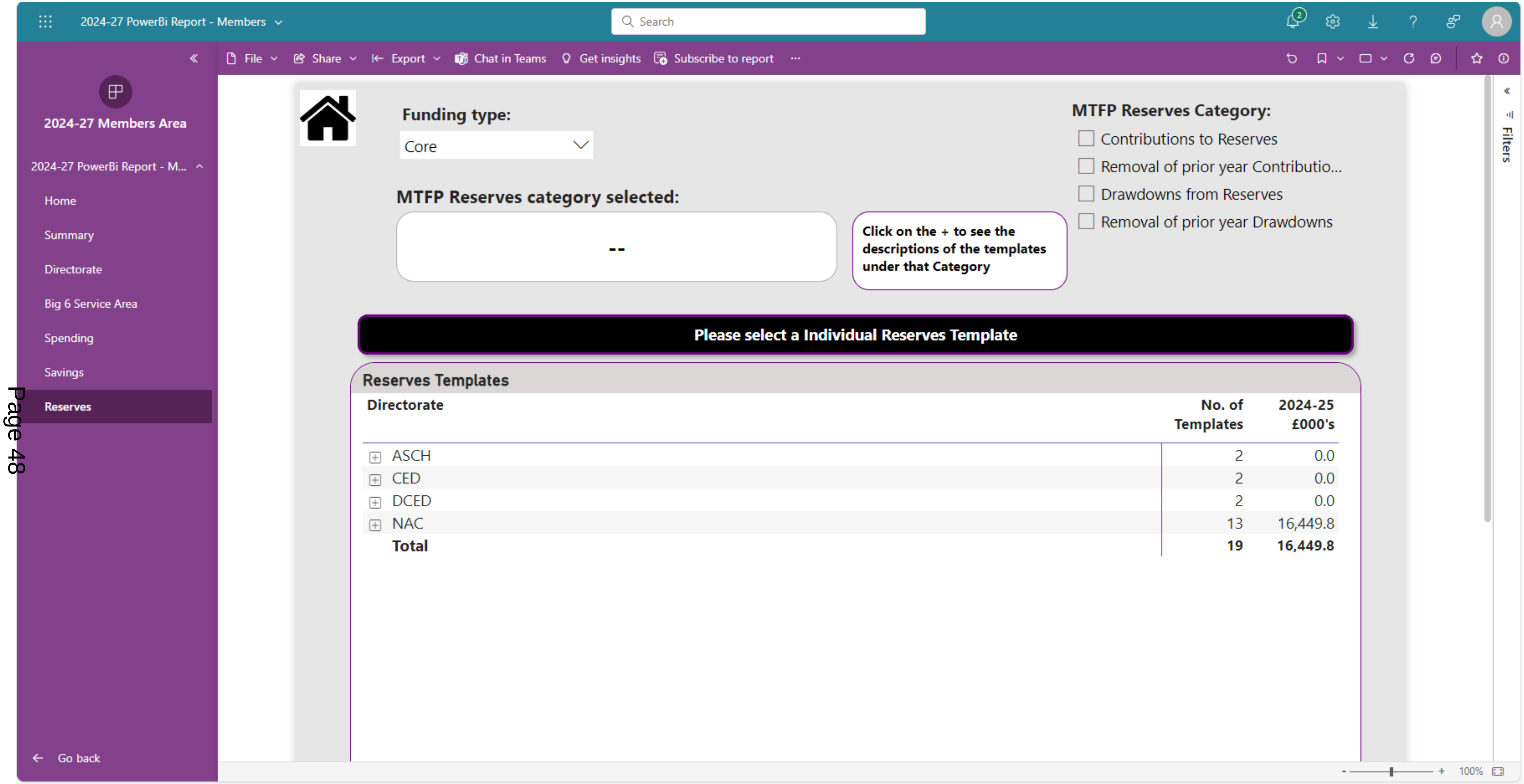
Savings Templates

Directorate	No. of Templates	2024-25 £000's
ASCH	22	-49,782.0
CYPE	17	-12,788.7
GET	19	-2,183.9
CED	3	-352.5
DCED	3	-909.9
NAC	3	-3,779.6
CHB	1	500.0
Total	**68**	**-69,296.6**

Filters

100%

APPENDIX C



Directorate	No. of Templates	2024-25 £000's
ASCH	2	0.0
CED	2	0.0
DCED	2	0.0
NAC	13	16,449.8
Total	**19**	**16,449.8**

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

177,363.8

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Base Budget Changes	ASCH	Dan Watkins	Adult Social Care	Realignment of Vulnerable Adults budget to reflect underlying pressure forecast in 2023-24	9,900.0	Vulnerable Adults	Core
Base Budget Changes	ASCH	Dan Watkins	Adult Social Care	Realignment of Older People budget to reflect underlying pressure forecast in 2023-24	7,000.0	Older People	Core
Base Budget Changes	CED	Roger Gough	Safeguarding Adults	Removal of Review Manager at the end of the two year fixed term appointment for dealing with the increased number of Adult Safeguarding reviews being undertaken and to free up capacity to undertake development work for the Safeguarding Adults Board	-55.4	Adult Social Care staffing	Core
Base Budget Changes	CHB	Peter Oakford	Corporately Held Contingency	Emerging pressures contingency for risk of inability to deliver against approved budget estimates due to unforeseen changes in external factors that arise after the budget is set	14,000.0	Other	Core
Base Budget Changes	CHB	Dylan Jeffrey	Pay and Reward	Release of 2023-24 unallocated pay and reward allocation. The costs of the pay award and increase in annual leave entitlement for some staff were less than assumed when the 2023-24 budget was set	-201.8	Other	Core
Base Budget Changes	CYPE	Rory Love	Home to school transport	Realignment of the home to school transport budget to reflect the full year effect of the cost and number of children being transported in 2023-24	10,900.0	Transport	Core
Base Budget Changes	CYPE	Sue Chandler	Children's Social Care	Realignment of looked after children's placement budget to reflect the increase in cost of supporting children due to the market and complexity, and the number of children in different placement types in 2023-24	7,950.0	Integrated Children's Services	Core
Base Budget Changes	CYPE	Sue Chandler	Children's Social Care	Realignment of children in need packages of care budget to reflect the cost of home support services including daycare and direct payments seen in 2023-24	2,121.0	Integrated Children's Services	Core
Base Budget Changes	CYPE	Sue Chandler	18-25 placements	Realignment of the 18-25 Adult Learning & Physical Disability Community Services budget to reflect the increase in cost of supporting these clients in 2023-24	695.0	Vulnerable Adults	Core
Base Budget Changes	DCED	Peter Oakford	KCC Estate Energy	Reduction in the price of gas and electricity for the KCC estate in 2023-24 compared to the assumptions at the time of setting the budget	-3,000.0	Other	Core
Base Budget Changes	GET	Susan Carey	Waste prices	Realignment of prices for a variety of waste streams within the Materials Recycling Facilities contract	960.0	Waste	Core
Base Budget Changes	GET	Susan Carey	Waste haulage costs	Right sizing of budget for waste haulage contracts due to inflation being higher than the increase assumed in the 2023-24 budget	623.9	Waste	Core
Base Budget Changes	GET	Susan Carey	Waste Facilities	Right sizing of budget for household waste recycling centre and waste transfer station management fees and rent due to higher inflation than assumed in the 2023-24 budget	257.9	Waste	Core
Base Budget Changes	GET	Clair Bell	Coroners	Rightsize budget for post mortems, Coroner's pay, Senior Coroner fees, pathologists fees and funeral director costs due to increasing number and complexity of cases	223.0	Other	Core
Base Budget Changes	GET	Clair Bell	Trading Standards	Delay in achieving income from Trading Standards Checked service due to economic climate which was originally planned for 2021 -22	-40.0	Other	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Base Budget Changes	GET	Neil Baker	Public Transport	Removal of budget for the public transport smartcard following the winding down of the scheme	-48.0	Transport	Core
Base Budget Changes	GET	Susan Carey	Waste income from paper & card	An increase in the price per tonne received for recycled paper and card	-485.8	Waste	Core
Base Budget Changes	GET	Neil Baker	Streetlight Energy	Figure has been adjusted to reflect additional costs of £475k to upgrade from 3g to 4g due to third party providers removing 3g capability in 24/25. This is required for functionality of the CMS and LED street lighting management	-1,959.9	Highways	Core
Base Budget Changes	NAC	Peter Oakford	Insurance	Rightsize budget for increase in insurance premiums	564.5	Other	Core
Base Budget Changes	NAC	Peter Oakford	Other Non Attributable costs	Payment to Kent Fire and Rescue Service of 3% share of the Retained Business Rates levy in line with the Kent Business Rates pool agreement	90.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Environment Agency Levy	Rightsize budget for the Environment Agency Levy as the increase in 2023-24 was lower than anticipated when the budget was set	-8.2	Other	Core
Base Budget Changes	NAC	Peter Oakford	Non Attributable Costs	Removal of budget for Transferred Services Pensions as these payments have now ceased	-16.0	Other	Core
Base Budget Changes	NAC	Peter Oakford	Capital Financing Costs	Reduction in debt charges from 2023-24 due to decisions taken by Members to contain the capital programme, significant levels of re-phasing of the capital programme in 2022-23 and changes in interest rates	-4,000.0	Other	Core
TOTAL BASE BUDGET CHANGES					**45,470.2**		**Core**
Demand & Cost Drivers	ASCH	Dan Watkins	Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers including young people coming into Adult Social Care through transition, and additional costs arising for existing clients and for those new clients whose needs are becoming more complex- Vulnerable Adults	34,945.3	Vulnerable Adults	Core
Demand & Cost Drivers	ASCH	Dan Watkins	Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers including young people coming into Adult Social Care through transition, and additional costs arising for existing clients and for those new clients whose needs are becoming more complex- Older People	15,656.7	Older People	Core
Demand & Cost Drivers	CYPE	Rory Love	Home to School transport - SEN	Estimated impact of rising pupil population on SEN Home to School and College Transport	15,500.0	Transport	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services - number of children & increasing packages of support	6,371.5	Integrated Children's Services	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers expected through transition into adulthood from Children's Social Care, additional costs arising for existing clients and for those new clients whose needs are becoming more complex.	3,400.0	Vulnerable Adults	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Children's Social Care	Estimated impact of an increase in the population of children in Kent, leading to increased demand for children's social work and disabled children's services - complexity of packages	2,260.0	Integrated Children's Services	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Demand & Cost Drivers	CYPE	Rory Love	Home to School transport - Mainstream	Estimated impact of rising pupil population on Mainstream Home to School transport	1,400.0	Transport	Core
Demand & Cost Drivers	CYPE	Sue Chandler	Care Leavers	Estimated increase in number of children supported by the care leaver service	250.0	Integrated Children's Services	Core
Demand & Cost Drivers	GET	Susan Carey	Waste - tonnage changes	Estimated impact of changes in waste tonnage as a result of population and housing growth	936.7	Waste	Core
Demand & Cost Drivers	GET	Clair Bell	Coroners	Increase in budget for toxicology analysis due to increasing number and complexity of cases	60.0	Other	Core
Demand & Cost Drivers	GET	Clair Bell	Trading Standards	Increase in legal costs as a result of more Crown Court cases	55.0	Other	Core
Demand & Cost Drivers	GET	Susan Carey	Planning Applications	Costs of the independent examination of the Minerals & Waste Local Plan by the Planning Inspectorate in the summer of 2024	50.0	Other	Core
Demand & Cost Drivers	GET	Neil Baker	Streetlight energy & maintenance	Adoption of new streetlights at new housing developments and associated increase in energy costs	27.5	Highways	Core
Demand & Cost Drivers	GET	Clair Bell	Public Rights of Way	Adoption of new routes	12.0	Other	Core
TOTAL DEMAND & COST DRIVERS					**80,924.7**		**Core**
Government & Legislative	GET	Neil Baker	Highways	Costs of meeting our statutory duties in relation to inspection of bridges and structures and complying with the Tunnels Regulations	960.0	Highways	Core
Government & Legislative	GET	Susan Carey	Waste charging	Loss of income from removal of charging for disposal of non DIY waste materials at Household Waste Recycling centres following change in legislation	446.5	Waste	Core
TOTAL GOVERNMENT & LEGISLATIVE					**1,406.5**		**Core**
Pay	CHB	Dylan Jeffrey	Pay and Reward	Contribution to pay pot and impact on base budget of uplifting pay grades in accordance with single pay reward scheme including the revision of lower Kent Scheme pay scales to further increase the differential between the lowest pay range and the Foundation Living Wage and increasing the annual leave entitlement for some staff. This is the subject of pay bargaining with Trade Unions.	13,500.0	Other	Core
Pay	CYPE	Sue Chandler	Agency Staff	Uplift in pay budget in line with average earnings for posts which are temporarily covered by agency staff- Integrated Children's Services	332.0	Integrated Children's Services	Core
Pay	CYPE	Rory Love	Agency Staff	Uplift in pay budget in line with average earnings for posts which are temporarily covered by agency staff - Special Educational Needs	181.0	Other	Core
Pay	CYPE	Sue Chandler	Agency Staff	Uplift in pay budget in line with average earnings for posts which are temporarily covered by agency staff - lifespan pathway 0-25	40.0	Integrated Children's Services	Core
Pay	GET	Clair Bell	Public Protection	Increase in staffing costs and consumables within Kent Scientific Services to deliver scientific testing which are offset by increased income	49.0	Other	Core
Pay	GET	Clair Bell	Coroners	Increase in pay for senior, area and assistant coroners in accordance with the pay award agreed by the national Joint Negotiating Committee for Coroners	36.0	Other	Core
Pay	NAC	Peter Oakford	Apprenticeship Levy	Increase in the Apprenticeship Levy in line with the pay award	67.9	Other	Core
TOTAL PAY					**14,205.9**		**Core**

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Vulnerable Adults	14,317.2	Vulnerable Adults	Core
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Older People	10,075.9	Older People	Core
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement - Older People	2,155.1	Older People	Core
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages funded by the Market Sustainability and Improvement Fund included in the provisional local government finance settlement - Vulnerable Adults	1,934.1	Vulnerable Adults	Core
Prices	CYPE	Rory Love	Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport	4,933.0	Transport	Core
Prices	CYPE	Sue Chandler	Children's Social Care	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - Integrated Children's Services	4,513.0	Integrated Children's Services	Core
Prices	CYPE	Sue Chandler	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Vulnerable Adults 18-25	2,447.0	Vulnerable Adults	Core
Prices	CYPE	Sue Chandler	Children's Social Care	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - lifespan pathway 0-25	937.0	Integrated Children's Services	Core
Prices	CYPE	Rory Love	Kent Travel Saver & Kent 16+ Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent 16+ Travel Saver	210.0	Transport	Core
Prices	CYPE	Rory Love	Non specific price provision	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses - Children, Young People & Education	180.0	Other	Core
Prices	CYPE	Rory Love	Facilities Management	Estimated future price uplift to new Facilities Management contracts - schools	91.0	Other	Core
Prices	CYPE	Sue Chandler	Children's Social Care	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance	73.0	Integrated Children's Services	Core
Prices	DCED	Peter Oakford	Facilities Management	Estimated future price uplift to new Facilities Management contracts - Corporate Landlord	867.7	Other	Core
Prices	DCED	Peter Oakford	Corporate Landlord	Provision for price inflation for rates for the office estate	417.4	Other	Core
Prices	DCED	Peter Oakford	Cantium Business Solutions (CBS)	Inflationary uplift on the CBS ICT contract	390.3	Other	Core
Prices	DCED	Peter Oakford	Technology contracts	Provision for price inflation on Third Party ICT related contracts	272.2	Other	Core
Prices	DCED	Peter Oakford	Corporate Landlord	Provision for price inflation for rent for the office estate	269.6	Other	Core
Prices	DCED	Peter Oakford	Kent Commercial Services (KCS)	Inflationary uplift on the KCS HR Connect contract	109.6	Other	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Prices	DCED	Dylan Jeffrey	Contact Centre	Price inflation on Agilisys contract for provision of Contact Centre	103.9	Other	Core
Prices	DCED	Peter Oakford	KCC Estate Energy	Anticipated price change on energy contracts for the KCC estate as estimated by Commercial Services	-948.6	Other	Core
Prices	GET	Neil Baker	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Highways contracts	1,170.3	Highways	Core
Prices	GET	Susan Carey	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Waste contracts	1,117.6	Waste	Core
Prices	GET	Neil Baker	Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services - subsidised bus routes	584.0	Transport	Core
Prices	GET	Neil Baker	Kent Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent Travel Saver	463.5	Transport	Core
Prices	GET	Neil Baker	Highways Management	The handing back of the urban grass cutting and rural verge mowing contract by Folkestone & Hythe District Council	100.0	Highways	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Public Rights of Way contracts	81.7	Other	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Coroners Funeral Directors contract	37.0	Other	Core
Prices	GET	Clair Bell	Coroners	Provision for inflationary increase in specialist pathologist fees	25.5	Other	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - Coroners Post Mortem contract	21.2	Other	Core
Prices	GET	Clair Bell	Contract related inflation	Provision for price inflation related to Highways, Waste and other contracted services (based on contractual indices) - annual uplift to the SLA with Tunbridge Wells Borough Council for the running costs of the Amelia	13.0	Other	Core
Prices	GET	Clair Bell	Other Transport Related inflation	Provision for price inflation related to other transport services including subsidised bus services - Mobile libraries fuel	5.0	Other	Core
Prices	GET	Neil Baker	Streetlight Energy	Provision for price changes related to Streetlight energy as estimated by Commercial Services	-777.3	Highways	Core
Prices	NAC	Peter Oakford	Levies	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	23.8	Other	Core
Prices	NAC	Peter Oakford	Non specific price provision	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses - increase in Inshore Sea Fisheries Conservation Area (IFCA) Levy	21.2	Other	Core
TOTAL PRICES					**46,234.9**		**Core**
Reduction in Grant Income	GET	Clair Bell	EU funding	Replace a reduction in EU Funding ensuring sufficient resource is available to continue delivering the Positive Wellbeing Service at current levels	35.0	Older People	Core
TOTAL REDUCTION IN GRANT INCOME					**35.0**		**Core**

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions - Older People	256.3	Older People	Core
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions - Vulnerable Adults	81.8	Vulnerable Adults	Core
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Safeguarding	Removal of two year pilot to combat Serious and Organised Crime	-42.0	Adult Social Care staffing	Core
Service Strategies & Improvements	CED	Peter Oakford	Partnership Arrangements with District Councils	Incentive payments for Kent District Councils to remove the remaining empty property discounts to maximise council tax, and reimburse Kent District Councils for temporary discretionary council tax discounts provided for properties affected by fire or flooding	541.1	Other	Core
Service Strategies & Improvements	CED	Peter Oakford	Member Allowances	Uplift to Member Allowances	115.5	Other	Core
Service Strategies & Improvements	CYPE	Rory Love	Special Educational Needs	Increase in staff numbers in SEN service to support improved quality of Education Health & Care Plans	2,000.0	Other	Core
Service Strategies & Improvements	CYPE	Sue Chandler	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions - Vulnerable Adults 18-25	8.0	Vulnerable Adults	Core
Service Strategies & Improvements	DCED	Peter Oakford	Oakwood House Development	Removal of holding costs and loss of income in the short term once Oakwood House is no longer operational, offset by savings in the longer term following change of use	-320.0	Other	Core
Service Strategies & Improvements	GET	Neil Baker	Highways	Increased highway spend in line with additional Outcome allocation for 2024/24. Activity focused on supporting the front line operational activities across the highway network as follows: Service improvement: £2.4m to enhance the national pothole funding Unavoidable (realignment): £1.2m committed HTMC operational impact on district teams £1.0m to drainage to realign budget for current activity levels £0.4m to winter service to realign for current activity projections	5,000.0	Highways	Core
Service Strategies & Improvements	GET	Clair Bell	Country Parks	Change the funding of improvements and adaptations to country parks from capital to revenue	70.0	Other	Core
Service Strategies & Improvements	GET	Clair Bell	Sports Facilities	Change the funding of refurbishment and provision of sports facilities and community projects from capital to revenue	37.5	Other	Core
Service Strategies & Improvements	GET	Clair Bell	Village Halls & Community Centres	Change the funding of grants for improvements and adaptations to village halls and community centres from capital to revenue	37.5	Other	Core
Service Strategies & Improvements	GET	Derek Murphy	Economic Development Recovery Plan	Removal of time limited funding for re-design of the service and additional staffing and consultancy capacity to draft and deliver the Economic Recovery Plan/Economic Strategy following the Covid pandemic	-80.0	Other	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Service Strategies & Improvements	NAC	Peter Oakford	Project Prime	Loss of income from a review of contract with Commercial Services Group, specifically due to the removal of buy back of services	3,000.0	Other	Core
Service Strategies & Improvements	NAC	Peter Oakford	Capital Programme	The impact on debt charges of the review of the 2021-24 capital programme.	2,500.0	Other	Core
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**13,205.7**		**Core**
Demand & Cost Drivers	Public Health	Dan Watkins	Public Health	Estimated increase in internal recharges for support services	375.1	Other	External
Demand & Cost Drivers	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of additional temporary funding for reducing waiting lists for Postural Stability	-60.4	Other	External
TOTAL DEMAND & COST DRIVERS					**314.7**		**External**
Government & Legislative	CED	Roger Gough	Domestic Abuse New Burdens	Costs of undertaking domestic abuse support in safe accommodation duties funded by specific grant	59.9	Other	External
Government & Legislative	CHB	Peter Oakford	Household Support Fund	Removal of the extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022	-22,130.8	Other	External
Government & Legislative	CYPE	Sue Chandler	Family Hubs	Estimated reduction in our share of the DfE/DHSC Family Hubs and Start for Life grant	-777.0	Integrated Children's Services	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Targeted housing support interventions for people in drug and alcohol treatment funded by Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	23.1	Other	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in substance misuse services funded by Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	7.5	Other	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Removal of wraparound and engagement and community treatment funded by one-off Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities in 2023-24	-520.2	Other	External
TOTAL GOVERNMENT & LEGISLATIVE					**-23,337.5**		**External**
Pay	Public Health	Dan Watkins	Public Health Pay	Estimated net impact of KCC pay award and other adjustments for KCC Public Health staff	505.1	Other	External
TOTAL PAY					**505.1**		**External**
Prices	Public Health	Dan Watkins	Public Health contracts	Estimated increase in public health contract values linked to the NHS Agenda for change pay increases	614.2	Other	External
Prices	Public Health	Dan Watkins	Public Health - Sexual Health	Contractual increases in other services including Sexual Health and Health Improvement	353.2	Other	External
TOTAL PRICES					**967.4**		**External**
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in Substance Misuse services funded by Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	1,412.9	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Other	Removal of additional temporary investment in other minor service improvements	-20.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of temporary investment in Public Health services to promote and support health visiting	-118.4	Other	External

APPENDIX D: 2024-25 DRAFT BUDGET - SPENDING PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of spending increase	A6iii - Brief description of spending increase	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Spending Template relate to?	E3i - Is this Externally or Core funded?
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of additional temporary investment in Public Health services to promote and support Healthy Lifestyles	-195.4	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Sexual Health	Removal of additional temporary investment in Public Health Sexual Health Services	-212.9	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of temporary public health contribution towards the voluntary sector in 2023-24	-350.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Children's Programme	Removal of additional temporary investment in counselling services for children	-1,085.0	Other	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Mental Health	Removal of one-off public health investment in Live Well Kent in 2023-24	-2,000.0	Other	External
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**-2,568.8**		**External**

APPENDIX D: 2024-25 DRAFT BUDGET - SAVINGS PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of saving/income	A6iii - Brief description of saving/income	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Saving/ Income Template relate to?	E3 - Is this Externally or Core Funded?
					-48,638.0		
Policy	ASCH	Dan Watkins	Adult Social Care Charging	Review of the Adults Charging Policy, in line with Care Act legislation and the statutory guidance	-1,250.0	Vulnerable Adults	Core
Policy	CED	Peter Oakford	Partnership arrangements with District Councils	Cease Early Intervention Payments to District Councils	-82.5	Other	Core
Policy	CED	Peter Oakford	Member Services	End Select Committees and Short Focused Inquiries	-20.0	Other	Core
Policy	CYPE	Sue Chandler	Review of Open Access - Youth Services & Children's Centres	Review of open access services in light of implementing the Family Hub model	-1,500.0	Integrated Children's Services	Core
Policy	CYPE	Rory Love	Services to Schools	Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs	-1,200.0	Other	Core
Policy	CYPE	Rory Love	SEN Transport	Introduction of charging for post 16 SEN transport and reductions to the Post 19 transport offer	-781.0	Transport	Core
Policy	CYPE	Sue Chandler	Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	100.0	Integrated Children's Services	Core
Policy	CYPE	Rory Love	Kent 16+ Travel Saver	Removal of undeliverable 2023-24 saving and review the Kent 16+ Travel Saver scheme	250.0	Transport	Core
Policy	DCED	Peter Oakford	Corporate Landlord	Review of Office Assets	-763.9	Other	Core
Policy	DCED	Peter Oakford	Corporate Landlord	Review of Community Delivery including Assets	-101.0	Other	Core
Policy	GET	Susan Carey	Waste - Household Waste & Recycling Centres (HWRCs)	Review of the number and operation of HWRC sites	-616.0	Waste	Core
Policy	GET	Clair Bell	Review of Community Wardens	Review of Community Warden Service to deliver a £1m saving which is likely to result in an overall reduction in wardens	-500.0	Other	Core
Policy	GET	Clair Bell	Reduction of Trading Standards Budget	Adjustment of Trading Standards legal costs as Courts recover post-Covid	-55.0	Other	Core
Policy	GET	Susan Carey	Planning Applications	Savings from delayed recruitment	-50.0	Other	Core
TOTAL POLICY SAVINGS					**-6,569.4**		**Core**
Income	ASCH	Dan Watkins	Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - Older People	-4,773.1	Older People	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Older People	-2,188.0	Older People	Core
Income	ASCH	Dan Watkins	Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - Vulnerable Adults	-1,529.1	Vulnerable Adults	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Vulnerable Adults	-179.5	Vulnerable Adults	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SAVINGS PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of saving/income	A6iii - Brief description of saving/income	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Saving/ Income Template relate to?	E3 - Is this Externally or Core Funded?
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Adult Social Care Staffing	-99.8	Adult Social Care staffing	Core
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual inflationary increase in Better Care Fund - Integrated Community Equipment Service and Assistive Technology	-4.4	Other	Core
Income	CHB	Peter Oakford	Review of fees & charges	Removal of corporately held saving from a review of all fees and charges as these savings are reflected within the individual directorate proposals	500.0	Other	Core
Income	CYPE	Sue Chandler	Adoption Service	Adoption Service	-200.0	Integrated Children's Services	Core
Income	CYPE	Sue Chandler	Review of Charges for Service Users - existing service income streams & inflationary increases	Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams - 0-25	-123.7	Vulnerable Adults	Core
Income	CYPE	Rory Love	Kent 16+ Travel Saver	Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-94.0	Transport	Core
Income	GET	Neil Baker	Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-463.5	Transport	Core
Income	GET	Neil Baker	Highways	Increase in net income from recovery of costs from third parties for streetworks and permit scheme	-100.0	Highways	Core
Income	GET	Neil Baker	Highways	Income from traffic management penalties including contravening traffic restrictions, box junctions and bus lanes	-100.0	Highways	Core
Income	GET	Clair Bell	Public Protection	Increased income within Kent Scientific Services for toxicology analysis for the Coroners Service	-60.0	Other	Core
Income	GET	Clair Bell	Review of Charges for Service Users - existing service income streams & inflationary increases	A review of fees and charges across all KCC services, in relation to existing service income streams	-50.0	Other	Core
Income	GET	Clair Bell	Review of Charges for Service Users - existing service income streams & inflationary increases	Increased contribution from Medway Council under SLA relating to increasing costs for provision of Coroner service in Medway	-49.0	Other	Core
Income	GET	Clair Bell	Public Protection	Inflationary increase in income levels and pricing policy for Kent Scientific Services	-45.0	Other	Core
Income	GET	Clair Bell	Trading Standards	Inflationary increase in fees and charges	-1.4	Other	Core
Income	NAC	Peter Oakford	Income return from our companies	Estimated increase in the income contribution from our limited companies	-500.0	Other	Core
TOTAL INCOME					**-10,060.5**		**Core**
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign phase 2 of the ASCH restructure	Review and reshape the ASCH savings plans set out in the sustainability plan to deliver new models of social care, and reducing costs associated with care and support with a specific focus on growth - Vulnerable Adults	-15,745.3	Vulnerable Adults	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SAVINGS PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of saving/income	A6iii - Brief description of saving/income	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Saving/ Income Template relate to?	E3 - Is this Externally or Core Funded?
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign phase 2 of the ASCH restructure	Review and reshape the ASCH savings plans set out in the sustainability plan to deliver new models of social care, and reducing costs associated with care and support with a specific focus on growth - Older People	-8,856.7	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Older People's Residential & Nursing Care	Negotiate 5% reduction in Older People's Residential & Nursing contract expenditure	-8,000.0	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Care & Support in the Home	Negotiate 5% reduction in Care & Support in the Home contract expenditure	-3,400.0	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Continuation of of savings from earlier years from the redesign of the Adult Social Care operating model. This saving focuses on increasing the take up of direct payments for use on micro-enterprises, Personal Assistants - Vulnerable Adults	-1,581.4	Vulnerable Adults	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Continuation of of savings from earlier years from the redesign of the Adult Social Care operating model. This saving focuses on increasing the take up of Technology Enabled Care - Older People	-1,471.2	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Continuation of of savings from earlier years from the redesign of the Adult Social Care operating model. This saving focuses on increasing the take up of direct payments for use on micro-enterprises, Personal Assistants - Older People	-1,459.7	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care Equipment contract	Efficiencies from new contract for the supply of equipment for adult social care clients	-900.0	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Continuation of of savings from earlier years from the redesign of the Adult Social Care operating model. This saving focuses on increasing the take up of Technology Enabled Care - Vulnerable Adults	-577.8	Vulnerable Adults	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care	Regular review of new and existing care packages to ensure that they are achieving the best outcomes - Vulnerable Adults	-347.4	Vulnerable Adults	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care	Regular review of new and existing care packages to ensure that they are achieving the best outcomes - Older People	-309.4	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Continuation of of savings from earlier years from the redesign of the Adult Social Care operating model. This saving focuses on digital self service - by developing new, accessible and user-friendly ways for people to access clear information and support from adult social care when they need it. Includes the use of self-assessment and financial assessment tools so people can access this remotely - Vulnerable Adults	-212.1	Vulnerable Adults	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Continuation of of savings from earlier years from the redesign of the Adult Social Care operating model. This saving focuses on digital self service - by developing new, accessible and user-friendly ways for people to access clear information and support from adult social care when they need it. Includes the use of self-assessment and financial assessment tools so people can access this remotely - Older People	-195.8	Older People	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SAVINGS PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of saving/income	A6iii - Brief description of saving/income	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Saving/ Income Template relate to?	E3 - Is this Externally or Core Funded?
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Rephasing of 2023-24 service redesign saving - Older People	1,356.6	Older People	Core
Transformation & Efficiency	ASCH	Dan Watkins	Adult Social Care service redesign	Rephasing of 2023-24 service redesign saving - Vulnerable Adults	1,942.1	Vulnerable Adults	Core
Transformation & Efficiency	CED	Peter Oakford	Historic Pension Costs	Reduction in the number of Historic Pension Arrangements within CED Directorate	-250.0	Other	Core
Transformation & Efficiency	CYPE	Rory Love	Home to School transport - SEN	Estimated reduction to the impact of rising pupil population on SEN Home to School and College Transport	-6,300.0	Transport	Core
Transformation & Efficiency	CYPE	Sue Chandler	Looked After Children	Implement strategies to reduce the cost of packages for looked after children, including working with Health	-1,000.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Sue Chandler	Adult Social Care	Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health	-650.0	Vulnerable Adults	Core
Transformation & Efficiency	CYPE	Sue Chandler	Early Help & Preventative Services	Expanding the reach of caseholding Early Help services	-560.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Sue Chandler	Disabled Children's Placement and Support	Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health	-550.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Sue Chandler	Children's Social Care	Explore strategies, including statutory guidance, to reduce dependency on social work agency staff	-300.0	Integrated Children's Services	Core
Transformation & Efficiency	CYPE	Rory Love	Initiatives to increase use of Personal Transport Budgets	Initiatives to increase use of Personal Transport Budgets to reduce demand for Hired Transport	-300.0	Transport	Core
Transformation & Efficiency	CYPE	Rory Love	Historic Pension Costs	Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-180.0	Other	Core
Transformation & Efficiency	CYPE	Sue Chandler	Open Access - Youth & Children's Centres	Removal of one-off saving in 2023-24 from vacancy management and avoiding all non-essential spend across open access	600.0	Integrated Children's Services	Core
Transformation & Efficiency	DCED	Peter Oakford	Corporate Landlord	Property savings from a review of specialist assets	-45.0	Other	Core
Transformation & Efficiency	GET	Susan Carey	Improved Food Waste Recycling Rates	Work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates	-160.0	Waste	Core
Transformation & Efficiency	GET	Susan Carey	Waste - Household Waste & Recycling Centres (HWRCs)	Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost	-105.0	Waste	Core
Transformation & Efficiency	GET	Neil Baker	Highways	Renegotiate income levels to include inflationary uplift for permit scheme, lane rental scheme & National Driver Offender Retraining Scheme	-50.0	Highways	Core
Transformation & Efficiency	GET	Susan Carey	Windmills	Temporary reduction in spend on weatherproofing windmills	-50.0	Other	Core
Transformation & Efficiency	GET	Clair Bell	Kent Sport	Withdraw the remaining contribution to the KCC hosted Active Kent and Medway.	-28.0	Other	Core

APPENDIX D: 2024-25 DRAFT BUDGET - SAVINGS PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of saving/income	A6iii - Brief description of saving/income	A8i - 2024-25 Amount £000's - LATEST Figure	B1i - What priority service area (Big 6) does the Saving/ Income Template relate to?	E3 - Is this Externally or Core Funded?
Transformation & Efficiency	GET	Clair Bell	Libraries, Registration & Archives (LRA)	Removal of one-off reduction in 2023-24 in the Libraries Materials Fund and one year contribution holiday for the Mobile Libraries renewals reserve	-1.0	Other	Core
Transformation & Efficiency	GET	Susan Carey	Environment	Removal of one-off saving in 2023-24 from planned delay in recruiting to the new structure in the Environment Team	300.0	Other	Core
TOTAL TRANSFORMATION & EFFICIENCY SAVINGS					**-49,387.1**		**Core**
Financing	NAC	Peter Oakford	Investment Income	Increase in investment income largely due to the increase in base rate	-2,279.6	Other	Core
Financing	NAC	Peter Oakford	Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	Other	Core
TOTAL FINANCING SAVINGS					**-3,279.6**		**Core**
Policy	Public Health	Dan Watkins	Public Health	Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant	-9.2	Other	External
TOTAL POLICY SAVINGS					**-9.2**		**External**
Income	Public Health	Dan Watkins	Additional income linked to HIV prevention	Additional income from NHSE to fund increased costs linked to HIV prevention	-275.2	Other	External
Income	Public Health	Dan Watkins	Public Health	Estimated additional income for externally funded posts	-6.1	Other	External
TOTAL INCOME					**-281.3**		**External**
Increases in Grants and Contributions	CED	Roger Gough	Domestic Abuse	Increase in Domestic Abuse Duty grant to fund new burdens in providing domestic abuse support in safe accommodation	-59.9	Other	External
Increases in Grants and Contributions	CHB	Roger Gough	Household Support Fund	Removal of the extension of the Government funded Household Support Fund into 2023-24 as announced in the Chancellor's Autumn Statement on 17th November 2022	22,130.8	Other	External
Increases in Grants and Contributions	CYPE	Sue Chandler	Family Hubs	Estimated reduction in our share of the DfE/DHSC Family Hubs and Start for Life grant	777.0	Integrated Children's Services	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	-1,412.9	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health Grant	Estimated increase in Public Health Grant pending announcement from Department of Health and Social Care	-975.5	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	-23.1	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	-7.5	Other	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Remove one-off Rough Sleeping Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	520.2	Other	External
TOTAL INCREASES IN GRANTS & CONTRIBUTIONS					**20,949.1**		**External**

APPENDIX D: 2024-25 DRAFT BUDGET - RESERVES PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of reserve template	A6iii - Brief description of reserve template	A8i - 2024-25 Amount £000's - NEW Figure (19,910.3)	B1 - What priority service area does the Reserve Template relate to?	E3 - Is this Externally or Core Funded?
Contributions to reserves	NAC	Peter Oakford	Dedicated Schools Grant (DSG) Deficit - Safety Valve	KCC Contribution towards funding the DSG deficit as agreed with DfE as part of the Safety Valve agreement	15,100.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	General Reserves repayment	Repay the General Reserve over two years (2024-25 & 2025-26) for the drawdown required in 2022-23 to fund the overspend	11,050.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	General Reserves	Contribution to reserves in order to maintain general reserve at 5% of net revenue budget	5,100.0	Other	Core
Contributions to reserves	NAC	Peter Oakford	Corporate Reserves	Contribution to reserves to repay the drawdown required to balance the budget in 2023-24 in order to maintain financial resilience	4,289.7	Other	Core
Contributions to reserves	NAC	Peter Oakford	Emergency capital events reserve	Annual contribution to a new reserve for emergency capital works and revenue costs related to capital spend such as temporary accommodation, and condition surveys which don't result in capital works	1,000.0	Other	Core
Contributions to reserves	DCED	Peter Oakford	Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	160.0	Other	Core
TOTAL CONTRIBUTIONS TO RESERVES					**36,699.7**		**Core**
Drawdowns from reserves	ASCH	Dan Watkins	Drawdown corporate reserves	Fund the Kent Support and Assistance Service from Corporate Reserves for two years 2023-24 and 2024-25 - ASCH Directorate	-567.2	Other	Core
Drawdowns from reserves	CED	Roger Gough	Drawdown corporate reserves	Fund the Kent Support and Assistance Service from Corporate Reserves for two years 2023-24 and 2024-25 - CED Directorate	-262.0	Other	Core
TOTAL DRAWDOWNS FROM RESERVES					**-829.2**		**Core**
Removal of prior year Contributions	NAC	Peter Oakford	Risk Reserve	Removal of prior year one-off contribution to risk reserve (2023-24 increase in annual contribution)	-7,000.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	General Reserves	Removal of prior year one-off contribution to general reserve	-5,800.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Risk Reserve	Removal of prior year one-off contribution to risk reserve (original contribution)	-5,000.0	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year contribution to Local Taxation Equalisation smoothing reserve of Council Tax Collection Fund surplus above £7m assumed	-4,488.7	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Removal of contribution related to repayment of previous "borrowing" from reserves	Reduction & full removal of the annual repayment of the "borrowing" from reserves to support the budget in 2011-12, reflecting when the reserves will be fully repaid	-1,223.3	Other	Core
Removal of prior year Contributions	NAC	Peter Oakford	Local Taxation Equalisation - Business Rates Collection Fund	Removal of prior year contribution to the Local Taxation Equalisation smoothing reserve of the Business Rates Collection Fund surplus	-1,067.6	Other	Core
Removal of prior year Contributions	DCED	Peter Oakford	Facilities Management	Removal of prior year contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (2022-23 to 2026-27)	-160.0	Other	Core
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					**-24,739.6**		**Core**

APPENDIX D: 2024-25 DRAFT BUDGET - RESERVES PROPOSALS

A9 - MTFP Category	A2 - Directorate	A5 - Cabinet Member	A6ii - Headline description of reserve template	A6iii - Brief description of reserve template	A8i - 2024-25 Amount £000's - NEW Figure	B1 - What priority service area does the Reserve Template relate to?	E3 - Is this Externally or Core Funded?
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown corporate reserves	Removal of one-off use of reserves in 2023-24	4,289.7	Other	Core
Removal of prior year Drawdowns	ASCH	Dan Watkins	Drawdown corporate reserves	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service - ASCH Directorate	567.2	Other	Core
Removal of prior year Drawdowns	CED	Roger Gough	Remove prior year drawdown from Covid reserve	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service - CED Directorate	262.0	Other	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown corporate reserves	Removal of one-off drawdown from No Use Empty reserve in 2023-24	200.0	Other	Core
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**5,318.9**		**Core**
Drawdowns from reserves	Public Health	Dan Watkins	Public Health Reserves	Use of Public Health reserves to fund one-off costs and invest to save initiatives in 2024-25	-336.6	Other	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health Reserves	Use of Public Health reserves to balance 2024-25 budget plans	-13.9	Other	External
TOTAL DRAWDOWNS FROM RESERVES					**-350.5**		**External**
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of use of Public Health reserves to fund one-off costs in previous year	2,440.3	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of use of Public Health (Kent Community Health NHS Foundation Trust) reserves to fund one-off costs in previous year	1,313.9	Other	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Removal of use of Public Health (Maidstone & Tunbridge Wells NHS Trust) reserves to fund one-off costs in previous year	56.8	Other	External
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**3,811.0**		**External**

Key

ASCH	Adult Social Care & Health
CED	Chief Executive's Department
CHB	Corporately Held Budgets
CYPE	Children, Young People & Education
DCED	Deputy ChiefExecutive's Department
GET	Growth, Environment & Transport
NAC	Non Attributable Costs

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Reserves Policy

1. Background and Context

1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.

1.2. CIPFA issued Local Authority Accounting Panel (LAAP) Bulletin No.99, Guidance Note on Local Authority Reserves and Balances in July 2014, which updated previous Bulletins to reflect the new requirements of the International Financial Reporting Standards (IFRS) Code of Practice. In addition, during the period of financial austerity for the public sector, the Local Authority Accounting Panel considered it necessary to update the guidance on local authority reserves and balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.

1.3. All reserves are categorised as per the Local Authority Accounting Practice guidance, into the following groups:

- **Smoothing –** These are reserves which are used to manage large fluctuations in spend or income across years e.g., PFI equalisation reserves. These reserves recognise the differences over time between the unitary charge and PFI credits received.
- **Trading** – this reserve relates to the non-company trading entities of Laser and Commercial Services to cover potential trading losses and investment in business development.
- **Renewals for Vehicles Plant & Equipment** – these reserves should be supported by an asset management plan, showing projected replacement profile and cost. These reserves help to reduce fluctuations in spend.
- **Major projects –** set aside for future spending on projects.
- **Insurance** - To fund the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision, (potential or contingent liabilities)
- **Unspent grant/external funding** – these are for unspent grants which the Council is not required to repay, but which have restrictions on what they may be used for e.g., the Public Health grant must be used on public health services. This category also consists of time limited projects funded from ringfenced external sources.
- **Special Funds –** these are mainly held for economic development, tourism and regeneration initiatives.
- **Partnerships –** these are reserves resulting from Council partnerships and are usually ringfenced for the benefit of the partnership or are held for investing in shared priorities.
- **Departmental underspends –** these reserves relate to re-phasing of projects/initiatives and bids for use of year end underspending which are requested to roll forward into the following year.

1.4 Within the Statement of Accounts, reserves are summarised by the headings above. By categorising the reserves into the headings above, this is limited to the nine groups, plus Public Health, Schools and General. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

1.5 Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of ensuring the Council's strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.

1.6 Earmarked reserves are reviewed regularly as part of the monitoring process and annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three-year period.

2. Overview

2.1. The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement (AGS). Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management. The AGS includes an overview of the general financial climate which the Council is operating within and significant funding risks.

2.2. The Council will maintain:
- a general reserve; and
- a number of earmarked reserves.

2.3. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's aim is to hold general reserves of 5% of the net revenue budget to recognise the heightened financial risk the Council is facing.

3. Strategic context

3.1. The Council continues to face a shortfall in funding compared to spending demands and must annually review its priorities in order to address the shortfall.

3.2. The Council also relies on interest earned through investments of our cash balances to support its general spending plans.

3.3. Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan and one of the Council's financial principles is to stop the use of one-off funding to support the base budget. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long-term future planning.

4. Management and governance

4.1 Each reserve must be supported by a protocol. All protocols should have an end date and at that point any balance should be transferred to the general reserve. If there is a genuine reason for slippage then the protocol will need to be updated.

A questionnaire is completed by the relevant budget holder and reviewed by Finance to ensure all reserves comply with legislative and accounting requirements. A de-minimis limit has been set to avoid small funds being set up which could be managed within existing budgets or declared as an overspend and then managed collectively. This has been set at £250k.

4.2 Reserves protocols and questionnaires must be sent to the Chief Accountant's Team within Finance for review and will be approved by the Corporate Director of Finance, Corporate Management Team and then by the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services. Protocols should clearly identify contributions to and drawdowns from reserves, and these will be built into the MTFP and monitored on a quarterly basis.

Accessing reserves will only be for significant unusual spend, more minor fluctuations will be managed or declared as budget variances. In-year draw-downs from reserves will be subject to the governance process set out in the revised financial regulations. Ongoing recurring costs should not be funded from reserves. Any request contrary to this will only be considered during the budget setting process. The short term use of reserves may be agreed to provide time to plan for a sustainable funding solution in the following financial year.

Decisions on the use of reserves may be delayed until financial year end and will be dependent on the overall financial position of the council rather than the position of just one budget area.

The current Financial Regulations state:

Maintenance of reserves & provisions

A.24 The Corporate Director of Finance is responsible for:

i. proposing the Council's Reserves Policy.
ii. advising the Leader and the Council on prudent levels of reserves for the Authority when the annual budget is being considered having regard to assessment of the financial risks facing the Authority.
iii. ensuring that reserves are not only adequate but also necessary.
iv. ensuring that there are clear protocols for the establishment and use of each earmarked reserve. Reserves should not be held without a clear purpose or without a planned profile of spend and contributions, procedures for the reserves managements and control, and a process and timescale for review of the reserve to ensure continuing relevance and adequacy.
v. ensuring that all renewals reserves are supported by a plan of budgeted contributions, based on an asset renewal plan that links to the fixed asset register.
vi. ensuring that no money is transferred into reserves each financial year without prior agreement with him/herself.
vii. ensuring compliance with the reserves policy and governance procedures relating to requests from the strategic priority and general corporate reserves.

4.3. All reserves are reviewed as part of the monitoring process, the budget preparation, financial management and closing of accounts processes. Cabinet is presented with the monitoring of reserves on a regular basis and in the outturn report and the Council will consider a report from the S151 Officer on the adequacy of the level of reserves in the annual budget setting process. The report will contain estimates of reserves where necessary. The Governance and Audit Committee will consider actual reserves when approving the statement of accounts each year.

4.4. The following rules apply:

- Any in year use of the General Reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process.

- In considering the use of reserves, there will be no or minimal impairment to the Council's financial resilience unless there is no alternative.

4.5. The Council will review the Reserves Policy on an annual basis.

Budget risks and adequacy of reserves

The assessment of budget risks and the adequacy of reserves is even more important for 2024-25 initial draft budget and the medium-term plan due to the priority to restore the council's financial resilience as set out in Securing Kent's Future – Budget Recovery Strategy". The strategy recognises that the current in-year overspend on the scale forecast and the underlying causes from rising costs most notably in adult social care, children in care and home to school transport represent a fundamental risk to the council's ability to set a balanced budget for 2024-25 and a sustainable MTFP to 2026-27. Those risks are assessed in more detail In this section of the budget. In the circumstances it is more essential than ever that the Council is sufficiently financially resilient to avoid the risk of financial failure leading to the Council losing the ability to manage its finances. This section includes a new and separate assessment of the current position of the council against the key symptoms of financial stress identified by CIPFA in its report entitled "Building Financial Resilience".

The administration's initial draft budget and MTFP is informed by the best estimate of service costs and income based on the information currently available. Publishing the initial draft in November inevitably means these estimates are longer range and thus more likely to change for the final budget or when actual costs are incurred. It is also acknowledged that this does not come without risks particularly as the recent trends for changes in key cost drivers makes forecasting them accurately under traditional incremental budgeting very difficult and we have not completed the full transition to an Outcomes Based Budgeting approach (which in any case would not in itself completely remove the risk from cost drivers). In addition, there will always be factors outside of the Council's direct control which have the potential to vary the key planning assumptions that underpin those estimates.

There are a number of significant risks that could affect either the cost of providing key services and/or level of service demand or its main sources of funding. In addition, there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services going forward. Pressures from the main cost drivers and in some cases from service demand are evident in children's and adults social care, waste volumes, and home to school and special educational needs transport.

There are also opportunities to either reduce costs or increase income which will not, as yet, be fully factored into the planning assumptions. The main risks and opportunities are summarised below.

Risks

Cost of Living

- Extraordinary increases in the costs of goods and services procured by the Council
- Market instability due to workforce capacity as a result of recruitment and retention difficulties leading to exit of suppliers, increased costs, and supply chain shortages

- Increased demand for Council Services over and above demographic demands, including crisis and welfare support
- Reductions in income from fees and charges
- Under collection of local taxation leading to collection losses and reductions in tax base
- Claimants of Local Council Tax Reduction Scheme discounts

International Factors

- War in Ukraine and other conflicts causing instability
- Impact of the decision to leave the European Union
- Legacy impact of covid-19
- Ongoing supply chain disruption including energy supplies
- Breakdown of hosting arrangements under Homes for Ukraine scheme

Regulatory Risk

- **High Court ruling on Unaccompanied Asylum Seeking (UAS) Children** – the judgement that the council is responsible for supporting all UAS children arriving in the county until they are transferred under National Transfer Scheme impacts on the availability and therefore cost of carers for local children as well as risks of shortfalls in funding refugee schemes (see below)
- **Replacement Legislation and Regulation following Brexit** – including additional council responsibilities, impact on businesses and supply chains, and economic instability
- **Statutory overrides** – currently there are a number of statutory overrides in place which reduce short term risks e.g., high needs deficit, investment losses, etc. These are time limited and require a long-term solution
- **Funding settlements** - adequacy of the overall settlement and reliance on council tax over the medium term, and uncertainty over future settlements (especially beyond 2024-25)
- **Delayed Reforms to Social Care Charging** - uncertainty over future plans and funding, and providers' fee expectations
- **Other delayed legislative reforms** – impact on council costs and ability to deliver savings/spending reductions e.g. Extended Producer Responsibilities
- **Departmental Specific Grants** - Unanticipated changes in specific departmental grants and ability to adjust spending in line with changes
- **Asylum and Refugee Related** – increase in numbers of refugees (adults and families) accommodated within the community impacting on council services. Inadequate medium-term government funding for refugee schemes
- **New Burdens** – Adequacy of funding commensurate with new or additional responsibilities
- **Further delay of the Local Government Funding Review** - The government has committed to updating and reforming the way local authority funding is distributed to individual authorities. However, this has now been further delayed until 2025-26 at the earliest. The Fair Funding Review of the distribution methodology for the core grants

was first announced as part of the final local government settlement for 2016-17. The data used to assess funding distributions has not been updated for a number of years, dating from 2013-14 to a large degree, and even as far back as 2000.

General Economic & Fiscal Factors

- Levels of national debt and borrowing
- Inflation continues to be well above the government target for a sustained period with consequential impacts on contracted services (see below) and household incomes (including incomes of KCC staff)
- Economic recession
- Rise in unemployment
- A general reduction in debt recovery levels
- Reductions in grant and third-party funding
- Increase in fraud

Increases in Service Costs and Demand

- Long term impact of Covid-19 pandemic on clients and suppliers
- Higher cost for new clients coming into care than existing clients especially but not exclusively older persons residential and nursing care and children in care
- Adult Social Care demography from increased complexity
- Children’s Social Care including sufficiency of Foster carers and numbers of UAS children or those with no recourse to public funds
- Significantly higher than the national average Education and Health Care Plans with consequential impact on both Dedicated Schools Grant High Needs placements/services and General Fund services for assessment and home to school transport
- Waste tonnage
- Public health services
- General demographic trends (including a rising and ageing population and growth in the number of vulnerable persons)

Contractual Price Increases

- Index linked contracts rise above budgeted amounts
- Containing locally negotiated contracts within the amounts provided in the budget
- Financial sustainability of contracted providers

Efficiencies and Savings Programme

- Slippage in the expected delivery of the savings programme
- Non-delivery of planned savings
- Shortfalls in income from fees and charges

Opportunities

- Growth in local taxbase for both housing and businesses
- Service transformation and redesign including digital services
- Invest to save approach to reduce revenue costs
- Service remodelling

Adequacy of Reserves

Reviewing the level of reserves the Council holds is an important part of the budget setting process. The review must be balanced and reasonable, factoring in the current financial standing of the Council, the funding outlook into the medium term and beyond, and most importantly, the financial risk environment the Council is operating in. The assessment of reserves is based on factors recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as set out below together with an indication of the direction of travel (up arrow represents an improved position i.e., the risk is less than it was last year).

Assumptions for inflation	↓	The direction of travel for this indicator was showing as deteriorating in last year's budget due to the historically high levels of inflation that arose during 2022. The annual rate of inflation (using CPIH) peaked at 9.6% in October 2022 and has been on a downward trajectory in the subsequent months (CPI peaked at 11.1% and RPI at 14.2% in October 2022). The March Office for Budget Responsibility forecasts were for the rate of inflation to peak in quarter 4 of 2022 (CPI 10.7% in quarter 4 2022), before the rate of prices growth falls back reducing to 9.7% in quarter 1 2023, 6.9% quarter 2, 5.4% quarter 3, 2.9% quarter 4 and 1.5% quarter 1 2024. However, the rate of inflation in 2023 has not reduced as much as the March 2023 OBR forecast with reported CPI from Office for National Statistics (ONS) of 10.2% quarter 1, 8.4% quarter 2 and 6.7% quarter 3. Revenue spending subject to inflation is around £1.4bn so each 1% adds £14m to council costs. One of the principal reasons that inflation is not falling as much as forecast is due to the rise in petrol and diesel prices amid a sharp rise in in global oil costs over recent months offsetting falls in food price inflation. The higher than forecast inflation is the reason why this measure is still showing as deteriorating for 2024-25 as it makes the impact on future price forecasts in budget plans uncertain and volatile.
Estimates of the level and timing of capital receipts	↓	The Council uses receipts as part of the funding for the capital programme. The Council has not applied the flexible use of capital receipts to fund revenue costs since the 2018-19 budget and does not propose to use the permitted extension. Delivery of receipts against the target has continued to fall behind in recent years necessitating additional short-term borrowing/use of reserves.

		Performance in the current year has been mixed with the rise in interest rates dampening large new-build housing developments. Although there is a reasonable pipeline of assets for disposal the risk profile for potential delays remains high therefore leading to a continued deterioration in this measure.
Capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term	↓ ↓	2022-23 ended with a revenue budget overspend for the first time in 23 years. The net overspend in 2022-23 was £47.1m after roll forwards (3.9% of net revenue). Overspends before roll forwards were reported in Adult Social Care & Health (ASCH) of £24.4m, Children, Young People and Education (CYPE) of £32.7m, Growth Environment and Transport (GET) of £0.9m, Deputy Chief Executive Department (DCED) of £1.6m. These were partly offset by underspends in Chief Executive Department (CED) of £3.5m and Non-Attributable Costs and Corporately held budgets (NAC) of £11.8m The most significant overspends were: • £30.5m older persons residential and nursing care in ASCH • £16.1m home to school transport in CYPE • £9.9m children in care in CYPE The most recent 2023-24 revenue budget monitoring presented to Cabinet on 5th October 2023 showed a forecast overspend of £37.3m before management action. This overspend was largely driven by higher spending growth than the £182.3m (excluding spending on externally funded activities) provided for in the budget. The largest overspends are in the same main areas as 2022-23 (adult social care, children in care and home to school transport). This is despite including additional spending in the budget for the full year effect of recurring spend from 2022-23 and forecasts for future price uplifts, increases in demand and cost increases unrelated to price uplifts. At the same Cabinet meeting on 5th October 2023 a separate report “Securing Kent’s Future – Budget recovery Strategy” set out the broad strategic approach to providing reassurance on the necessary action to bring 2023-24 budget back into balance and the opportunity areas for further savings and avoidance of future cost increases over the medium term 2024-27. However, until this strategic plan has been converted into detailed plans and these have been delivered managing in-year spending and spending growth over the medium term presents the most significant risk to

		the Council's financial resilience and sustainability and therefore the highest rating of deterioration. .
Strength of financial reporting and ability to activate contingency plans if planned savings cannot be achieved	⟺	There continues to be a reasonable degree of confidence in the validity of financial reporting despite the uncertainties and volatility as a result of overspends. However, the ability to activate contingency plans if planned savings cannot be achieved has to date been severely restricted as a result of these overspends, although every effort is being made to reduce the forecast overspend in 2023-24. Reporting has been enhanced to include separate analysis of delivery of savings plans, treasury management and council tax collection. Further improvements are planned in terms of the timeliness of financial monitoring and reporting to ensure corrective action is taken as early as possible. Some areas of spending can still be changed at short notice if required as a contingency response if planned savings cannot be achieved (or there are unexpected changes in spending). A significant plank of the 2023-24 recovery strategy is to reduce non committed spending for the remainder of the year. At this stage it is expected that managers across the whole organisation will exercise this restraint to reduce forecast spending for the remainder of the year. However, if this does not result in sufficient reductions to bring in-year spending back into balance further spending controls will have to be considered. These spending reductions are largely anticipated to be one-offs and will not flow through into 2024-25 or later years. The increased focus on savings monitoring and delivery has had some impact and the majority of the overspend in 2022-23 and forecast for 2023-24 is due to unbudgeted spend rather than savings delivery, although savings delivery is still a contributory factor and remains a risk, this is no greater risk than in previous years, hence this measure has not been rated as deteriorating. However, if the further savings necessary to bring 2023-24 back into balance are not proving to be achieved this measure would need to be reassessed for future drafts.
Risks inherent in any new partnerships, major outsourcing	↓	Partnership working with NHS and districts has improved. However, further sustained improvements are still needed to change the direction of travel.

arrangements, and major capital developments		Trading conditions for Council owned companies continue to be challenging. A number of outsourced contracts are due for retender and the Council is still vulnerable to price changes due to market conditions. The ability to sustain the capital programme remains a significant challenge. It is essential that capital programmes do not rely on unsustainable levels of borrowing and additional borrowing should only be considered where absolutely essential to meet statutory obligations. This will impact on the condition of non-essential assets possibly resulting in the closure of facilities although the planned spending to limit modernisation programmes to essential measures to ensure buildings are safe warm and dry has proved to be inadequate and the programme needs to reflect a realistic level of spend on the assets the council needs to sustain necessary functions. Despite the action taken to limit additional borrowing, a third of the capital programme is still funded by borrowing. Slippage within individual projects remains an issue leading to lower than planned spending in the short-term but potentially higher medium to long term costs due to inflation. This slippage defers borrowing rather than reducing it. The quarter 1 capital monitoring report showed a forecast net underspend on capital spending of £42.3m comprising net £8.2m increased spending on projects (real variance) and £50.5m reduction due to slippage. The real variance includes spending on grant and externally funded projects where funding has been announced after the capital programme was approved.
Financial standing of the Authority (level of borrowing, debt outstanding, use of reserves, etc.)	↓ ↓	The financial standing of the Council has weakened significantly as a result of the overspend in 2022-23 that was balanced by the drawdown of £47.1m from general and risk reserves (39% of general reserve and all of the risk reserve). Usable reserves were also reduced through the transfer of £17m from earmarked reserves to Dedicated Schools Grant (DSG) reserve as part of KCC's contribution the Safety Valve agreement with DfE in March 2023 (with further transfer of £14.4m planned for 2023-24). Overall, the council's usable revenue reserves have reduced from £408.1m at 31/3/22 (40% of net revenue) to £355.1m at 31/3/23 (29.8% of net revenue) with further reduction to £316.3m (24% of net revenue) forecast for 31/3/24.

This forecast assumes 2023-24 revenue budget is brought back into balance by year end with no further draw down from reserves.

The reduction in usable reserves has significantly reduced the council's ability to withstand unexpected circumstances and costs, and reduced the scope to smooth timing differences between spending and savings plans. The levels of reserves now pose a more significant risk to the council's financial resilience than levels of debt. Levels of reserves are now considered to be the second most significant financial risk after capacity to deal with in-year budget pressures. Reserves will need to be replenished at the earliest opportunity and will need to be factored into future revenue budget plans.

The Council has an ongoing borrowing requirement of £1.1bn arising from its historic and ongoing capital expenditure, which is expected to remain broadly stable over the medium term. Most of this requirement is covered by existing external debt, which is forecast to decline gradually over the medium term (from around 72% in 2023/24 to 66% in 2026/27. The remaining portion is met via internal borrowing (namely the temporary use of internal cash balances in lieu of investing those balances with external counterparties).

Although the Council has been protected to a significant extent from the material increase in interest rates over the past two years (given that the majority of its borrowing requirement is already met by fixed rate debt) the higher rate environment has increased the expected costs of internal borrowing as well as costs associated with any new external borrowing over the near and medium term.

A small portion of the borrowing requirement (8.4% in 2023/24) is met via "LOBO" (Lender Option Borrower Option) loans. These instruments provide lower cost financing in exchange for giving the lender the periodic opportunity to reset the loan's interest rate. The Council manages the risks around these loans being "called" by restricting their use to only a minor portion of the borrowing portfolio and by avoiding any concentration in the loans' associated option dates.

In managing the structure of its borrowing (the balance between internal and external borrowing, and the portion of the latter that is made up of fixed-rate as opposed to variable-rate loans), the Council is chiefly concerned with risks arising from uncertainty around

		interest rates as well as ensuring it has adequate liquidity over the medium term. The Council reviews its borrowing strategy formally on an annual basis to ensure its approach remains appropriate.
The Authority's record of budget and financial management including robustness of medium-term plans	↓	The direction of travel for this factor was shown as deteriorating in the final budget presented to County Council on 9th February 2023 due to the quarter 3 monitoring for 2022-23 showing a significant £53.7m forecast revenue overspend. The overspend reduced a little by year-end to £44.4m before roll forwards (£47.1m after roll forwards). However, this was not sufficient to change the direction of travel bearing in mind the scale further of the forecast overspends for 2023-24. The most significant cause of the overspends is higher than budgeted spending growth despite significant increases already factored into the budget. The need to include for the full year effect of current year overspends as a variance to the published medium-term plan means that the capacity to manage in-year budget pressures (highest rated risk assessment) is the most significant factor in MTFP variances rather than robustness of MTFP forecasts. This is the only reason that this particular assessment has not been shown as a significant deterioration with a double arrow. Nonetheless, the robustness of forecasts included in the MTFP does need improvement (hence this assessment is still showing a deterioration until these are improved). The initial draft budget for 2024-25 and MTFP for 2024-27 is not balanced. As outlined in the budget report this was an acknowledged risk from the earlier publication of the draft for scrutiny. At this stage the unbalanced initial draft has not been taken into account in the assessment of this risk as there is a strategy agreed to bring future drafts into balance. Should that strategy not be successful this aspect would need to be reassessed as further deterioration in future drafts. .
Virement and year-end procedures in relation to under and overspends	↓	The direction of travel for this factor was shown as deteriorating in last year's budget due to monitoring for 2022-23 forecast to overspend and ongoing issues with Whole Government Accounts. The forecast for 2023-24 is further forecast overspend and issues remain with Whole Government Accounts meaning there has not been sufficient progress to date to change the direction of travel on this assessment.

		The Council continues to adhere to its virement and year end procedures as set out in its financial regulations. The Council's ability to close the year-end accounts early or even on time is becoming increasingly difficult. The audit certificate for 2020-21 was issued on the 4th September 2023, following confirmation that no further work was required on the Whole Government Accounts. The audit certificate for 2021-22 has not been issued due to the audit of the 2021-22 Whole Government Accounts being outstanding as the external auditors have prioritised the audit of the Council's 2022-23 accounts. The draft outturn for 2022-23 was reported to Cabinet on 29th June 2023 outlining the main overspends and underspends together with roll-forward requests. This was presented alongside an update to the medium-term financial outlook. A net overspend of £47.1m was reported after roll forwards of £2.7m. The overspend was funded from a drawdown from earmarked and General reserves. The draft accounts for 2022-23 were published on 1st July 2023 and are still being audited. The audit is ongoing as there is still audit work to complete on group accounts and pensions.
The availability of reserves and government grants/other funds to deal with major unforeseen events		As identified in the assessment of the financial standing of the authority the levels of usable reserves have reduced at the end of 2022-23 and are forecast to reduce further by the end of 2023-34. Furthermore, a number of significant risks remain unresolved (including at this stage balancing 2023-24 revenue budget) which could impact on reserves and the assessment of their adequacy if solutions are not found. The most significant risk to reserves in previous years has been identified from the accumulated and growing deficit on the DSG reserve largely from the overspending high needs support within the DSG. This has now been addressed over a number of years through the Safety Valve agreement with DfE. However, at this stage the Safety Valve agreement is a recovery plan that will be delivered over a number of years with spending on high needs support gradually bought back into balance with the available grant funding and the historic accumulated deficit cleared with contributions from DfE and local authority. However, this does not fully mitigate the risk as should the plan not be fully delivered there is a risk that DFE could withhold contributions and a residue deficit would remain.

		The reserves forecast includes the transfer to the DSG reserve of the local authority contribution for 2022-23 and a further forecast transfer for the local authority contribution in 2023-24. Provision is included in the 2024-25 initial draft budget and 2024-27 MTFP for the remaining local authority contributions. The DSG reserve forecast also includes the DfE contributions for 2022-23 to 2027-28. These contributions together with the recovery plan to reduce the in-year deficit on high needs spending would see the accumulated deficit cleared by 2027-28. However, resolving this aspect of risk to reserves does represent £82.3m over the term of the agreement of the authority’s resources which would otherwise have been available to mitigate other risks. A new risk has arisen during the course of 2023-24 following the high court order that the Council must take all possible steps to care for all Unaccompanied Asylum Seeking (UAS) children arriving in the county under the Children Act 1989, unless and until they are transferred to other local authorities under the National Transfer Scheme. The council is currently in negotiation with Department for Levelling Up Housing and Communities (DLUHC), Home Office and Department for Education (DfE) over a funding package to support compliance with the judgement. To date the offer is circa £9m which is insufficient to cover forecast costs for caring for UAS children for the remainder of 2023-24 which if not resolved would leave a forecast deficit and no offer has yet been made for 2024-25. This combination poses a major threat to the Council’s financial sustainability. Although this DSG risk has been addressed the risk of the requirement for further draw downs if the 2023-24 current year spend and gaps in 2024-25 initial draft budget and 2024-27 MTFP and the overall forecast level of reserves means the assessment of this risk cannot yet show an improvement and could be a further deterioration’ A register of the most significant risks is published as part of the initial draft 2024-25 revenue budget, 2024-27 medium term plan and 2024-34 capital programme.
The general financial climate including future expected levels of funding	↔	The Autumn Statement 2022 included departmental spending plans up to 2024-25 and high-level spending plans up to 2027-28. The plans for 2023-24 and 2024-25 included significant additional support for local government including additional grants and increased assumptions for council tax. These plans will be

		updated in the 2023 Autumn budget which is scheduled for 22nd November. The local government finance settlement only included individual grant allocations and core spending power calculations for 2023-24. The settlement did include council tax referendum levels for 2024-25 as well as the overall additional amounts for the main grants for 2024-25 but did not include individual authority allocations. Other departmental specific grants were not included in the settlement.. The Autumn Statement and local government finance settlement confirmed that the planned reforms to social care charging have been delayed until 2025. It is this delay that has enabled Government to redirect the funding allocated for social care reform as a short term increase in funding for current pressures in adult social care. A further tranche of funding for the Market Sustainability and Improvement Fund for workforce reform for 2023-24 and 2024-25 was announced in July 2023. However, the inadequacy of medium to long term sustainable funding for adults social care remains, and the lack of certainty that the additional funding available in 2023-24 and 2024-25 will be baseline for subsequent years cause the assessment of this risk to remain as a neutral direction of travel at this stage. This can be reassessed following the 2023 Autumn Budget statement. The long-awaited update and reform to the funding arrangements for local government have also been delayed again until 2025 at the earliest. Despite increased certainty of funding for 2023-24 and 2024-25 medium term financial planning remains uncertain, particularly future spending and income forecasts . The plans for 2025-26 include a higher level of uncertainty. Plans can only be prepared based on prudent assumptions and forecasts for later years remain highly speculative.
The adequacy of insurance arrangements	↓	The Council's insurance policies were reviewed for January 2022. A hardening market along with changing levels of risk has resulted in a rise in premiums, with some deductibles being increased to mitigate this. The implications of limiting capital borrowing to absolutely essential statutory services increases the risk of insurance claims where assets have not been adequately maintained. A fund audit confirms the levels of insurance reserve are

	adequate, however as the corporate contribution to the fund is remaining unchanged more reliance will be placed on the reserve to balance insurance claims.

Of the eleven factors used to assess risk and the adequacy of reserves, only one has shown no change from twelve months ago (the strength of financial reporting and ability to activate contingency plans, and even this is conditional on delivering the contingency plans to bring 2023-24 spending back into balance), the remaining ten are still deteriorating. In the case of capacity to manage in-year budget pressures and strategy for dealing with demand and service delivery in the longer term and financial standing of the Authority (level of borrowing, debt outstanding, use of reserves, etc.) the deterioration is now at a severe level and cause for serious concern. There are aspects of these deteriorations as well as number of the others that are largely due to outside factors but still need to be managed and mitigated as much as possible. No weighting has been applied to the individual factors, but the general financial risk to the Council should now be regarded as substantially and severely increased compared with a year ago, which in turn, was increased from the year before.

The amounts and purposes for existing reserves have been reviewed to ensure the Council achieves compliance with Local Authority Accounting Panel (LAAP) Bulletin 99. This bulletin sets out the recommendations on the purposes for holding reserves. Reserves are split between general reserves (working balance to help cushion the impact of uneven cashflows/avoiding unnecessary temporary borrowing and contingency to cushion the impact of unexpected events/emergencies) and earmarked reserves to build up funds for known/predicted specific events.

The administration's initial draft 2024-25 budget includes a £16.4m net increase from changes in contributions and draw down from reserves. This is largely for the to replenish the draw down from general reserves in 2022-23 over two years 2024-25 and 2025-26 and provision for the local authority contribution to DSG reserve under the safety valve agreement. A full reconciliation of all the changes to contributions and draw down from reserves for 2024-25 is available through the detailed dashboard of budget variations.

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Appendix G: Budget Risks Register 2024-25

TOTAL	**499.7**

Directorate	**Risk Title**	**Source/Cause of Risk**	**Risk Event**	**Consequence**	**Current Likelihood (1-5)**	**Estimated Maximum Financial**
						£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	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	150.0
ALL	Non delivery of Savings and income	Changes in circumstances, resulting in delays in the delivery of agreed savings or income	Inability to progress with plans to generate savings or additional income as scheduled, 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	103.1
CYPE	Unaccompanied Asylum Seeking Children	The High Court has ruled that the council is responsible for the care of all Unaccompanied Asylum Seeking (UAS) children arriving in the county until such time as they are transferred to other councils under National Transfer Scheme	Failure to reach agreement with government departments (Home Office and Department for Education) to cover all costs incurred by the council in supporting UAS children	Overspend on the revenue and or capital budgets, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	60.0
ALL	2023-24 potential overspend impact on reserves	Under delivery of recovery plan to bring 2023-24 revenue budget into a balanced position by 31-3-24.	Overspend against the revenue budget in 2023-24 required to be met from reserves leading to a reduction in our financial resilience	Insufficient reserves available to manage risks in 2023-24 and future years	3	37.3
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Price pressures rise above the current MTFP assumptions and we are unsuccessful at suppressing these increases.	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	21.0

Appendix G: Budget Risks Register 2024-25

TOTAL	499.7

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial £m
ASCH / CYPE	Market Sustainability	The long term impact of Covid-19 is still impacting on the social care market, and there continues to be concerns about the sustainability of the sector. 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.	Care Homes closures are not an infrequent occurrence and whilst some homes that close are either too small or poor quality others are making informed business decisions to exit the market. The more homes that exit in this unplanned manner further depletes choice and volume of beds which can create pressures in the system regarding throughput and discharge from hospital thus potentially increasing price.	5	20.0
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 (converse would apply to underspends)	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	20.0
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	18.3
CYPE	Market Sustainability	Availability of suitable placements for looked after children. Availability in the market for home to school transport, due to reducing supplier base and increasing demand.	Continued use of more expensive and unregulated placements, where it is difficult to find suitable regulated placements as no suitable alternative is available. The cost of transport contracts continues to increase above inflation.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	5	10.0

Appendix G: Budget Risks Register 2024-25

TOTAL	**499.7**

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Maximum Financial
						£m
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 supress 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	10.0
Other Risks (under £10m - individual amounts not included)						50.0

Likelihood Rating

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

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By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee, 6 December 2023

Subject: Revenue and Capital Budget Monitoring Report – September 2023-24

Summary: As requested by the Chairman and Spokespeople of the Scrutiny Committee the Committee is asked to discuss and comment on or note the Review and Capital Budget Monitoring Report.

---

1. Introduction

a) The attached report was presented to Cabinet on 30 November 2023. The Quarter 2 report on the Council's financial position as at the end of September 2023 shows a forecast overspend of £36m before management action. As the attached Proposed Record of Decision (PROD) sets out the forecast overspend presents a service and significant risk to the Council's financial sustainability if it is not addressed as a matter of urgency.

b) The report identifies management action to reduce the overspend to a balanced position by the end of the financial year, including those actions that are recurring to help reduce the budget gap for 2024- 25 and the Medium Term Financial Plan (MTFP). The report explains that in order to achieve the cost reductions in the medium term, the structural deficits in adult social care and children's services need to be addressed and that this will be achieved through the engagement of external transformation partners, funded from the budget recovery reserve.

c) The PROD sets out the options considered, the ways in which the proposed decision supports the Strategic Statement, and any financial, legal equalities and data protection implications.

d) Cabinet receives monthly monitoring reports setting out the latest forecasts and actions being taken to balance the budget by the end of the financial year. The Scrutiny Committee will follow the budget reporting cycle of the Cabinet and receive finance reports as reported in addition to the initial draft budget proposals being presented in November and the draft budget proposals in January.

2. Attached documents

a) Cabinet Covering Report

b) Revenue and Capital Budget Monitoring Report – September 2023-24

c) 23/00109 - Proposed Record of Decision

3. Recommendation The Scrutiny Committee is asked to discuss and comment on or note the report.

Contact Details

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From:	Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford Corporate Director Finance, Zena Cooke
To:	Cabinet, 30 November 2023
Subject:	Revenue and Capital Budget Monitoring Report – September 2023-24
Classification:	Unrestricted

Summary:

The attached report sets out the revenue and capital budget monitoring position as at September 2023-24.

Recommendation(s):

Cabinet is asked to:

a) NOTE the forecast Revenue and Capital position.

b) NOTE the management action of £36.0m identified to bring the Council to a balanced position.

c) APPROVE the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term

d) NOTE the structural budget deficits in both ASCH and CYPE.

e) NOTE the projected Schools' monitoring position of £15.7m overspend.

f) NOTE the progress on the delivery of £65.3m savings and increased income

g) NOTE the forecast Capital monitoring position of £106.4m underspend

h) AGREE the Capital budget adjustments

i) NOTE the Prudential Indicators report

j) NOTE the Reserves monitoring position

k) DELEGATE authority, in relation to recommendation c, to the s151 Officer to, in consultation with the Leader of the Council, to negotiate, finalise and enter into relevant contracts to implement the required contract award

l) DELEGATE authority to the s151 Officer to take other actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision in line with the actions and arrangements set out in the decision documentation.

1. Introduction

1.1 The September 2023-24 budget monitoring report being presented sets out the revenue and capital forecast position.

2 Revenue and Capital Budget Monitoring Report – September 2023-24

2.1 The attached report sets out the overall forecast position as at 30 September 2023-24, which is a revenue overspend of +£36.0m before management action and additional grant, and a capital underspend of -£106.4m.

2.2 2023-24 continues to be an extremely challenging time for local government and KCC is no exception. The latest revenue forecast outturn position for 2023-24 before further management action is an overspend of £36.0m (excluding schools). The forecast overspend represents 2.7% of the revenue budget and presents a serious and significant risk to the Council's financial sustainability if it is not addressed as a matter of urgency. Within the overall outturn position there are still significant forecast overspends in Adult Social Care & Health totalling £30.4m and in Children's, Young People and Education totalling £28.1m, before management action. Work has continued to identify and implement further management action that can be taken immediately in the current year, and over the medium term and is included in this report and in the "Securing Kent's Future" budget recovery plan.

2.3 The Schools' Delegated budgets are reporting an overspend of +£15.7m. This reflects the impact of high demand for additional SEN support and greater demand for specialist provision. In 2022-23 the Council entered into a "Safety Valve" agreement with the Department for Education (DfE) and the accumulated DSG deficit will reduce from an estimated £174m to £73m as at 31st March 2024 as a result of contributions from the Council and DfE.

3. Recommendation(s)

Cabinet is asked to:

a) NOTE the forecast Revenue and Capital position.

b) NOTE the management action of £36.0m identified to bring the Council to a balanced position.

c) APPROVE the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term

d) NOTE the structural budget deficits in both ASCH and CYPE.

e) NOTE the projected Schools' monitoring position of £15.7m overspend.

f) NOTE the progress on the delivery of £65.3m savings and increased income

g) NOTE the forecast Capital monitoring position of £106.4m underspend

h) AGREE the Capital budget adjustments

i) NOTE the Prudential Indicators report

j) NOTE the Reserves monitoring position

k) DELEGATE authority, in relation to recommendation c, to the s151 Officer to, in consultation with the Leader of the Council, to negotiate, finalise and enter into relevant contracts to implement the required contract award

l) DELEGATE authority to the s151 Officer to take other actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision in line with the actions and arrangements set out in the decision documentation.

4. Contact details

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Finance Monitoring Report

As at September 2023-24

By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford
Corporate Director Finance, Zena Cooke
Corporate Directors

To Cabinet – 30 November 2023

Unrestricted

Contents

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1 Introduction

This report sets out an update of the Council's financial position as at the end September 2023 (Quarter 2). The Quarter 1 position was reported to Cabinet on 5th October with a forecast overspend of £37.3m before management action. The latest revenue forecast outturn position for 2023-24 before further management action is an overspend of £36.0m (excluding schools), a small reduction of £1.3m since the last reported position. The forecast overspend represents 2.7% of the revenue budget and continues to present a serious and significant risk to the Council's financial sustainability if it is not addressed as a matter of urgency. Within the overall outturn position there are still significant forecast overspends in Adult Social Care & Health totalling £30.4m, and in Children's, Young People and Education totalling £28.1m before management action. The overspend is reduced to bring the forecast outturn to within budget by the end of the financial year as a result of planned management action totalling £36.0m.

Work has continued to identify and implement further management action that can be taken immediately in the current year, and over the medium term and is included in this report and in the "Securing Kent's Future" budget recovery plan. It is essential that the remaining management action is delivered to reduce the 2023-24 forecast outturn to a balanced position to prevent the need for drawdown from reserves at year end which would further weaken the council's financial resilience and increase the requirement to replenish reserves in the succeeding years. The majority of the management action is related to one-off measures, which means those spending reductions will not flow through into the 2024-25 budget position. Furthermore, the full year recurring impact of the variance against the budget in 2023-24 will need to be reflected as spending requirements in 2024-25 budget.

The initial draft revenue budget for 2024-25 and medium-term financial plan 2024-27 has been published for the start of the scrutiny process. This shows gaps in each financial year between forecast available funding from local taxation and the local government finance settlement and spending forecasts after savings, income generation and changes in reserves. The gap for 2024-25 is the most significant and will need to be closed through further savings, income and importantly future cost increase avoidance. It is essential that the gap is not increased by further overspends in the current year which would need to be factored into the final draft budget or from the need to replenish further drawdown from reserves. An updated 2023-24 position based on the end of October forecasts will be confirmed in the next few weeks; this will take account of the management actions now included in the forecast and any other changes to the forecast, particularly the latest underlying position in our people-based services.

Detailed analysis of the main areas of overspend has been and continues to be undertaken to fully identify the underlying causes, the degree of common features with the pressures experienced by other councils and how these will be mitigated. The Council has further limited spending controls to avoid spending wherever possible based on specific criteria to focus on the most essential activities and priorities until the financial position is brought under control and stabilised. The outcome of the analysis, the related actions and progress to date in reducing the forecast overspend is presented in this report.

The recovery plan to reduce the forecast for 2023-24 and the budget gap for 2024-25 is being monitored weekly. Spending trends are reviewed and reported on a weekly basis. If sufficient spending reductions are not achieved within the next reporting period and the direction of travel is not positive, then further more stringent spending controls will be implemented.

Revenue and Capital budget adjustments are also included which require Cabinet approval.

1.1	The overall Revenue forecast before management action is +£36.0m overspend.	The Revenue General Fund projected year end position is a net overspend of +£36.0m. Overspends are forecast in CYPE and ASCH with underspends in DCED, CED, NAC and GET. The largest overspends are +£30.4m (5.8%) in ASCH and +£28.1m (7.8%) in CYPE. NAC including Corporately Held Budgets is forecasting an underspend of -£15.5m, DCED is forecasting an underspend of -£2.5m, CED is forecasting an underspend of -£0.3m and GET is

		forecasting an underspend of -£0.2m. Details can be found in the individual directorate sections. The recurring full year impacts of over and underspends will need to be reflected in 2024-25 budget.
1.2	There is £36.0m of planned management action.	The overspend is reduced to bring the forecast outturn to within budget by the end of the financial year as a result of planned management action totalling £36.0m. Until this action has been implemented and delivered there will continue to be a reported overspend before planned management action. £11.8m has been identified by ASCH, £2.0m in CYPE and £0.9m in CED. All identified management actions in GET & DCED are now included in the forecast. £21.3m is to be met from limiting spend across the council using strict spending criteria and will be removed across all directorates. Details of the management action can be found in section 12.
1.3	The Schools' Delegated Budgets are reporting an +£15.7m overspend.	The overspend position is +£15.7m. The forecast in year deficit on the High Needs budget is +£45m due to a combination of higher demand for additional SEN support and higher cost per child resulting from the use of more specialist provision. In 2022-23 the Council entered into a "Safety Valve" agreement with the Department for Education (DfE) and the accumulated DSG deficit will reduce from an estimated £174m to £73m as at 31st March 2024 as a result of contributions from the Council and DfE. The Council's contributions for 2023-24 will have to be met through a transfer from other reserves which will reduce usable revenue reserves and means the Council is less resilient to withstand unexpected circumstances and costs.
1.4	The Capital budget forecast is a net underspend of -£106.4m.	The net underspend is made up of +£5.7m real overspend and -£112.1m slippage, which represents £28% of the budget. £28m of the rephasing relates to borrowing and will save approximately £2m of debt costs in 2024-25. The largest real variance is an overspend of +£12.4m in GET. Details can be found in the capital sections. The major slippage is -£67.4m in GET and -£32.7m in CYPE. Details can be found in the capital sections.

2 Recommendations

Cabinet is asked to:

2.1	Note the forecast revenue monitoring position of £36.0m overspend before management action	Please refer to sections 3 to 9 for details
2.2	Consider and note the management action of £36.0m identified to bring the Council to a balanced position	Please refer to sections 3 and 12 for details
2.3	Consider and note the structural budget deficits in both ASCH and CYPE	Please refer to sections 3 to 9 for details
2.4	Approve the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term.	Please refer to sections 4 and 5 for further details
2.5	Note the projected Schools' monitoring position of £15.7m overspend	Please refer to section 10 for details
2.6	Consider and note the progress on the delivery of £65.3m savings and increased income	Please refer to section 11 for details
2.7	Note the forecast Capital monitoring position of £106.4m underspend	Please refer to Section 13 for details
2.8	Note and agree the Capital budget adjustments	Please refer to Section 14 for details
2.9	Note the Prudential Indicators report	Please refer to Appendix 2 for details
2.10	Note the Reserves monitoring position	Please refer to Appendix 3 for details

2 Recommendations

2.11	In relation to 2.4, delegate authority to the s151 Officer to, in consultation with the Leader of the Council, to negotiate, finalise and enter into relevant contracts to implement the required contract award
2.12	Delegate authority to the s151 Officer to take other actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision in line with the actions and arrangements set out in the decision documentation.

General Fund

Forecast position as overspend/(underspend)

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Last reported position	Movement (+/-)
	£m	£m	£m	£m	£m
Adult Social Care & Health	527.5	557.9	30.4	25.8	4.6
Children, Young People & Education	360.9	389.0	28.1	28.5	(0.3)
Growth, Environment & Transport	195.5	195.3	(0.2)	0.8	(1.0)
Deputy Chief Executive Department	84.6	79.1	(5.5)	(2.6)	(2.9)
Chief Executive Department	34.1	32.7	(1.4)	(0.3)	(1.0)
Non Attributable Costs	115.9	100.2	(15.8)	(15.2)	(0.6)
Corporately Held Budgets	(0.3)	0.0	0.3	0.3	0.0
General Fund	**1,318.3**	**1,354.2**	**36.0**	**37.3**	**(1.3)**
Ringfenced Items					
Schools' Delegated Budgets	0.0	15.7	15.7	11.7	4.0
Overall Position	**1,318.3**	**1,369.9**	**51.6**	**49.0**	**2.7**

Position after management action:

General Fund

Directorate	Revenue Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	Management Action	Updated Net Revenue Variance
	£m	£m	£m	£m	*£m*
Adult Social Care & Health	527.5	557.9	30.4	(11.8)	18.6
Children, Young People & Education	360.9	389.0	28.1	(2.0)	26.1
Growth, Environment & Transport	195.5	195.3	(0.2)	0.0	(0.2)
Deputy Chief Executive Department	84.6	79.1	(5.5)	0.0	(5.5)
Chief Executive Department	34.1	32.7	(1.4)	(0.9)	(2.3)
Non Attributable Costs	115.9	100.2	(15.8)		(15.8)
Corporately Held Budgets	(0.3)	0.0	0.3	(21.3)	(21.0)
General Fund	1,318.3	1,354.2	36.0	(36.0)	(0.0)
Ringfenced Items					
Schools' Delegated Budgets	0.0	15.7	15.7		*15.7*
Overall Position	**1,318.3**	**1,369.9**	**51.6**	**(36.0)**	**15.7**

General Fund

The General Fund forecast position is a net overspend of +£36.0m, with significant overspends in Adult Social Care & Health of £30.4m and Children, Young People and Education of £28.1m. The projected overspend represents 2.7% of the Revenue Budget and presents a serious and significant risk to the Council's financial sustainability and resilience if it is not addressed. The majority of the planned management action to bring the general fund back into balance is from one-off measures which means these spending reductions will not flow through into 2024-25. The full year recurring impact of the variances against the 2023-24 budget will need to be reflected as spending requirements in 2024-25 budget, emphasising the importance of reducing recurring spend as much as possible.

Non Attributable Costs is showing a forecast underspend of -£15.8m. £7m relates to the recalculation of debt charges (£8m less £1m contribution to emergency capital works reserves), of which £4.0m is recurring and included in initial draft 2024-25 budget, and £6.9m is the estimated impact of the increase in the Bank of England base rate on the net debt costs budget since setting the budget in February, leading to a significantly higher forecast income return on investments.

Management action of £36m is planned to bring the budget back into balance by the end of the financial year but not yet fully delivered. The £21.3m management action shown against Corporately Held Budgets relates to cross cutting reductions to non committed spend and is removed across all directorates. To deliver this will require a relentless focus across the whole Council and further spending controls have been introduced to avoid or minimise spending wherever possible based on specific criteria to focus spending on the most essential activities and priorities until the financial position is brought under control and stablished. Close monitoring will be undertaken each month to ensure the actual spend is coming down as set out in the budget recovery plan and if sufficient spending reductions are not achieved within the next reporting period then further more stringent spending controls will be implemented. More detail of the planned management action can be found in Section 12.

The position after assumed management action takes us to a balanced position. This is based on the forecast position as at the end of September. We will have a more detailed updated position based on the end of October forecasts in the next few weeks; this will take account of the management actions now included in the forecast and any other changes, particularly the latest underlying position in our people-based services.

The forecast position for Adult Social Care is due to increased demand especially in older person's residential and nursing care, supported living for younger adults alongside increases in the costs for those new people receiving care. Some of the savings have also been delayed and a proportion will need to be reprofiled due to the need to consult and also to align with the forthcoming retenders of contracts. Additional capacity has been commissioned to enhance this retendering process, and this report seeks approval to secure further external support from transformation partners to help address the structural deficits and deliver substantial future cost reductions in the areas of biggest overspend i.e. adult social care, children's services and home to school transport, at the earliest possible opportunity.. Further management action has been identified to offset some of this increase and focuses on the main areas of growth such as residential care and supported living. More detail on the management action is available in section 12.

Schools' Delegated Budgets

The projected overspend for 2023-24 is +£15.7m, of which +£14.5m relates to the DSG deficit and +£1.2m against Individual School reserves relating to academy conversions.

The cumulative DSG deficit will increase from £61.4m to £75.8m by the end of 2023-24. This is a combination of the in-year DSG overspend of +£43.1m which is almost entirely due to an increase in the High Needs budget deficit; and Safety Valve contributions from the Council and DfE of -£14.4m and -£14.2m respectively. The council's contribution for 2023-24 will have to be met through a transfer from other reserves which will reduce usable revenue reserves and means the council is less resilient to withstand unexpected circumstances and costs. Contributions from 2024-25 are included in the initial draft budget proposals and consequently add to the savings requirement and budget gap. For more information, please refer to section 10.

4 Adult Social Care & Health

General Fund forecast +£30.4m overspend

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Adult Social Care & Health Operations	488.4	528.4	40.0	*31.8*	*8.2*
Strategic Management & Directorate Budgets (ASCH)	29.1	20.7	(8.5)	*(6.1)*	*(2.3)*
Strategic Commissioning (Integrated and Adults)	0.0	0.0	0.0	*(0.0)*	*0.0*
Public Health	0.0	0.0	0.0	*0.0*	*0.0*
Business Delivery	10.0	8.8	(1.2)	*0.1*	*(1.3)*
Adult Social Care & Health	**527.5**	**557.9**	**30.4**	***25.8***	*4.6*

The Adult Social Care & Health directorate has a forecast net overspend of +£30.4m

Management action has been identified to reduce the overall overspend – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position and it is the recurring actions that will help the 2024-25 position. The recurring management actions, the savings proposals and the reductions in cost drivers for adult social care are key to reducing the structural deficit and avoiding future costs. As stated in the Budget Recovery Plan within Securing Kent’s Future, external support is required to help deliver the level of service transformation and cost reduction required over the medium term financial plan period and it is proposed that a procurement of external support via a PCR Compliant Neutral Vendor Framework is undertaken to secure an external partner as set out in the recommendations for Cabinet. External support will also be needed for children's social care and home to school transport, with a combined approach to transform services for young people transitioning from Children’s Services to Adult Social Care. It is expected that the majority of the savings and future cost reductions will be delivered by 2025-26.

The Adult Social Care & Health Operations division is forecasting a net overspend of +£40.0m which is predominately due to Older People Residential Care Services which is forecasting a net overspend of +£13.1m and Younger People in Supported Living £13.8m.

Details of the significant variances on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Older People - Residential Care Services (Adult Social Care & Operations)	+£13.1m	Inflationary pressures beyond budgeted levels	+£11.7m of this overspend is driven by costs of older people accessing residential and nursing care services, where the average cost of 'beds' is continuing to increase due to new placements being made at a higher cost than those leaving care. It is considered that this is in part due to the current hospital discharge process, which is being reviewed as part of management action to ensure costs are shared appropriately between social care and health. Other pressures on this service line include a +£0.4m increase in contributions to the provision for bad and doubtful debts, and +£2.8m from costs relating to the previous financial year due to additional backdated client activity. Pressures on this service line have been offset by -£1.8m released from centrally held funds.
Adult Learning Disability - Community Based Services & Support for Carers (Adult Social Care & Operations)	+£8.0m	Increases in Supported Living care packages	+£7.7m of the overspend relates to clients receiving supported living services which is driven in the main by increased activity in terms of hours of support being provided as well as average costs being higher than anticipated, which in part will be due to continued use of non-framework providers. A review of the use of non-framework providers is being undertaken as part of the management action. Other pressures include +£1.3m across other community services, predominantly day services, and +£1.3m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.6m released from centrally held funds, and -£1.7m from 22-23 unrealised creditors.
Adult Physical Disability - Community Based Services (Adult Social Care & Operations)	+£7.8m	Increases in Supported Living care packages	+£6.6m of the overspend relates to clients receiving supported living services with higher cost packages, and +£2.0m overspend relates to pressures across other community services, predominantly homecare which is seeing an increase in the average number of hours being provided. This service line is also partly offset by an underspend against Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services, where a service restructure has resulted in lifespan pathway and autism clients no longer being recorded separately for budget monitoring purposes. The repurchasing of these services is still to be finalised before cash limits can be realigned to match where spend is now recorded.

			Other pressures include +£0.5m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.3m released from centrally held funds, and -£1.0m from 22-23 unrealised creditors.
Adult Mental Health - Community Based Services (Adult Social Care & Operations)	+£5.6m	Increases in Supported Living care packages	+£4.5m of the overspend relates to clients receiving supported living care packages, including an increase in average hours provided per client to meet more complex needs. Other pressures include +£1.0m across other community services, and +£0.9m from savings which are no longer anticipated to be achieved. The above pressures are offset by -£0.2m released from centrally held funds, and -£0.6m from 22-23 unrealised creditors.
Older People - Community Based Services (Adult Social Care & Operations)	+£3.6m	Increases in Homecare packages	+£6.1m overspend relates to homecare services where there has been an increase in both the number of people receiving homecare services and an increase in the average number of hours of support provided. Further to this there is also an increase in average costs which is higher than anticipated, most likely due to the on-going use of non-framework providers who are typically higher cost. A review of the use of non-framework providers is being undertaken as part of the management action. Other pressures include +£3.2m from savings which are no longer anticipated to be achieved, and a +£0.2m increase on contributions to the provision for bad and doubtful debts. The above pressures are offset by a forecast underspend of -£2.5m across other older people community services, -£1.6m from 22-23 unrealised creditors, and -£1.7m released from centrally held funds.
Adult Physical Disability – Residential Care Services (Adult Social Care & Operations)	+£3.0m	Inflationary pressures beyond budgeted levels	+£2.8m overspend relates to clients accessing nursing and residential care services, with increases in activity and average cost of packages exceeding budgeted levels. Other pressures include +£0.2m from savings no longer anticipated to be achieved.
Adult Mental Health – Residential Care Services (Adult Social Care & Operations)	+£2.6m	Inflationary pressures beyond budgeted levels	+£2.3m overspend relates to clients accessing nursing and residential care services, with increases in activity and average cost of packages exceeding budgeted levels. Other pressures include +£0.3m from savings no longer anticipated to be achieved.

Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services (Adult Social Care & Operations)	-£6.0m	Pending realignment of budgets following division restructure	-£6.0m underspend due to service restructure where lifespan pathway and autism clients are no longer recorded separately for budget monitoring purposes. Cash limits are being realigned to match where spend is now recorded.
Provision for Demographic Growth - Community Based Services (Strategic Management & Directorate Budgets (ASCH))	-£8.2m	Release of centrally held funds.	This is the release of centrally held funds to partly offset pressures across ASCH operations.

5 Children, Young People & Education

Forecast Variance

	Budget £m	Revenue Forecast Outturn £m	Net Revenue Forecast Variance £m	*Last reported position (Jun) £m*	*Movement (+/-) £m*
Integrated Children's Services (Operations and County Wide)	264.7	277.8	13.1	*16.1*	***(3.0)***
Education & Special Educational Needs	94.3	109.4	15.1	*12.5*	***2.6***
Strategic Management & Directorate Budgets (CYPE)	1.9	1.8	(0.1)	*(0.2)*	***0.1***
Children, Young People & Education	**360.9**	**389.0**	**28.1**	***28.5***	***(0.3)***
Earmarked Budgets Held Corporately	-0.2	0.0	0.2	***0.0***	***0.2***
Net Total incl provisional share of CHB	**360.8**	**389.0**	**28.3**	**28.5**	**(0.2)**

The Children, Young People & Education directorate is forecasting to be overspent by +£28.1m, an improvement of £0.3m on the previously reported position. The main movements are lower than previously forecast cost for the increased number of children in care, and lower forecast overspend for young disabled adults (supported living, direct payments and daycare). The reduced overspends in integrated children's services are partly offset by increases in home to school transport and agency staffing in the Special Education Needs division.

Integrated Children's Services (Operations and County Wide) is forecasting a net overspend of +£13.1m, predominately in Looked After Children Care & Support, which is forecasting an overspend of +£11.4m. Education and Special Educational Needs are forecasting a net overspend of £15.1m, +£11.4m of which relates to Home to School & College Transport.

Earmarked Budgets Held Corporately relates to an estimated saving from increased fees and charges following the adoption of a revised fees and charges policy. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller assessment of full cost, and these need to be brought forward to deliver the saving.

Management action has been identified to reduce the overall overspend – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position and it is the recurring actions that will help the 2024-25 position. The recurring management actions, the savings proposals and the reductions in cost drivers for children's social care and home to school transport are key to reducing the structural deficit and avoiding future costs. As stated in the Budget Recovery Plan within Securing Kent's Future, external support is required to help deliver the level of service transformation and cost reduction required over the medium term financial plan period and it is proposed that a procurement of external support via a PCR Compliant Neutral Vendor Framework is undertaken to secure an external partner as set out in the recommendations for Cabinet. External support will also be needed for Adult Social Care, with a combined approach to transform services for young people transitioning from Children's Services to Adult Social Care. It is expected that the majority of the savings and future cost reductions will be delivered by 2025-26, but home to school transport the external partner will be tasked with identifying immediate savings and future cost avoidance to impact the 2024-25 budget.

Details of the significant variances on the General Fund are shown here:

Key Service (Division)	Variance	Summary	Detail
Looked After Children Care & Support (Integrated Children's Services)	+£10.9m	Increase in number and cost of looked after children.	The number of Looked After Children (excluding Unaccompanied Asylum-Seeking Children) continued to rise during the latter part of 2022-23 whereas it had been anticipated these numbers would stabilise and start to reduce as the delays in the courts started to clear. Due to the ongoing challenges of recruiting in- house foster carers, children are being placed in increasingly more expensive alternatives including independent fostering agencies, unregulated semi-independent placements or residential care. Pressures in the market for suitable children's social care placements are also causing the costs of placements to rise at a higher rate than inflation, compounded by placements made by other Local Authorities in the County and UASC numbers. The number of looked after children reached a peak at the end of April and has started to slowly reduce although not at the pace provided for in the budget. The forecast assumes the costs of placements will continue to rise and the number of LAC remains relatively constant leading to an overall pressure of £9.0m. Invicta Law have increased their prices but have not been able to match this with efficiencies leading to a possible cost pressure around £1.0m, the remaining £1.0m overspend assumes spend will continue to remain at a higher level during 2023-24.
Looked After Children (with a disability) – Care & Support (Integrated Children's Services)	+£0.5m	Increase cost of looked after children	The number of children supported has increased with a greater proportion being supported in more cost-effective fostering solutions, however this saving is being offset by the higher than budgeted average cost of residential and semi-independent placements.
Adult Learning & Physical Disability Pathway – Community Based Services (Integrated Children's Services)	+£2.9m	Increased cost of Supported Living, Direct Payments and Day Care	The number of supported living, direct payments and homecare packages have remained relatively static, however the average cost of packages continues to increase. The forecast assumes trends in both numbers and cost of support will continue to rise in a similar way as 2022-23, whilst savings are expected to take longer to realise than initially anticipated. The service has seen a reduction in the use of residential care (see compensating saving) but this has resulted in higher packages of community support contributing to the higher cost.

Home to School & College Transport (Education & Special Educational Needs)	+£11.4m	Increases in demand and costs of transport contracts	The forecast includes +£2.4m overspend on mainstream home to school transport and +£8.9m on SEN transport services. Forecasts have been based on the current cost of transport. The average cost of both mainstream and SEN transport has continued to increase higher than inflation leading to an estimated pressure of £1.0m and £8.9m respectively, as a result of transport requirements and capacity limitations. The forecast assumes the number of children requiring SEN transport will continue to increase in line with historic trends with the number travelling assuming to increase by around 8%. This is a consequence of the higher EHCP numbers and greater number of children with SEN not being educated in their local school. Work to slow this trend is underway but it is not expected to impact significantly in the short term and this has been reflected in the budget plans. The mainstream home to school transport forecast reflects the full year effect of the increasing costs of transporting children in 2022-23, resulting from a combination of increasing numbers of children travelling during the Autumn and Spring Term coupled with the use of more expensive hired transport (+£1.2m). The forecast assumes the numbers travelling will continue to remain high leading to a further +£0.2m pressure. Further updates to this forecast will be made once the September & October actual pupil numbers are known.
Other School Services (Education & Special Educational Needs)	+£1.9m	Use of temporary school accommodation. Increased cost of legal services and costs of surveys in schools	Delays in basic need projects have resulted in use of more temporary accommodation to ensure sufficient school places are available (+£1.3m). In addition, an initial pressure of +£0.6m for other school related costs has been based on historic trends including feasibility costs associated with capital surveys to inform future additional works, RAAC surveys (which cannot be charged to Department of Education), and costs relating to capital works that are no longer progressing. This is an estimate only as these costs tend to be one-off and so will be reviewed regularly in future forecasts.
Educational Needs & Psychology Services (Education & Special Educational Needs)	+£1.9m	Use of agency staff to support delivery of Accelerated Progress Plan	To support the delivery of the Accelerated Progress Plan, the service is using agency staff to create additional capacity to support the implementation of the new SEN operating model and support permanent staff recently recruited to the new structure. This includes additional support for the processing of both annual reviews and Education, Health and Care Plan (EHCP) assessments.

Adult Learning & Physical Disability Pathway – Residential Care Services & Support for Carers (Integrated Children's Services)	-£1.3m	Reduction in the number of residential care placements	The number of residential care placements has continued to reduce where young people are preferring to live in the community with support. This saving partially offsets the pressure on community services outlined above.
Children in Need (Disability) – Care & Support (Integrated Children's Services)	+£2.2m	Daycare & direct payments trend in spend and delay in achieving savings	The cost of packages for disabled children continued to increase in the latter part of 2022-23 due to additional support required, whilst savings assumed the costs and numbers would start to stabilise and reduce where packages started to return to pre-COVID levels.
Children's Social Work Services – Assessment & Safeguarding Service (Integrated Children's Services)	-£1.0m	Savings on the costs of agency staff.	The costs of agency staff have not increased in line with inflation as anticipated leading to a possible saving of £0.6m. The remaining underspend of £0.4m relates to various vacancies and reductions in non-staffing spend across the service.
Children's Centres (Integrated Children's Services)	-£1.3m	Upskilling Children Centre workforce to deliver Family Hub outcomes	Children Centre workforce are receiving additional training and upskilling (funded by the DfE Family Hub grant) to deliver outcomes as required under the DFE Family Hub programme; providing KCC with an enhanced skilled workforce to ensure future sustainability of our Family Hub model within Kent. We are recruiting interim staff to ensure the smooth running of the Family Hubs during the transitional period. This has resulted in a one-off underspend of £1.1m due to the timing of provision of the training versus the recruitment of the interim staff. The balance of £0.2m relates to other vacancies and underspends on non-staffing spend.

6 Growth, Environment & Transport

			Forecast Variance		
	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Highways & Transportation	70.6	68.8	(1.8)	*(0.5)*	*(1.3)*
Growth & Communities	31.1	30.4	(0.7)	*0.2*	*(0.9)*
Environment & Circular Economy	92.3	94.7	2.4	*1.1*	*1.2*
Strategic Management & Directorate Budgets (GET)	1.4	1.3	(0.1)	*(0.0)*	*(0.1)*
Growth, Environment & Transport	**195.5**	**195.3**	**(0.2)**	***0.8***	*(1.0)*
Earmarked Budgets Held Corporately	-0.3	0.0	0.3	0.0	*0.3*
Net Total incl provisional share of CHB	195.2	195.3	0.1	0.8	(0.7)

The Growth, Environment & Transport Directorate is projected to be underspent by -£0.2m. All services/budgets across the directorate will continue to review their staffing and spend levels to ensure only essential spend is incurred and income/activity levels will continue to be reviewed and reflected, as and when such opportunities are identified.

Earmarked Budgets Held Corporately relates to an estimated saving from increased fees and charges following the adoption of a revised fees and charges policy by County Council. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller evaluation of full costs, at this stage, no such decisions over and above what was already reflected in the MTFP, have yet been presented or taken.

GET identified £1.5m of management action and this has been delivered in full, some areas such as income and vacancy management are actually over-delivering, with all recurring impacts also reflected in the draft budget for 2024-25.

Details of the significant variances on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Waste Facilities & Recycling Centres (Environment & Circular Economy)	+£2.2m	Delayed HWRC saving, plus increased volumes of waste	Part of the projected overspend is due to the proposed consultation on the review of HWRC sites (Waste) being delayed (+£0.5m). The overspend is the non-delivery of the 2023-24 part-year effect of the planned 2-year £1.5m budget reduction. In addition, there was a savings target from Reuse and Small Business trade waste. Reuse activities have been delivered; however, to meet the full target requires investment of capital to develop a shop facility. There is no capital finance for this which has resulted in an overspend this year (+£0.2m). Small Business trade waste is an ongoing project with active plans of work to develop small trade waste through the districts/contractors at Dover Transfer Station and Dunbrik through Sevenoaks District Council. Strikes have disrupted any opportunity to

			introduce a small business waste service at the Canterbury HWRC (already permitted to take trade waste). Environmental permits for other HWRCs can only be pursued once the HWRC Review has been concluded, which as set out above has been delayed. It is taking the Environment Agency circa one year to issue variations on current permits. An overspend has arisen this year as a result (+£0.2m). Increased prices on the Material Recycling Facilities contract have resulted in an overspend (+£0.8m). These are highly variable and based on market commodity prices and volumes of materials. There is also an overspend within haulage where prices are higher than budgeted (+£0.7m). These are offset in part by a net underspend on other prices (-£0.3m).
Residual Waste, (Environment & Circular Economy)	+£0.1m	Increased tonnes offset by lower than budgeted price	An overspend primarily resulting from additional tonnes (+£0.5m) is offset by a reduced price for Allington Waste to Energy plant, as the contractual uplift based on April RPI was lower than the budgeted estimate (-£0.6m).
Highways & Transportation Divisional Management Costs (Highways & Transportation)	-£0.3m	Additional income and other minor variances	Additional grant income within the Public Transport budget, plus vacancies and other minor variances.
Growth and Support to Businesses (Growth & Communities)	-£0.3m	Vacancy management and other minor variances	Underspend primarily resulting from vacancy management and other minor variances.
Libraries Registration & Archives (Growth & Communities)	-£0.3m	Additional Registration income	Continued high levels of Registration income (-£0.4m).
Highway Assets Management (Highways & Transportation)	-£0.4m	Favourable energy prices and income offset by price uplift and additional activities	The main reason for this variance is an underspend on Streetlight and Tunnels energy following confirmation of a reduced summer price for electricity plus estimated savings on the winter rate for the proportion of energy that has already been purchased; both are below budgeted rates (-£2.4m). This higher than required budget allocation, together with additional income (-£0.9m), more than offset projected price uplifts in the Highways Term Maintenance Contract and Winter Service (+£1.4m), and additional activities for tunnels and structures (+£0.7m) and highways (+£0.7m).
Transportation (Highways & Transportation)	-£0.5m	Management actions and other minor variances	The implementing of management actions, primarily vacancy management and reducing spend in areas such as traffic modelling, together with additional

			income and reduced energy costs for traffic signals, have helped to create a forecast underspend.
English National Concessionary Travel Scheme (ENCTS) (Highways & Transportation)	-£0.6m	Activity and price below budgeted level	The underspend results from a combination of lower journey numbers, with usage not recovering as quickly as anticipated, together with a lower than budgeted increase in price.

7 Deputy Chief Executive's Department

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Infrastructure	8.6	7.7	(1.0)	*0.0*	***(1.0)***
Strategic Management & Departmental Budgets (DCED)	5.4	5.1	(0.3)	*(0.0)*	***(0.2)***
Technology	25.5	25.2	(0.3)	*(0.0)*	***(0.3)***
Corporate Landlord	33.1	29.2	(3.8)	*(2.5)*	***(1.3)***
Marketing & Resident Experience	6.8	6.9	0.1	*0.0*	***0.1***
Human Resources & Organisational Development	5.3	5.1	(0.2)	*(0.1)*	***(0.1)***
Deputy Chief Executive's Department	**84.6**	**79.1**	**(5.5)**	***(2.6)***	***(2.9)***
Earmarked Budgets Held Corporately	-0.1	0.0	0.1	0.0	*0.1*
Net Total incl provisional share of CHB	84.6	79.1	(5.5)	(2.6)	(2.9)

The Deputy Chief Executive's Department is forecasting to underspend by -£5.5m.

Details of the significant variances on the General Fund are shown here:

Key Service (Division)	Variance	Summary	Detail
Corporate Landlord	-£3.8m	Utilities underspend due to revised price variance.	This variance is principally due to a reduced utilities forecast of -£3m, the budget for utilities was calculated using estimates from our utilities provider (Laser). The forecasts have been reduced due to a reduction in wholesale energy prices. Additionally, there is a one – off credit from rates revaluations.
Infrastructure	-£1.0m	Vacancy management	Management action to reduce spend. Rephase of the appointments to new posts.
Strategic Management and Departmental Budgets (DCED)	-£0.3m	Vacancy management	Vacancy management and reduced expenditure on specialist and consultancy spend.
Technology	-£0.3m	One – off saving on 3rd Party Contracts	The main reasons for this variance are: an underspend against 3rd Party Contracts largely due to decision not to renew Unified Support contract as a one-off saving in 2023-24, also a staffing underspend and reduced specialist fees spend on ICT Core Client, which are offset in part by increased

			costs on Mobile Handheld Devices as more devices are in circulation for hybrid working and increased Managed Print fixed costs.
Human Resources & Organisational Development	-£0.2m	Staff cost reduction due to AVC take up.	Forecast underspend represents a saving to KCC resulting from an increased take up of shared cost AVC.

8 Chief Executive's Department

Forecast Variance

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	*Movement (+/-)*
	£m	£m	£m	*£m*	*£m*
Finance	13.2	13.0	(0.1)	*(0.1)*	***(0.1)***
Strategic Commissioning	7.6	7.7	0.0	*(0.0)*	***0.0***
Governance, Law & Democracy	8.3	8.0	(0.3)	*(0.2)*	***(0.1)***
Strategy, Policy, Relationships & Corporate Assurance	5.4	4.7	(0.7)	*(0.0)*	***(0.6)***
Strategic Management & Directorate Budgets (CED)	(0.5)	(0.7)	(0.3)	*(0.0)*	***(0.3)***
Chief Executive's Department	**34.1**	**32.7**	**(1.4)**	***(0.3)***	***(1.0)***

The Chief Executive's Department is forecasting to underspend by -£1.4m.

Management action has been identified to reduce the overspend across the whole Council – the detail of the management action is set out in section 12. The management action will need to be delivered to get the Council to a balanced position with the actions that have a recurring impact helping to close the 2024-25 budget gap.

Details of the significant variance on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Strategy, Policy, Relationships & Corporate Assurance	-£0.7m	Vacancy management	Management action to reduce spend by deferring appointments to new posts.
Governance, Law & Democracy (Governance & Law)	-£0.3m	Schools appeals, vacancy management and Members' travel.	The forecast underspend is in Governance and Law. There are three reasons: reduced costs of appeals due to the loss of some of the larger schools not using KCC, staff vacancy management, and reduced costs of Member's travel.
Strategic Management & Directorate Budgets (S&CS)	-£0.3m	Reduced early retirement costs.	This underspend is due primarily to reduced early retirement costs.
Finance	-£0.1m	One off salary recharge	Underspend due to a backdated recharge of salary costs to the Pension Fund.

9 Non-Attributable Costs

	Budget	Revenue Forecast Outturn	Net Revenue Forecast Variance	*Last reported position (Jun)*	***Movement (+/-)***
			Forecast Variance		
	£m	£m	£m	*£m*	***£m***
Non Attributable Costs	115.9	100.2	(15.8)	*(15.2)*	***(0.6)***
Earmarked Budgets Held Corporately	0.2	0.0	(0.2)	*(0.2)*	***0.0***
Net Total incl provisional share of CHB	**116.1**	**100.2**	**(16.0)**	**(15.4)**	***(0.6)***

The Non-Attributable Costs are forecasting to be underspent by (£15.8m).

-£8m of the underspend relates to the annual recalculation of debt charges and is due to the decisions that Members have taken to limit borrowing and contain the capital programme, the significant levels of slippage of the capital programme in 2022- 23, and changes in interest rates. £8m can be released from the debt charges budget, £4m of this is on a recurring basis, with £4m as a one-off in 2023-24. £1m of the recurring saving has been agreed as an annual revenue contribution to a new capital reserve to meet the cost of emergency capital events, giving an overall saving of £7m this financial year. This saving does not impact our prudent Minimum Revenue Provision policy which is unchanged.

Details of the significant variances on the General Fund are shown below:

Key Service (Division)	Variance	Summary	Detail
Non-Attributable Costs	-£15.8m	Recalculation of debt charges and increase in forecast return from investments	-£7.0m relates to the recalculation of debt charges. -£6.9m is the estimated impact on the net debt costs budget of the increase in the Bank of England base rate since setting the budget, leading to a significantly higher forecast income return on investments. -£1.1m increase in Retained Business Rates levy for 2022-23 compared to the level of debtor raised at the end of the financial year. -£0.5m provisional adjustments for the 2022-23 and 2021-22 Business Rates Compensation Grants including Covid Additional Relief Fund, based on provisional NNDR3 information. In addition to the £15.8m underspend there are other significant items to report that have a net nil impact on the NAC projected position, as detailed below. Minimum Revenue Provision (MRP) has been recalculated based on assets completed in 2022-23. This has resulted in a saving of £0.3m. In line with usual practice, it is intended that this underspend is transferred to the MRP smoothing reserve to be used to fund future fluctuations in MRP, therefore there is no overall impact in the current year.

9 Non-Attributable Costs

			A forecast overspend of £0.7m against the Insurance Fund mainly due to increased cost of premiums including Insurance Premium tax will be offset by a drawdown from the Insurance Reserve. The increase cost of the premiums will need to be factored into the 2024-27 MTFP as it is not sustainable to continue to fund this from reserves.
Corporately Held Budgets	-£0.2m	Uncommitted residual Pay Pot	Uncommitted residual pay pot after funding staff pay increases in accordance with policy.

10 Schools' Delegated Budgets

The Schools' Budget reserves are forecast to end the financial year with a surplus of £59.8m on individual maintained school balances, and a deficit on the central schools' reserve of £75.8m. The total Dedicated Schools' Grant for 2023-24 is £1,623.8m and is forecast to overspend by £43.1m.

The balances of individual schools cannot be used to offset the overspend on the central schools' reserve and therefore should be viewed separately.

The Central Schools' Reserve holds the balance of any over or underspend relating to the Dedicated Schools Grant (DSG). This is a specific ring-fenced grant payable to local authorities to support the schools' budget. It is split into four main funding blocks: schools, early years, high needs and central, each with a different purpose and specific rules attached. The Council is required to hold any under or overspend relating to this grant in a specific reserve and is expected to deal with any surplus or deficits through future years' spending plans. The tables below provide the overall position for the DSG in 2023-24 (table 1) and an overview of the movements on both the central schools' reserve and individual schools' reserves (table 2).

Table 1 Dedicated Schools' Grant (DSG) 2023-24 Forecast Summary:

DSG Block	2023-24 Total Budget* £m's	2023-24 Forecast £m's	2023-24 Forecast Variance £m's
Schools' Block	1,190.1	1,189.2	-0.9
High Needs Block	323.1	367.8	+44.7
Early Years Block	98.7	98.0	-0.7
Central Services to Schools' Block	11.9	11.9	0.0
Total DSG 2023-24	1,623.8	1,666.9	+43.1

*Before recoupment and other DFE adjustments including additional funding from the Safety Valve Programme. Budgets include the impact of moving £12m from the Schools' block to the High Needs Block as agreed by the Secretary of State.

Table 2: Overall Forecast Position for the Schools' Budget Reserves:

	Individual Maintained School Reserves £m's	Central Schools' (DSG) Reserve £m's
Reserve Balance as at 1st April 2023*	61.1	-61.4
Forecast contribution to/(from) reserves: Academy Conversions	-1.23	
Change in School Reserve Balances	0	
Overspend on DSG 2023-24		-43.1
Safety Valve: Local Authority Contribution		14.4
Safety Valve: Payment from DfE		14.2
Reserve Balance as at 31st March 2024*	59.8	-75.8

*Positive figure is a surplus balance & negative balance is a deficit balance

In accordance with the statutory override implemented by the Department of Levelling Up, Housing and Communities (DLUHC), and in line with the Department for Education (DfE) advice that local authorities cannot repay deficits on the DSG from the General Fund without Secretary of State approval, the central schools (DSG) forecast deficit balance of £75.8m is held in a separate unusable reserve from the main council reserves (see appendix 3). DLUHC have confirmed this statutory override will be in place until March 2026 whilst Council's implement recovery plans.

10 Schools' Delegated Budgets

In 2022-23, the Council entered the DfE's Safety Valve Programme for those Councils with the highest deficits to support the development of a sustainable plan for recovery; this includes annual funding from the DfE, totalling £140m by 2027-28, to pay off part of the deficit but only if the Council can demonstrate and deliver a credible plan. Over the same period the Council is also expected to contribute towards the residual deficit estimated to total over £80m. The DSG deficit is the Council's single biggest financial risk; therefore, the successful implementation of the Council's deficit recovery plan is critical. It is recognised, the Government's proposals to reform the SEND and alternative provision (AP) system to support a more sustainable high needs funding will not impact immediately and local actions are required.

In 2023-24, the Council is expecting to receive £14m from the DFE, the second tranche of the £140m safety valve commitment, with the Council required to contribute a further £14m from reserves. This additional funding, along with the extra funding from the DfE and the Council in 2022-23 will have reduced the accumulated deficit from an estimated £174m to £76m as at 31st March 2024.

Key Issues	Details
Individual Maintained Schools Reserves	As at 31st March 2023, there were 299 maintained schools with a surplus reserve balance and 5 schools with a deficit reserve balance. Maintained Schools are required to submit a six & nine-month monitoring return each financial year and these forecasts will be reported in future reports. The Council commissions The Education People to support Schools with their recovery plans. This forecast includes 8 schools converting to academy status during 2023-24. When a maintained school converts to an academy status, the council is no longer responsible for holding the schools' reserve and the school's remaining school balance is either transferred to the academy trust, or in the case of a deficit, may have to be retained and funded by the Council depending on the type of academy conversion.
Schools' Block: Underspend falling roll funding	The Schools' Block funds primary and secondary core schools' budgets including funding for additional school places to meet basic need or to support schools with significant falling rolls. The majority of the Schools' Block underspend is due to an anticipated underspend on the Falling Roll fund based on eligibility to access the fund.
Early Years Block: general underspend	The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds, along with the funding of some council led services for early years. Each year, when setting the funding rate an estimate must be made as to likely hours that will be provided to ensure it is affordable within the grant provided. This can lead to under or overspends if activity is slightly lower or higher than expected. This has led to an underspend of £0.7m against a budget of £98m, and in line with DFE guidance (on the use of DSG), this will be used to partly fund spend on the Early Years SEN Inclusion Fund, which is currently funded from the High Needs Block, and reduces the overspend on High Needs Block.
High Needs Block: Higher demand and higher cost for high needs placements.	The High Needs Block (HNB) is intended to support the educational attainment of children and young people with special educational needs and disabilities (SEND) and pupils attending alternative education provision. The HNB funds payments to maintained schools and academies (both mainstream and special), independent schools, further education colleges, specialist independent providers and pupil referral units. Some of the HNB is also retained by KCC to support some SEND services (staffing/centrally

Safety Valve Payment & Local Authority Contribution.	commissioned services) and overheads. Costs associated with the EHCP assessment and annual review process are met from the General Fund and are not included in this section of the report. The in-year funding shortfall for High Needs placements and support in 2023-24 is +£45m due to a combination of both higher demand for additional SEN support and higher cost per child resulting from greater demand for more specialist provision. Levels of growth are expected to be similar to previous years whilst actions to support future financial sustainability are implemented. Many other councils are also reporting deficits on their high needs block, despite extra monies from the Government in recent years, resulting from significant increases in their numbers of EHCPs and demand for SEN services. However, the increases locally have been increasing at a significantly faster rate than other comparative councils and the council is placing a greater proportion of children in both special and independent schools compared to other councils, and a smaller proportion of children with SEND in mainstream schools. The tables below detail the trend in both spend and number of HNB funded places or additional support across the main placement types.

Table 3: Total Spend on High Needs Block by main spend type

	20-21 £'ms	21-22 £'ms	22-23 £'ms	23-24 £'ms
Maintained Special School	106	123	137	152
Independent Schools	49	60	68	78
Mainstream Individual Support & SRP* **	46	54	61	67
Post 16 institutions***	17	19	21	23
Other SEN Support Services	49	43	48	48
Total Spend	264	299	334	368

Table 4: Average number of HNB funded pupils receiving individualised SEN Support/placements. This is not the total number of children with SEN or number of EHCPs.

	20-21 No	21-22 No	22-23 No	23-24 No
Maintained Special School	5,118	5,591	6,019	6,492
Independent Schools	1,126	1,348	1,485	1,610
Mainstream Individual Support & SRP*	4,510	5,258	5,772	6,407
Post 16 institutions***	1,281	1,453	1,569	1,662
Total Number of Pupils	12,035	13,650	14,845	16,171

Table 5: Average cost of HNB funded pupils receiving individualised SEN Support or placement cost.

	20-21 £s per pupil	21-22 £s per pupil	22-23 £s per pupil	23-24 £s per pupil
Maintained Special School	£20,629	£21,648	£22,640	£23,362
Independent Schools	£43,734	£44,799	£44,911	£48,758
Mainstream Individual Support & SRP* **	£10,294	£10,245	£10,578	£10,383
Post 16 institutions***	£13,309	£13,090	£12,927	£13,627

*Specialist Resource Provision
** Please note this data excludes any costs incurred by primary & secondary schools from their own school budget.
***Individual support for students at FE College and Specialist Provision Institutions (SPIs)

The Safety Valve agreement, sets out the key actions the Council intends to take to achieve a positive in-year balance on its central schools' DSG reserve by the end of 2027-28 and in each subsequent year. The actions are aligned with our strategy to support improvements across the SEN system in response to the SEN Improvement Notice through the delivery of the Accelerated Progress Plan. The impact of these actions will not be immediate and will take several years to be fully embedded.

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

The budget agreed at County Council included the requirement to deliver savings and increased income totalling £65.3m during 2023-24. A further £4.4m of undelivered savings from the previous year are included in the overall 2023-24 savings requirement of £69.7m. This section does not include changes to Grant Income of £34.7m, savings of less than £50k totalling £0.2m and £10.7m for the removal of one-off or undelivered savings from 2022-23. The breakdown of the position is as follows:

- £53.4m of the overall total £65.3m agreed savings are on track to be delivered as planned
- £4.4m of savings brought forward from the previous year are not now forecast to be delivered in year.
- The Public Health, CED and DCED savings for 2023-24 are £3.4m and are on track to be delivered
- The NAC overachieved saving of £6.5m relating to investment income saving is due to increases in the base interest rate.
- A net position of £18.7m is forecast for ASCH, CYPE, GET and CHB as not achieved in 2023-24 and will slip into future years
- £4.1m has been identified by ASCH, CYPE & CHB as undeliverable
- £7.2m of alternative one-off savings have been identified.

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	(4.4)	(30.0)	8.6		(2.0)		3.4		(24.4)
Public Health		(2.2)							(2.2)
Children, Young People & Education		(14.5)	6.2		(1.8)		0.2		(9.9)
Growth, Environment & Transport		(11.0)	3.9		(3.4)				(10.5)
Deputy Chief Executive's Department		(0.1)							(0.1)
Chief Executive's Department		(1.0)							(1.0)
Non Attributable Costs		(5.9)						(6.5)	(12.4)
Corporately Held Budget		(0.5)					0.5		0.0
Total	**(4.4)**	**(65.3)**	**18.7**	**0.0**	**(7.2)**	**0.0**	**4.1**	**(6.5)**	**(60.6)**

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	**(4.4)**	**(30.0)**	**8.6**	**0.0**	**(2.0)**	**0.0**	**3.4**	**0.0**	**(24.4)**
Commissioning - 2022-23 Slipped Savings - review of all contracts	(4.4)	0.0	4.4						0.0
Efficiency: Adult Social Care - Consistently adhere to our policy framework in relation to areas such as: Third Party Top Ups; arranging support and debt for self-funders; transport and maximisation of relevant benefits; use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds; people in residential care in receipt of other services; timely reviews of Section 117 status with regard to charging		(1.3)	0.1						(1.2)
Income: Adult Social Care -Estimated annual inflationary increase in Better Care Fund		(2.3)							(2.3)
Income: Review of Charges for Service Users - existing service income streams & inflationary increases		(8.5)							(8.5)
Policy: Adult Social Care contracts with Voluntary Sector		(4.3)	3.2		(2.0)				(3.1)
Policy: Adult Social Care PFI		(0.2)	0.2						0.0
Policy: Housing Related Support - Homelessness		(2.3)							(2.3)
Policy: Redesign of In House Adult Social Care Services		(3.6)	0.7						(2.9)
Transformation: Adult Social Care service redesign - Redefine our Adult Social Care operating model to align to our strategic direction of travel and ambitions		(7.5)					3.4		(4.1)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Public Health	0.0	**(2.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(2.2)**
Efficiency: Public Health - Estimated efficiency savings from Public Health Partnership working with Health		(1.0)							(1.0)
Efficiency: Public Health - Healthy Lifestyles		(0.1)							(0.1)
Efficiency: Public Health - Sexual Health		(0.2)							(0.2)
Efficiency: Public Health - Substance Misuse		(0.1)							(0.1)
Income: Public Health - Increase in external income to cover annual pay increases and new expenditure funded by external income		(0.1)							(0.1)
Policy: Public Health - Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant		(0.4)							(0.4)
Policy: Public Health - Family Drug & Alcohol Court		(0.2)							(0.2)
Children, Young People & Education	0.0	**(14.5)**	**6.2**	**0.0**	**(1.8)**	**0.0**	**0.2**	**0.0**	**(9.9)**
Efficiency: Adult Social Care – Consistently adhere to our policy framework in relation to areas such as: Third Party Top Ups; arranging support and debt for self-funders; transport and maximisation of relevant benefits; use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds; people in residential care in receipt of other services; timely reviews of Section 117 status with regard to charging		(0.3)	0.3						0.0

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Efficiency: Children's Services – Review of the Practice Development Service		(0.4)							(0.4)
Efficiency: Children's Services – Reconfigure the Family Drug & Alcohol Court Services into the main Children's Social Work Teams		(0.2)							(0.2)
Efficiency: Children's Social Care – Review of Legal Services Spend through cost efficiencies by Invicta Law and review of the use of legal services by social workers		(1.0)	1.0						0.0
Efficiency: Community Learning & Skills – Development of income earning activities within the CLS service and engage in efficiency measures to reduce costs		(0.2)							(0.2)
Efficiency: 18-25 Adult Social Care Supporting Independence Service – Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health		(1.8)	0.8						(1.0)
Efficiency: Early Help & Preventative Services – Expanding the reach of case holding Early Help services		(0.5)							(0.5)
Efficiency: Early retirements – Reduction in the number of Historic Pension Arrangements		(0.3)							(0.3)
Efficiency: Open Access – Youth & Children's Centres – Continue to implement vacancy management and avoid all non-essential spend across open access		(0.6)							(0.6)
Income: Kent 16+ Travel Saver		(0.3)	0.3		(0.3)				(0.3)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income: Review of Charges for Service Users – existing service income streams & inflationary increases		(0.2)							(0.2)
Policy: Care Leavers – Pursue a policy where independence is reached by a Young Person's 19th birthday.		(0.7)	0.7		(0.7)				(0.7)
Policy: Integrated Children's Placements – Review of Integrated Looked After Children's Placements: Reduce dependence on high levels of additional support and seek enhanced contributions from health		(1.0)							(1.0)
Policy: Children's Services – Review Section 17 payments and only provide where the Council has a statutory responsibility or to avoid children coming into care		(0.2)					0.2		0.0
Policy: Disabled Children's Placements – Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health		(1.5)	0.8						(0.8)
Policy: Early Help & Preventative Services – Reconfigure the Positive Behaviour Service into the main Early Help Teams		(0.8)							(0.8)
Policy: Home to School Transport – Kent 16+ Travel Saver – Review the Kent 16+ Travel Saver scheme		(0.3)	0.3		(0.1)				(0.1)
Policy: Review of Open Access – Youth Services & Children's Centres -Ceasing of the Local Children's Services Partnership Grants		(0.6)							(0.6)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Policy: Review of Open Access – Youth Services & Children's Centres – review of open access services in light of implementing the Family Hub model		(0.2)	0.2		(0.2)				(0.2)
Policy: Review of Open Access Estate – Youth Provision & Children's Centres		(0.1)	0.1		(0.1)				(0.1)
Policy: Review Services Charged to Schools		(0.1)							(0.1)
Policy: Services to Schools – Review our offer to schools in light of the latest DFE funding changes and guidance including exploring alternative funding arrangements and engaging in efficiency measure to reduce costs		(0.8)	0.4		(0.4)				(0.8)
Transformation: Children's Social Care – Explore strategies, including statutory guidance, to reduce dependency on social work agency staff		(1.0)							(1.0)
Transformation: Looked After Children – Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings		(1.5)	1.5						0.0
Growth, Environment & Transport	0.0	**(11.0)**	**3.9**	**0.0**	**(3.4)**	**0.0**	**0.0**	**0.0**	**(10.5)**
Efficiency: Environment – Planned phasing of the new structure in the Environment Team		(0.3)							(0.3)
Efficiency: Highways – Renegotiate income levels to include inflationary uplift for permit scheme, lane rental scheme & National Driver Offender Retraining Scheme		(0.1)							(0.1)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Efficiency: Libraries, Registration & Archives (LRA) – One-off reduction in Libraries Materials Fund and a one year contribution holiday for the Mobile Libraries renewals reserve		(0.2)							(0.2)
Efficiency: Transportation -Use developer agreement income to maintain current level of transportation services		(0.3)							(0.3)
Efficiency: Waste -Increased waste material segregation, increased re-use, black-bag splitting and trade waste recycling with a view to generating income or reducing cost		(0.6)	0.4		(0.4)				(0.6)
Efficiency: Waste – New waste contract efficiencies including reduction in payments to Kent Resource Partnership; new contract enabling separate disposal of currently co-mingled food waste; segregation of other waste materials		(0.2)							(0.2)
Income: Highways – Increase in net income budgets for streetworks and permit scheme		(0.6)							(0.6)
Income: Kent Travel Saver – Kent Travel Saver price realignment to offset an increase in bus operator inflationary fare increases in 2022-23 above the budgeted amount		(1.0)	1.0		(1.0)				(1.0)
Income: Kent Travel Saver (formerly Young Person's Travel Pass) – Kent Travel Saver price realignment to offset bus operator inflationary fare increases		(1.5)	1.5		(1.5)				(1.5)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income: Review of Charges for Service Users – existing service income streams & inflationary increases – Uplift in social care client contributions in line with estimated benefit and other personal income uplifts, together with inflationary increases and a review of fees and charges across all KCC services, in relation to existing service income streams		(0.2)							(0.2)
Income: Waste – Review of fees and charges at Household Waste Recycling Centres		(0.1)							(0.1)
Policy: Arts – Review of support to the Arts		(0.2)							(0.2)
Policy: Discretionary Grants – Savings to be identified from a review of all discretionary grants		(0.1)							(0.1)
Policy: Economic Development – Review of grants and contracts with Kent Foundation and Locate in Kent		(0.1)							(0.1)
Policy: Highways – To reverse the prior decision to increase the number of swathe cuts		(0.3)							(0.3)
Policy: Highways Capital works – Removal of revenue contribution towards highways capital works		(3.0)							(3.0)
Policy: Highways Drainage – Review of highways drainage policy and level of works		(1.0)							(1.0)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Policy: Highways Winter Service – Review of highways winter service policy including service levels, salting runs and network, resulting in reduced network coverage and detrimental impact on Keeping Kent Moving policy		(0.5)							(0.5)
Policy: Household Waste Recycling Centres (HWRC) – Review of the number and operation of HWRC sites		(0.5)	0.5						0.0
Policy: Review of Community Wardens		(0.5)	0.5		(0.5)				(0.5)
Deputy Chief Executive's Department	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
Income: Resilience and Emergency Planning - Additional income from reservoir work		(0.1)							(0.1)
Policy: Marketing & Resident Engagement – Review KCC's presence at external events		(0.1)							(0.1)
Chief Executive's Department	0.0	**(1.0)**	0.0	0.0	0.0	0.0	0.0	0.0	**(1.0)**
Efficiency: Early retirements – Reduction in the number of Historic Pension Arrangements		(0.5)							(0.5)
Policy: Member Community Grants – Reduce Member Community Grants from £10k to £3.6k per Member		(0.5)							(0.5)
Non Attributable Costs	0.0	**(5.9)**	0.0	0.0	0.0	0.0	0.0	**(6.5)**	**(12.4)**
Financing: Debt repayment		(1.0)							(1.0)
Financing: Investment Income		(2.9)						(6.5)	(9.4)
Income: Income return from our companies		(2.0)							(2.0)

11 Savings

Target for year £69.7m
£60.6m savings to be delivered

Directorate	Previous year saving delivered in 2023-24	2023-24 Target	Not achieved in 2023-24	Alternative Saving (ongoing)	Alternative Saving (one-off)	Saving no longer required	Saving not Deliverable	Over Recovery of Saving	Forecast Savings 2023-24
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporately Held Budgets	0.0	**(0.5)**	0.0	0.0	0.0	0.0	0.5	0.0	**0.0**
Income: Review of fees & charges		(0.5)					0.5		0.0
Total	**(4.4)**	**(65.3)**	**18.7**	**0.0**	**(7.2)**	**0.0**	**4.1**	**(6.5)**	**(60.6)**

Explanation of the Directorate Savings variances are shown below:

11.1	The ASCH budget savings for 2023-24 are £30.0m, with a further £4.4m carried forward from 2023-24. £24.4m is identified as being on track to be delivered within 23-24. £12.0m forecast to slip into future years of which alternative funding of £2.0m has been agreed in this year and alternative management action of £3.2m is being taken to offset this .	£3.4m relates to the non delivery of service redesign savings, management action of £3.2m has been is being taken to offset this in the current year (See section 12 for further details on the management action). This has been taken into consideration with further redesign savings that will be delivered in 2024-25. £3.2m relates to the voluntary sector contracts not being able to achieve the full year effect of the savings, but one-off public health funding of £2m has been agreed to fund the continuation of the contracts in 2023-24, and the other £1.2m is now not achievable in year. £4.4m of commissioning review of contracts savings carried forward from 2022-23 will not now be achieved and will slip into 2024-25 £0.7m of In-house provision savings and £0.7m of policy and practice savings are also slipping into 2024-25.
11.2	The CYPE budget savings for 2023-24 are £14.5m. £8.1m has been identified as on track to be achieved and £6.2m has slipped into future years. Alternative	£1.1m is due to estimated delays in delivery of savings from the review of community-based packages of support including the delay in reviewing the charging policy for client transport (described in section 11.1). The review of high cost packages is ongoing and high costs panels are taking place to support delivery of the saving in 2024-25 onwards.

	savings or funding of £1.8m have been agreed and implemented.	£2.3m is due to estimated delays in delivery of placement related savings across integrated children's services (including disability services) where the number of Looked After Children and reductions in placement costs has not reduced as expected at the time of setting the budget. Use of High-cost panels and review of high cost packages is taking place to support delivery of the saving in 2024-25. £0.7m is due to delays in implementing a strategy in supporting independence by the age of 19. The implementation of this strategy is linked to the new accommodation contract for shared housing which was implemented from the 28th October in line with the wider regulation changes in supported accommodation for looked after children. This saving is anticipated to be delivered in 2024-25. £1.0m delivery of legal services savings for Children Social Care continues to be challenging, spend has continued to follow a similar trend to 2022-23. The service continues to work with Invicta law to improve the data quality of activity to support the service to identify key cost drivers and determine appropriate actions to deliver in 2024-25. £0.3m is due to delays in the review of open access services. This saving is being reviewed following the recent consultation on family hubs. £0.2m is due to non-delivery of the Section 17 saving. This saving has been reconsidered in light of other strategies to avoid possible entrance into care. It is therefore possible spend may increase rather than decrease in future to avoid higher placement related spend. £0.4m is due to the delay in the review of some services to schools. This saving is still expected to be delivered in 2024-25 and is expected to be offset by other one-off alternative savings in 2023-24. More information regarding the alternative savings will be included in the next monitoring report. £0.6m is due to delays in increasing the charges for the Kent 16+ Travel Saver to ensure Kent meets the requirement of the BSIP grant. £0.4m is estimated to be achieved through the use of the BSIP grant and a further £0.1m from other general underspends.
11.3	The GET budget savings for 2023-24 are £11.0m, of which £7.1m is identified as being on track to be	£0.5m is due to the proposed consultation on the review of HWRC sites (Waste) beingdelayed.

	delivered. Savings of £3.9m are forecast to now be delivered in future years. However, alternative savings and funding of £3.45m have been agreed and implemented to part-mitigate this.	In addition, and also in Waste, there was a £390k savings target from Reuse and Small Business trade waste. Reuse activities have been delivered; however, to meet the full target requires investment of capital to develop a shop facility. There is no capital finance for this. Small Business trade waste is an ongoing project with active plans of work to develop small trade waste through the districts/contractors at Dover Transfer Station and Dunbrik through Sevenoaks District Council. Strikes have disrupted any opportunity to introduce a small business waste service at the Canterbury HWRC (already permitted to take trade waste). Environmental permits for other HWRC's can only be pursued once the HWRC Review has been concluded, which as per above has been delayed. It is taking the Environment Agency circa one year to issue variations on current permits. Due to required consultation timescales, both public and staffing, none of the £0.5m budget reduction from the Community Warden review will be delivered in 23-24 as the revised timescale would not commence, subject to consultation, until at least April 2024. The £0.45m management action is to hold all existing and future vacancies to part offset this re-phasing of the proposed budget reduction. Current vacancy levels are higher than normal as some staff have chosen to leave for alternative employment ahead of any decisions being finalised. Within the £3.9m of savings that will now be delivered in 24-25, and within the £3.45m of mitigations, is £2.5m relating to the Kent Travel Saver (KTS). At February County Council, and in line with a previous decision, the KTS pass price would need to increase to offset the operator fare inflation. This consisted of £1.5m for 23-24 inflation and £1m for 22-23 inflation that was under-estimated. However, after the budget was set, KCC agreed to accept the Bus Services Improvement Plan (BSIP) grant from Government which allowed initiatives around ticketing to sustain and enhance the bus network and it was agreed that the KTS pass price could be held for one year. In 23-24 the grant will be used in lieu of additional income and also represents a benefit for the users of the scheme, as well as sustaining the level of patronage which supports KCC's net zero and vision zero initiatives.
11.4	NAC budget savings for 2023-24 are £5.9m with £12.4m to be achieved.	The £6.5m over achievement relates to increased investment income due to increases in base rate.

11.5	CHB budget savings for 2023-24 are £0.5m, which will slip into future years.	The 2023-24 budget included an estimated saving of £0.5m from increased fees and charges following the adoption of revised fees and charges policy. This policy was aimed at improving the transparency of discretionary services where charges include an element of concession or subsidy, and to adopt a more consistent approach to full cost recovery where no concessions/ subsidies are agreed. Achieving the saving always required increases in some fees and charges in line with the policy. Changes in fees and charges will require a decision and a fuller assessment of full cost, and at this stage no such decisions have been presented or taken.

11 Savings

Alternative savings of £5.7m have been identified to offset the savings that will not be delivered. The table below shows the breakdown by Directorate of the alternative savings in 2023-24:

Overview of saving	Alternative saving identified	Alternative savings value £000s
Adult Social Care & Health		**2,000.0**
Review of Discretionary Voluntary Sector Contracts	Alternative one off public health funding has been identified to fund continuation of contracts	2,000.0
Children, Young People & Education		**1,750.0**
Review of open access services through Family Hub model	Over-delivery of saving on vacancy management and ceasing non-essential spend across children's centres and youth hubs (in line with 2022-23 underspend).	300.0
Review the Kent 16+ Travel Saver scheme	Estimated cost of scheme for 23-24 estimated to be slightly lower than initially budgeted	100.0
Price Realignment of Kent 16+ Travel Saver in line with operator inflationary increases	Replaced through Bus Strategy Grant	250.0
Services to Schools	Alternative savings from The Education People company & ceasing of current arrangement with Kent Association of Headteachers. More detail will follow in the next monitoring report.	400.0
Care Leavers Placements	Review of existing care leavers placements.	700.0

Overview of saving	Alternative saving identified	Alternative savings value £000s
Growth, Environment & Transport		**2,950.0**
Income: Kent Travel Saver	Bus Services Improvement Plan (BSIP) grant has been utilised in lieu of increasing the pass price for 23-24 only	1,000.0
Income: Kent Travel Saver (formerly Young Person's Travel Pass)	Bus Services Improvement Plan (BSIP) grant has been utilised in lieu of increasing the pass price for 23-24 only	1,500.0
Review of Community Warden Service	Hold further future vacancies, and other operational savings.	450.0
Total Alternative savings for all Directorates		**6,700.0**

12 Management Action

This section sets out the significant planned management action being to reduce the Council's forecast overspend of £36.0m, which has not yet been delivered and is not yet reflected in this report. The actions identified to date are expected to deliver a reduction in spend, bringing the Council to a balanced position by the end of the financial year. £30.0m are one-off reductions only affecting the 2023-24 position with £6.0m that would have an on-going positive impact into 2024-25 and are reflected in the initial draft 2024-25 budget. The £21.3m management action shown against Corporately Held Budgets relates to cross cutting reductions to non committed spend and is removed across all directorates. To deliver this will require a relentless focus across the whole Council and further spending controls have been introduced to avoid or minimise spending wherever possible based on specific criteria to focus spending on the most essential activities and priorities until the financial position is brought under control and stablished. Close monitoring will be undertaken each month to ensure the actual spend is coming down as set out in the budget recovery plan and if sufficient spending reductions are not achieved within the next reporting period then further more stringent spending controls will be implemented

If the management action even after the introduction of spending controls is not delivered in full, any remaining overspend at the end of the financial year would need to be met from general or earmarked reserves, further weakening the Council's financial sustainability and resilience and increasing the budget gap in succeeding years through the need to replenish reserves.

Directorate	23-24 one-off £k	23-24 recurring £k	Total 2023-24 £k
Adult Social Care & Health	-6,100.0	-5,700.0	-11,800.0
Children, Young People & Education	-1,700.0	-350.0	-2,050.0
Growth, Environment & Transport	0.0	0.0	0.0
Deputy Chief Executive Department	0.0	0.0	0.0
Chief Executive Department	-850.0	0.0	-850.0
Corporate Management Actions	-21,300.0	0.0	-21,300.0
TOTAL	**-29,950.0**	**-6,050.0**	**-36,000.0**

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
ASCH	Working **collaboratively with NHS Colleagues** to ensure the most appropriate and cost-effective pathways are in place for those people being discharged from hospital settings and ensuring that the **necessary joint funding arrangements** are in place, which makes clear who the lead commissioner of care and support is.		-5,350.0	-4,278.6
ASCH	Working **collaboratively with NHS Colleagues** to ensure the most appropriate and cost-effective pathways are in place for those people being discharged from hospital settings and ensuring that the **necessary joint funding arrangements** are in place, which makes clear who the lead commissioner of care and support is. Initial focus will be on those individuals who have been discharged through the Transforming Care Programme.		-350.0	-250.0
ASCH	Maximise the use of **framework providers** which will reduce new support being commissioned from non-framework providers. This will help reduce the administrative burden on front line social care staff and reduce overall unit costs of care and support. Harmonise processes to create capacity within framework providers to pick up support required for people who draw on care and support.	-2,400.0		
ASCH	**Data Quality:** resolving data quality issues on records and files. This will significantly improve accuracy of information available for reporting.	Delivered		
ASCH	**Social Care Debt:** - External support being commissioned to assist with Court of Protection deputyship applications, meaning that those debts relating to non-discretionary funding' can be settled more quickly	-500.0		
ASCH	Use of Rolled Forward and uncommitted Disabled Facilities Grant to support funding of new **Technology Enabled Lives Programme**	Delivered		
ASCH	Explore alternatives for those people requiring low level of support	-200.0		
ASCH	Review payments for community based services to ensure that invoices represent delivered hours of support	-1,600.0		
ASCH	Ensure all people are assessed promptly in assessment (non chargeable) beds, to allow charging for residential care	-1,000.0		
ASCH	Review the contract for discharge from hospital services	-400.0		
		-6,100.0	-5,700.0	-4,528.6

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
CYPE	Work is continuing with the NHS to explore joint commissioning opportunities (including tier 4 admissions) and joint funding agreements for eligible young people (further review of existing savings profiles)		-250.0	
CYPE	Panels have been established in every district across both Integrated Children Services and Disability Services to review suitability and level of support for all looked after children's placements. This is in addition to a further peer review focused on high cost placements. (further review of existing savings profiles)		Delivered	
CYPE	Development of a Placement Framework to explore alternative ways to support children at risk of coming into care including increasing the role of family members.		-50.0	
CYPE	Signposting of families to community services where it is available and appropriate (further review of existing savings profiles).		Delivered	
CYPE	Review of 18-25 community-based services (i.e. direct payments, supporting living, daycare and transport): Reduction in expenditure on non-framework packages of care for 18-25 year olds and ensuring strict adherence to policy (further review of existing savings profiles)		Delivered	
CYPE	Use of grant to meet statutory responsibilities	-1,700.0		
CYPE	Increase in use of personal transport budgets		-50.0	TBC
		-1,700.0	-350.0	0.0

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
GET	Holding vacancies across all divisions	Delivered		
GET	Review demand and operational expenditure (public transport and highways)	Delivered		
GET	Increased income from fees, charges and income raising activities (eg LRA)	Delivered		
GET	Proactive management of operational expenses, projects and backlog (LRA, Environment, Highways)	Delivered		
GET	Use of available grants	Delivered		
GET	Contract renegotiation and rescoping with focus on waste and highways	TBD		
		0.0	**0.0**	**0.0**

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
DCED	SRP Option 1: Delete the vacant KR13 Programme Manager role (£81,039 p/a with on costs)	Delivered		
DCED	SRP Option 2: Delete the second KR12 Dependency Manager role (£70,752 p/a with on costs) when the postholder leaves and becomes a vacancy in November.	Delivered		
DCED	Hold vacancies within Infrastructure for the reminder of the year.	Delivered		
		0.0	**0.0**	**0.0**

12 Management Action

Directorate	Details of Actions being taken	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
CED	Cease the allocation of any more Member Grants in the current year and take the current underspend of c.£600k ie do not roll forward to 2024/25.	-600.0		
CED	Re-phase the appointments to vacant posts within SPRCA	Delivered		
CED	Re-phase the appointments to vacant posts within the newly structured Commercial and Procurement Division	-250.0		
CED	Release of Early retirement budget		Delivered	-100.0
		-850.0	**0.0**	**-100.0**

12 Management Action

Directorate & Division	Details of Actions being taken on Non-Committed Spend	23-24 one-off	23-24 recurring	24-25
		£k	£k	£k
Cross Cutting Review	<u>Subjective spend analysis</u> The current budget on specific cost codes (excluding the main demand led budgets) is £446.5m, with forecast spend of £463.8m and actuals of £195.8m up to the end of August 2023. This includes permanent staffing and agency costs to provide the overall staffing position. All non-committed expenditure is being reviewed as part of the management action to avoid spend and bring the budget back into balance. Finance have been working with budget managers to review the spend and forecasts on these codes during September to reduce the forecast wherever possible and Finance will undertake deep dives into specific areas to provide further options for savings considerations. It is recognised that some of the spend within these codes is essential, preventative and/or specific grant funded and we will need to ensure these do not duplicate actions already taken. Detailed, regular monitoring and reporting will ensure the reductions in spend are happening in practice. Once the areas of spend reductions have been agreed the corresponding budgets will be reduced.	-21,300		
Cross Cutting Review	<u>Capital Projects</u> The capital officer group are identifying invest to save capital projects to put forward for consideration to reduce revenue costs, e.g. in the care and children's sectors	TBC	TBC	
Cross Cutting Review	<u>"Balance Sheet" Review</u> A review of specific areas on the balance sheet and other Council assets are being reviewed to determine whether there is scope to release funds, e.g. assets and provisions. Whilst the impact on the 2023-24 position is likely to be limited, there may be opportunities to review policies going forward.	TBC		
Cross Cutting Review	<u>Contractual savings</u> A review of all contracts due to expire within the next 12 months has been undertaken. Whilst It is considered unlikely that savings can be made in 2023-24, any reduction in activity related to contract re-procurement will enable staffing resources to be redirected and will support the delivery of a balanced budget in 2024-25.	TBC		

12 Management Action

Cross Cutting Review	Review Of Early Payments Using Oxygen Finance Ltd for the supply of Early Payment Services under the NEPO 521 Framework Agreement (established in May 2020 by South Tyneside Council on behalf of NEPO (North East Procurement Organisation) in accordance with the contract award criteria and subject to final Legal sign off.		TBC	TBC
		-21,300.0	**0.0**	**0.0**

Directorate	Capital Budget £m	Variance £m	Real Variance £m	Rephasing Variance £m
Adult Social Care & Health	1.7	-0.7	-0.5	-0.2
Children, Young People & Education	118.4	-34.3	-1.6	-32.7
Growth, Environment & Transport	254.3	-60.6	6.8	-67.4
Chief Executive's Department	1.6	-1.9	-0.4	-1.5
Deputy Chief Executive's Department	23.5	-8.9	1.4	-10.3
TOTAL	**399.5**	**-106.4**	**5.7**	**-112.1**

The total approved General Fund capital programme including roll forwards for 2023-24 is £399.5m.

The current estimated capital programme spend for the year is forecast at £293.1m, which represents 73.4% of the approved budget. The spend to date is £93.0m, representing 23.3% of the total approved budget.

The directorates are projecting a -£106.4m underspend against the budget, this is split between a net +£5.7m real variance and -£112.1m re-phasing variance. £4.3m of the real variance is due to funding that has not yet been included within the cash limits because funding announcements were made after the budget book was agreed. Such changes to cash limits will be requested in the Capital budget Changes section of the report. At least £8m of the rephasing variance is outside of KCC control, due to projects being managed by external parties.

The major variances to note across the life of the programme are as follows:

Thanet Parkway (GET) – The overall project costs are still being reviewed with Network Rail and so the final costs are not yet confirmed. Network Rail have made further funding requests for 2023-24 which are not included in the forecast, and KCC has engaged an independent expert to carry out a review of costs. As with all major projects, final outturn costs are only confirmed when the project's accounts with contractors are finalised and closed.

Sturry Link Road (GET) - There is a potential increase in the estimated cost of this project of approximately £12m. This is higher than the cost that was submitted as part of the business case approval process and is predominantly due to inflation and increased construction costs. This cost estimate will be refined through the design process and any increase is expected to be covered by S106 contributions that are index linked and possibly more S106 contributions which have been identified. Further confidence in the delivery programme is a requirement of SELEP, this in turn safeguards the £5.9m Local Growth Fund (LGF) contribution, so progress with land negotiations and design work must be suitably demonstrated. The position will continue to be closely monitored and updated once the Design and Build Contract has been awarded.

Basic Need (CYPE) - Over the next three years 2023-24 to 2025-26, the forecast overspend on the basic need programme is £21.1m. This is due to inflation of approximately £10m, and due to a change in methodology in how to forecast for abnormals. Department for Education guidelines indicate an allowance of 10% of the project cost should be made for abnormals which is to cover items such as demolition, asbestos removal, pile foundations, extensive external works, and consequential improvements - some or all of which may be required on a scheme-by-scheme basis. This has been applied to projects which have not yet started. The basic need allocations for 2025-26 have now been published which are £20.5m more than has been assumed in the budget. The addition of this to the cash limits will offset the forecast overspend.

The major in-year variances (real variances of >£0.1m and rephasing >£1m) are described below, previously reported variances which have not changed are shown *in italics:*

Adult, Social Care & Health:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Learning Disability Good Day Programme	-0.1	-0.2	The real variance is due to: Meadowside Care Home -£0.062m due to project costs now forecast to come in under budget, and Yew Tree Centre -£0.05m due to the project being removed from this programme. This will now be carried out under the Basic Need Programme in CYPE – relocation of The Bridge site to the Yew Tree Centre to allow for the expansion of Dartford Bridge Primary School, towards which ASCH will contribute £0.292m funded from developer contributions.

Children, Young People & Education:

Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report:			
Annual Planned Enhancement Programme	1.5	-2.8	The real variance is due to RAAC costs which are expected to be funded by the DfE, but currently there is no budget or banked funding for these works. The rephasing is due to a number of projects each under £1m which have started in 2023-24 and are forecast to complete in 2024-25.
Modernisation Programme	-1.1	-3.8	The real variance is due to: -£0.6m John Mayne CEPS as the project is no longer progressing. -£0.4m Lydden Primary costs lower than expected as the electrical upgrade works were not required and inflation costs were lower than expected. -0.1m Leeds and Broomfield CEPS – following a cost cutting exercise the contingency was deemed not required.

			The rephasing is due to: -£1.1m Bidborough Primary – this was originally a school managed project but the planning was difficult and KCC took over project management which led to delays in project delivery. Mobile replacement programme - communication was sent to all KCC schools to gather information on what mobiles were on site and what they were being used for. Units used for teaching were RAG rated. Following site visits over the summer, 44 mobiles were identified as requiring replacement or repair. Of these, 8 mobiles now require a detailed feasibility for replacement with works likely to commence in the Spring. 29 mobiles require significant repair, feasibilities will be carried out on these and the remaining rephased budget will be used to address the mobile repairs. It is a lengthy process from identifying mobiles which need either replacement or repair to works being delivered, this combined with reliance on consultants supporting the programme and also competing demands within Infrastructure has led to rephasing of projects.
School Roofs	0.0		This was previously reported as a forecast £2.0m underspend as it relates to RAAC roof works at Birchington Primary which are expected to be funded by the Department for Education. However it is prudent to retain the original cash limit until the funding has been received and hence a nil variance is being reported rather than an underspend.
Overall Basic Need Programmes			Over the next three years 2023-24 to 2025-26, the forecast overspend on the basic need programme is £21.1m. This is due to inflation of approximately £10m, and due to a change in methodology in how to forecast for abnormals. Department for Education guidelines indicate an allowance of 10% of the project cost should be made for abnormals which is to cover items such as demolition, asbestos removal, pile foundations, extensive external works, and consequential improvements - some or all of which may be required on a scheme-by-scheme basis. This has been applied to projects which have not yet started. The basic need allocations for 2025-26 have now been published which are £20.5m more than has been assumed in the budget. The addition of this to the cash limits will offset the forecast overspend.
Basic Need Kent Commissioning Plan 2016	-0.5		The real variance is due to a number of projects coming in under budget.
Basic Need Kent Commissioning Plan 2018	-0.2	-2.1	The real variance is due to: -£0.6m The Abbey. Works have been added to the project in the Basic Need KCP 21-25 line, but not until later years.

			-£0.2m Simon Langton Boys Grammar – additional costs for works requested by the school have been met by the school. +£0.4m Gravesend Boys Grammar. Inflation has been added due to the extended project delivery timescale. The rephasing of -£2.1m is across 4 different projects, each of which are below £1m.
Basic Need Kent Commissioning Plan 2019	0.8	-10.3	The real variance is due to: +£0.8m Borden Grammar due to additional project scope to include kitchen and hall works, and abnormals have been identified on site. The rephasing is due to: -£4.0m Highsted Grammar – the school is requesting additional funds which has caused a delay to the start of the project. -£2.6m Cable Wharf, replacement school for Rosherville, has been selected under the school rebuild programme. KCC are adding an additional 1FE and the KCC contribution to the scheme is dependent on DfE delivery. -£1.2m Teynham Primary. The current 1FE school is being replaced with a 2FE. The delays are due to planning and agreeing project scope with the school. -£1.9m Thanington Primary. This project is in design contract but is not yet in build contract. It is due to open in September 2025. -£0.7m Maidstone Girls Grammar. Initial costings were high which has delayed contracts. Contracts have now been issued and are awaiting sealing.
Basic Need KCP 2021-25	-0.5		The real variance is due to: -£0.6m Cornwallis Academy. A change of scope and works are now being school managed at a lower cost. +£0.1m St Peter's Aylesford. The project tenders are higher than anticipated.
Basic Need KCP 2022-26	-0.1	-5.0	The rephasing is due to: -£2.0m Marden Primary. Funding agreement with the school and forecasts have been aligned with provision requirement date of September 2024. -£1.9m Cornwallis Academy. Forecasts have been aligned with the provision requirement date of September 2025. -£1.0m Sittingbourne. A school has not yet been identified to provide additional places.
Basic Need KCP 2023-27	-1.9	1.3	The real variance is on Maidstone temporary secondary provision, where places are being provided at Cornwallis Academy. The rephasing variance is on 5 projects, each of which is below £1m.

High Needs Provision 2022-24	0.4	-10.0	The real variance is due to: -£0.1m to fund the overspend on the High Needs Provision line for the Callum Centre. +£0.5m Stone Bay – an additional reception year class is required for complex needs pupils. The rephasing variance is due to: -£7.3m The Beacon Satellite Provision. Space analysis was recently completed to confirm Special Educational Needs and Disability (SEND) spaces are still required. Contracts for the next phase of works were not able to be entered into until this was completed. -£1.0m Five Acre Woods. This is being held for possible further works. -£0.8m Oakley Satellite Provision and -£0.5m Nexus Satellite Provision - sites for these satellites have not yet been identified.
Previously Reported Variances:			
High Needs Provision	*0.1*		*The real variance relates to an increase in contribution to the Callum Centre, Canterbury Primary. This is to be funded from the High Needs Provision 2022-24 budget line.*

Growth, Environment & Transport: Project	Real Variance £m	Rephasing Variance £m	Detail
New Variances to Report: Highways and Transportation			
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	1.6	-4.6	The real variance is partially due to additional grant and external funding (£0.4m). Once this has been added to the cash limits the variance will disappear. The remaining overspend is unfunded and relates to the pressures of Highways Operations Teams to repair the roads through Major Patching/Permanent patching budgets. This predicted overspend is due to contract price increases and the condition of the roads after the bad weather of last winter that is still having an impact. These budgets are separate from the £6.1m from the Government's spring budget for the Pothole Blitz budget line. The rephasing variance relates to: - structures and the inability to recruit to senior posts, - some schemes that are in or have completed the design phase will be constructed in future years - some schemes take more than one year to construct, - delays due to KCC waiting for access to be granted by Network Rail.
A229 Bluebell Hill M2 andM20 Interchange Upgrades		-2.4	The scheme is reliant on external funding and the profile has been updated to align with the latest monitoring return submitted to the Department for Transport (DfT). The project has been pushed back due to delays in DfT approving funding.
Bath Street Fastrack		1.7	The scheme is on site and making good progress. Some of the funding from 2024-25 is required in 2023-24 to cover potential risk, however the overall scheme remains within budget and is on target to be delivered on time.
Bearsted Road	0.4	-3.1	A contract price been agreed and works are now being accelerated on the ground. A spend profile review is currently being undertaken and will be refined as the programme of works is agreed. Completion is now expected in November 2024. The predicted increase in the estimated scheme cost is due to delays and loss of income due to COVID, however a bid to SELEP for external funding is currently being considered to cover this.

Dover Bus Rapid Transit	1.3		The real variance reflects additional grant available for the scheme. Homes England have recently confirmed to Dover District Council that they are able to drawdown the full funding allocation of £22.9m that was agreed through a variation to the funding agreement. Therefore the total available budget with the £3m DfT contribution is now £25.9m. The bridge beams were successfully lifted into place in July 2023 and works are now scheduled to be completed in January/February 2024.
Dover Inter Border Facility	-2.9		The forecast has been adjusted to expected spend. Any residual grant will be repaid to the funders and cash limits will be adjusted accordingly.
Fastrack Full Network – Bean Road Tunnels		-10.1	The estimate to deliver the scheme has increased significantly following the pre-construction phase, particularly due to inflation pressures. The works are now beyond the available budget and a review is in hand to determine if additional funding can be achieved. Construction is on pause pending resolution of the funding gap. The Bus Service Improvement Plan II grant is expected to become available later this year which could allow the scheme to move forward.
Faversham Swing Bridge		-1.8	There are ongoing complex legal discussions with Peel Ports relating to the project therefore the budget is being rephased to 2024-25.
Green Corridors		-4.7	The spend profile has been rephased to align with the construction timescales for the Green Corridors Programme. The construction periods have been delayed so that the sites can be procured together and constructed by a single contractor. Other works nearby mean that the construction of these sites could not begin as originally intended due to road space availability and procurement timescales. This programme is funded by Ebbsfleet Development Corporation.
Housing Infrastructure Fund (HIF) Swale		-8.4	The rephasing variance is due to delays in the commencement of the works contract whilst awaiting the sign off from National Highways, which has now been granted. This project is externally funded by the HIF forward fund from Homes England and the variance has been reprofiled with them.
Kent Active Travel Fund Phase 2		-1.1	Rephasing for these projects is due to the need for additional consultations on 4 of the 5 projects. Active Travel England have agreed extended deadlines with further change control to be requested by KCC.

Kent Active Travel Fund Phase 3	-1.0	The rephasing is for the Sevenoaks East/West Cycle improvements part of the project. The delay is due to continuing work in developing and consulting on proposals. Active Travel England have agreed extended deadlines with further change control to be requested by KCC.
LED Conversion	-1.3	Rephasing is required as the budget is to convert newly adopted assets to LED where the approved design was prior to the LED conversion project. The date for adopting new developments is an unknown quantity, therefore the carry forward reflects that less assets will be adopted this year than expected.
Maidstone Integrated Transport (MIT)	-1.2	The spend profile continues to be aligned with the construction timescales for the individual elements of the MIT Programme. The A229 Loose Road improvement at the junction with Armstrong Road and Park Way is now complete and work is ongoing to review the benefit of delivering a full scheme at the Wheatsheaf Junction following the closure of Cranbourne Avenue. The A20 Coldharbour scheme is currently at the procurement stage and the delivery programme will be aligned to start in early 2024 for 12 months. The A20 London Road junction with Hall Road is also being reviewed to identify what capacity benefit can be achieved without the implementation of the roundabout option. The A20 Ashford Road scheme at the junction with Willington Street is programmed to be carried out after the A249 Bearsted Road improvement scheme has been completed in November 2024. A full review of the estimated scheme costs for each element against the available LGF and S106 contributions is currently being carried out.
Sturry Link Road, Canterbury	-1.0	The project has been rescheduled based on the current programme for the design and build contract. There is a potential increase in the estimated cost of this project of approximately £12m. This is higher than the cost that was submitted as part of the business case approval process and is predominantly due to inflation and increased construction costs. This cost estimate will be refined through the design process and any increase is expected to be covered by S106 contributions that are index linked and possibly more S106 contributions which has been identified. Further confidence in the delivery programme is a requirement of SELEP this in turn safeguards the £5.9m Local Growth Fund (LGF) contribution, so progress with land negotiations and design work must be suitably demonstrated. The position will continue to be closely monitored and updated once the Design and Build Contract has been awarded.

Urban Traffic Management Control		-1.6	The spend for this project has been reprofiled based on the programme of works. This programme is funded by Ebbsfleet Development Corporation.
Zero Emission Bus Regional Areas (ZEBRA)		-3.0	The purchase of the electric vehicle chargers for this project will now take place in 2024-25. The reprofiling is due to procurement and supply delays. It is now also expected that the buses relating to the Dover element of the project will be purchased early in 24-25.
Growth & Communities			
Gypsy & Traveller Site Improvements		-2.5	The construction contract award was completed in the summer of 2023 resulting in works planned and programmed to end by December 2025. This has resulted in rephasing due to the scale of the improvement scheme and availability of contractors to carry out the works.
Kent and Medway Business Fund (KMBF)		-2.2	The rephasing is due to a lower value of loans likely to be defrayed during 2023-24, given the time available once the new round is launched in October 2023.
Kent Empty Property Initiative	1.3	-6.1	The real variance is due to additional external and grant income available. The rephasing reflects adjusted loan repayments in line with expected receipts.
Previously Reported Variances: Highways and Transportation			
Thanet Parkway Railway Station	*3.9*		*The overall project costs are still being reviewed with Network Rail and so the costs are not yet finalised. Network Rail have made further funding requests for 2023-24 which are not included in the forecast, and KCC has engaged independent experts to carry out a review of costs. As with all major projects, final out turn costs are only confirmed when the project's accounts with contractors are finalised and closed.*

Kent Thameside Strategic Transport Programme (STIPS)		*-3.1*	*The Thamesway project is on hold pending outcome of the Ebbsfleet Central and Northfleet Harbourside planning applications. This follows a decision by the Cabinet Member following Environment and Transport Cabinet Committee in January 2023, to amend the Thamesway project.*
A28 Chart Road, Ashford		*-2.7*	*Based on estimated occupation levels it is currently anticipated that construction will commence in early 2025 for a duration of 2 years, hence the rephasing. This is reliant on the developer producing a financial bond to give KCC certainty of funds to award a construction contract. The design update will be concluding shortly, after which a complete review and update of project costs will be completed.*
Dartford Town Centre		*-2.1*	*Dartford Borough Council (DBC) are managing this scheme and have provided an updated programme for the construction of phases 3 and 4, and the spend profile is now aligned with their intended draw down of the funding. DBC will be procuring phase 3 in late 2023, and construction will commence in Spring 2024.*
Folkestone – A Brighter Future	*1.1*		*The Delivery Partner Agreement with Folkestone and Hythe District Council (FHDC) has recently been signed which will enable KCC to draw down £15.9m from FHDC (Levelling Up Fund 2 grant) and to deliver the transport and public realm elements of Folkestone A Brighter Future on behalf of Folkestone and Hythe over several years. A cash limit adjustment for £1.1m has been requested and once added there will be no variance.*
Integrated Transport Schemes	*0.3*		*The real variance is due to smaller schemes that will be externally funded, the funding for which has not yet been added to the cash limit.*
Environment & Waste			
Transfer Station Folkestone & Hythe		*0.1*	*There is a small requirement to bring £0.1m funding forward in 2023-24 to carry out survey and pre-planning work on a preferred site.*
Growth & Communities			

Digital Autopsy	*-2.9*	*Digital Autopsy (DA) funds have been re-phased as the project tender for the DA and body store delivery has failed. The project is now looking at alternative options to bring in the necessary providers. Given the amount of time this will take to bring forward, the capital spend has been deferred as the capital element can only be entered into at the same time as the revenue contracts to ensure the project is de-risked.*

Deputy Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Modernisation of Assets (MOA)	0.2	1.2	The real variance is due to: +1.4m Additional Salix funding expected in and the associated works. -1.2m Costs relating to Oakwood House are to be moved to the Oakwood House project line. The rephasing variance is due to addressing category 1-5 sites and urgent MOA works which are required in the current financial year.
Asset Utilisation – Oakwood House	1.2		The real variance is due to costs that were originally coded to Modernisation of Assets which relate to this project so will be moved. A virement is requested from modernisation of assets to cover this (see Capital Budget Changes section).
Dover Discovery Centre		-3.4	The rephasing is due to delays in procurement.
Strategic Estate Programme		-4.3	The rephasing is due to a delay in the release of the Sessions House Masterplan which has resulted in a postponement of the original planned commencement date for any refurbishment.
Strategic Reset Programme		-2.9	Rephasing is expected as the project is still at feasibility stage.

Chief Executive's Department:

Project	Real Variance £m	Rephasing Variance £m	Detail
New variances to report:			
Feasibility Fund	-0.4	-1.5	The real variance reflects costs relating to demolition at the Aylesford site which are to be written off in year and funded from a revenue reserve. The rephasing reflects latest forecast feasibility costs in line with project plans.

14 Capital Budget Changes

Cabinet is asked to approve the following changes to the Capital Budget:

Project	Year	Amount (£m)	Reason
ASCH Directorate:			
Learning Disability Good Day Programme	23-24 24-25	-0.05 -0.242	Virement of developer contribution funding to the Basic Need KCP18 line in relation to Dartford Bridge.
CYPE Directorate:			
Basic Need Kent Commissioning Plan (KCP)21	23-24	0.09	Virement of schools condition allocation (SCA) grant from Schools modernisation of assets (MOA) for works at Archbishops School.
Schools MOA	23-24	-0.09	Virement to Basic Need KCP21 for works at Archbishops School.
Basic Need KCP18	23-24	0.292	Virement of developer contributions from ASCH for Dartford Bridge.
Basic Need KCP18	23-24 24-25	-1.042 -2.326	Dartford Bridge Primary project has been rephased to 2027-28 therefore the developer contribution funding from 23-24 and 24-25 is being rephased to match the forecast spend.
Basic Need KCP18	27-28	+3.368	To reflect rephasing of the project and associated funding relating to Dartford Bridge Primary.
Basic Need KCP18	23-24 24-25	-0.557 -0.129	The Abbey School project has been rephased to 2025-26 and moved to KCP21-25 therefore the developer contribution funding needs to be rephased to match the forecast spend.
Basic Need KCP21-25	25-26	+0.686	To reflect rephasing of the project and associated funding relating to The Abbey School.
Basic Need KCP19	25-26	+2.58	Add basic need grant funding to cash limits to reflect 25-26 allocations.
Basic Need KCP21-25	25-26	+2.679	Add basic need grant funding to cash limits to reflect 25-26 allocations.
Basic Need KCP23-27	25-26 26-27	+10.365 +4.900	Add basic need grant funding to cash limits to reflect 25-26 allocations.

GET Directorate:			
Highways Major Enhancement	23-24	0.15	Virement of loan funding from LED Conversion Project
LED Conversion Project	23-24	-0.15	Virement of loan funding to Highways Major Enhancement

14 Capital Budget Changes

Project	Year	Amount (£m)	Reason
Highways Major Enhancement	23-24 23-24	0.08 0.397	Increase cash limit for additional external funding received.
Integrated Transport Schemes	23-24 24-25	0.3 0.05	Increase cash limit for additional grant received. Increase cash limit for additional grant received.
Bearsted Road (Kent Medical Campus)	24-25	0.07	Increase cash limit for additional external funding.
Local Authority Treescape Fund	23-24	0.03	Additional grant received from Forestry Commission.
Surface Water Flood Risk Management	23-24	0.09	Additional grant received from the Environment Agency.
Country Parks	23-24	-0.002	Reduction in funding due to grant received being less than expected.
Public Rights of Way	23-24	-0.002	Reduction in funding due to grant received being less than expected.
Kent Empty Property Initiative	23-24	1.087	Additional grant funding available.
Dover Bus Rapid Transit	23-24 23-24 24-25 25-26	-0.120 1.423 0.271 0.089	Reduction in external funding. Additional grant. Additional grant. Additional grant.
Dover Inter Border Facility	23-24	-2.199	Reduce grant to match forecast spend.
Folkestone – A Brighter Future	23-24 24-25 25-26	1.085 10.165 4.575	Additional grant to be added to the cash limit for this scheme.
DCED Directorate:			
Modernisation of Assets	23-24	-1.183	Virement of prudential borrowing to Asset Utilisation Oakwood House to cover costs that were originally coded to MOA but related to the Oakwood House project.
Asset Utilisation Oakwood House	23-24	+1.183	Virement of prudential borrowing from MOA to cover costs that were originally coded to MOA but related to the Oakwood House project.

15 Treasury Management Monitoring

Treasury management relates to the management of the Council's debt portfolio (accumulated borrowing to fund previous and current capital infrastructure investments) and investment of cash balances. The Council has a comparatively high level of very long-term debt, a significant proportion of which was undertaken through the previous supported borrowing regime.

15.1	Total external debt outstanding in September was £787.03m down by £15.44m since 31st March 2023	KCC debt includes £470.12m of borrowing from the Public Works Loans Board (PWLB). The vast majority is maturity debt (debt is only repaid upon maturity) at a fixed rate of interest. The average length to maturity of PWLB debt is 15.05 years at an average interest rate of 4.46%. Outstanding loans from banks amount to £216.10m. This is also at fixed term rates with average length to maturity of 38.73 years at an average interest rate of 4.54%. The council has £90m of Lender Option Borrower Option (LOBO) loans. These loans can only be renegotiated should the lender propose an increase in interest rates. The average length to maturity of LOBO loans is 40.38 years at an average interest rate of 4.15%. The balance of debt relates to loans for the LED streetlighting programme. The outstanding balance is £10.81m with an average of 13.75 years to maturity at an average rate of 2.31%. KCC's principal objective for borrowing is to achieve an appropriately low risk balance between securing low interest rates and certainty of financing costs. This is achieved by seeking to fund capital spending from internal resources and short-term borrowing, only considering external long-term borrowing at advantageous interest rates.
15.2	Majority is long term debt with only 9.29% due to mature within 5 years	Maturity 0 to 5 years £73.13m (9.29%)[1] Maturity 5 to 10 years £25.00m (3.18%) Maturity 10 to 20 years £257.00m (32.65%) Maturity over 20 years £431.90m (54.88%)
15.3	Total cash balance at end of September was £547.11m, up by £54.73m from the end of March	Cash balances accrue from the council's reserves and timing differences between the receipt of grants and other income and expenditure. Balances are forecast to decline over the remainder of the year in line with the typical trend observed in previous years.

[1] Split across the next five years is as follows: Year 1 £10.00m, Year 2 £22.13m, Year 3 £24.00m, Year 4 £17.00m, and Year 5 £0.00m

15.4	Cash balances are invested in a range of short-term, medium term and long-term deposits	Investments are made in accordance with the Treasury Management Strategy agreed by full Council alongside the revenue and capital budgets. The treasury management strategy represents a prudent approach to achieve an appropriate balance between risk, liquidity and return, minimising the risk of incurring losses on the sum invested. Longer term investments aim to achieve a rate of return equal or exceeding prevailing inflation rates. Short term deposits (same day availability) are held in bank accounts and money market funds. Current balances in short-term deposits in September were £132.98m (24.31% of cash balances). Short-term deposits enable the Council to manage liquidity. Bank accounts and money market funds are currently earning an average rate of return of 5.28%. Deposits are made through the Debt Management Office (an executive agency responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds). As at the end of September, the Council had £130.83m in government bonds. These deposits represent 23.91% of cash investments with an average rate of return of 5.20%. Medium term deposits include covered bonds, a form of secured bond issued by a financial institution that is backed by mortgages or public sector loans. In the UK the covered bond programmes are supervised by the Financial Conduct Authority (FCA). King and Shaxson acts as the Council's broker and custodian for its covered bond portfolio. As at the end of September, the Council has £97.27m invested in covered bonds earning an average rate of return of 4.79%. The Council has lent £15.30m through the No Use Empty Loans programme which achieves a return of 4.00% that is available to fund general services (increased to 4.50% for new loans from October). This total includes £4.82m of loans made (£3.60m received) since March. The Council has now agreed 2 rolling credit facilities (RCF) with registered providers totalling £15m, for which we are receiving a fee of 0.40%. None of the facilities have been drawn so far. Long term investments are made through Strategic Pooled Funds. These include a variety of UK and Global Equity Funds, Multi Asset Funds and Property Funds. In total the Council has £169.42m invested in pooled funds (30.97% of cash balances) as at 30 September 2023.

15.5	Treasury Management Advice	The Council secures external specialist treasury management advice from Link Group. They advise on the overall strategy as well as borrowing options and investment opportunities. Link Group provide regular performance monitoring reports.
15.6	Quarterly and Bi-annual reports	A fuller report is presented to Governance and Audit Committee on a regular bi-annual basis. A report on treasury performance is reported twice a year to full Council.

15 Treasury Management Monitoring

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 30/09/2023	Target
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 30/09/2023	Target
Total cash available within 3 months	£254.09m	£100m

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 was:

Interest rate risk indicator	Actual 30/09/2023	Limit
One-year revenue impact of a 1% rise in interest rates	£2.72m	£10m
One-year revenue impact of a 1% fall in interest rates	-£2.72m	-£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 were:

	Actual 30/09/2023	Upper limit	Lower limit
Under 12 months	1.27%	100%	0%
12 months and within 5 years	8.02%	50%	0%
5 years and within 10 years	3.18%	50%	0%
10 years and within 20 years	32.65%	50%	0%

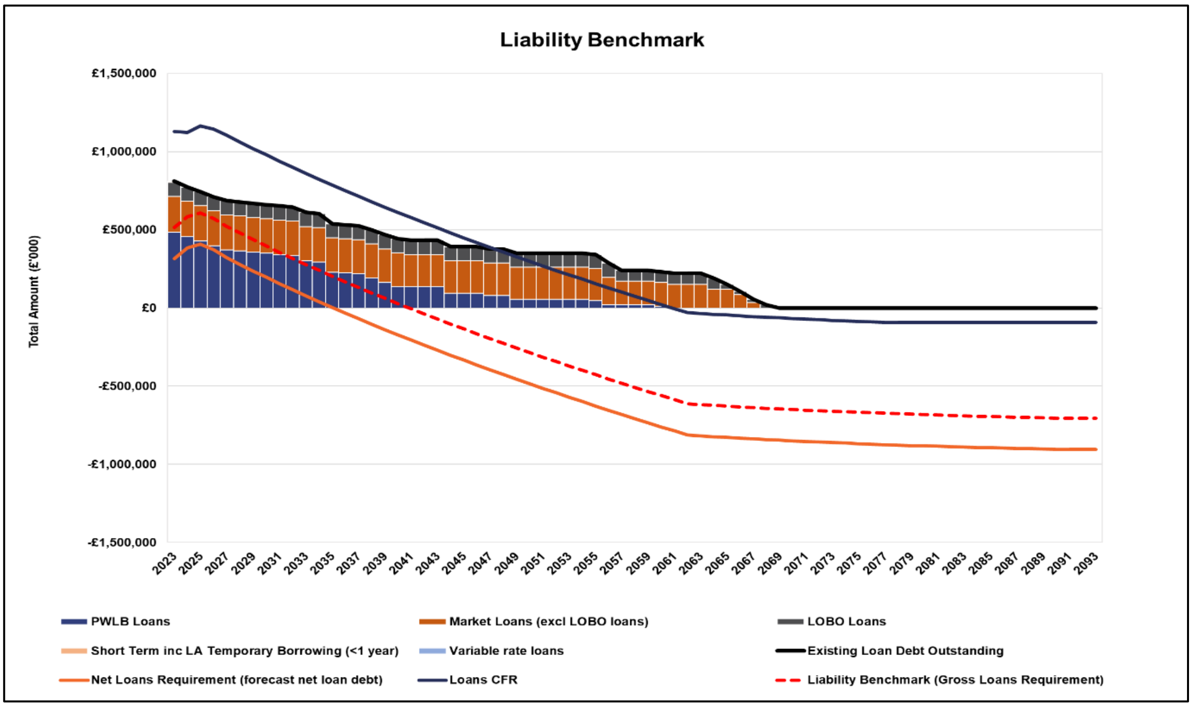
20 years and within 40 years	26.78%	50%	0%
40 years and longer	28.09%	50%	0%

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 were:

Price risk indicator	2023/24	2024/25	2025/26	No Fixed Date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m
Actual as at 30 September 2023	£88.8m	£53.1m	£32.1m	£184.7m

2. Prudential Indicator: Liability Benchmark



2.1 The liability benchmark chart shows the Council should be able to accommodate the movement in Loans CFR through additional internal borrowing given the resources on the balance sheet if it wants to maintain treasury investments at the £200m liquidity allowance. However, this is based on the current assumption with regards to movement in reserves and that the working capital position remains at the 31/03/2023 level of £300m. It also assumes that the liquidity allowance of £200m remains appropriate given the £174m of external investments currently invested with fund managers over a long-term investment time horizon.

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
13.3	11.8	-1.6	Community Based Preventative Services	8.5	10.2	1.6	+0.2	+1.4
4.5	3.6	-0.9	Housing Related Support	1.5	1.4	-0.1	+0.0	-0.2
1.2	1.6	0.3	Provision for Demographic Growth - Community Based Services	10.7	2.5	-8.2	-5.1	-3.1
10.2	0.0	-10.2	Strategic Management & Directorate Support (ASCH)	5.4	3.9	-1.5	-1.0	-0.5
6.8	3.9	-2.9	Social Support for Carers	3.0	2.8	-0.3	-0.3	-0.0
3.2	2.7	-0.5	Partnership Support Services	0.0	0.0	0.0	-0.0	-0.0
39.3	23.6	-15.6	Strategic Management & Directorate Budgets	29.1	20.7	-8.5	-6.1	-2.3
0.0	0.0	0.0	Strategic Commissioning (Integrated and Adults)	0.0	0.0	0.0	-0.0	+0.0
0.0	0.0	0.0	Strategic Commissioning (Integrated and Adults)	0.0	0.0	0.0	0.0	+0.0
0.0	-0.1	-0.1	Public Health - Advice and Other Staffing	0.0	0.0	0.0	+0.0	-0.0
0.0	0.0	0.0	Public Health - Children's Programme	0.0	0.0	0.0	+0.0	+0.0
0.0	0.0	0.0	Public Health - Healthy Lifestyles	0.0	0.0	0.0	+0.0	+0.0
0.0	0.0	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0	+0.0	-0.0
0.0	0.0	0.0	Public Health - Sexual Health	0.0	0.0	0.0	+0.0	+0.0
0.0	-0.1	-0.1	Public Health	0.0	0.0	0.0	0.0	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
0.0	0.0	0.0	Adult In House Carer Services	2.4	2.6	0.3	+0.1	+0.1
2.4	2.6	0.2	Adult In House Community Services	5.8	5.9	0.1	-0.0	+0.1
5.9	5.6	-0.4	Adult In House Enablement Services	6.4	6.6	0.2	+0.6	-0.4
2.8	1.7	-1.1	Adult Case Management & Assessment Services	25.6	24.5	-1.1	-0.4	-0.6
5.7	5.5	-0.2	Adult Learning Disability - Case Management & Assessment Service	0.5	0.6	0.0	+0.0	+0.0
101.7	105.3	3.7	Adult Learning Disability - Community Based Services & Support for Carers	116.3	124.3	8.0	+5.5	+2.6
72.3	72.5	0.2	Adult Learning Disability - Residential Care Services & Support for Carers	76.6	78.4	1.8	-0.0	+1.8
10.0	9.8	-0.2	Adult Mental Health - Case Management & Assessment Services	3.0	3.6	0.6	+0.5	+0.0
11.4	17.8	6.4	Adult Mental Health - Community Based Services	17.9	23.5	5.6	+3.3	+2.3
15.6	18.0	2.3	Adult Mental Health - Residential Care Services	18.4	21.0	2.6	+1.6	+1.0
21.0	21.8	0.9	Adult Physical Disability - Community Based Services	25.5	33.2	7.8	+6.5	+1.2
17.9	20.8	3.0	Adult Physical Disability - Residential Care Services	20.3	23.2	3.0	+1.9	+1.1
6.9	6.3	-0.6	ASCH Operations - Divisional Management & Support	5.7	5.7	0.0	-0.0	+0.1
38.7	36.9	-1.8	Independent Living Support	1.0	1.0	0.0	-0.0	-0.0
9.4	9.8	0.4	Older People - Community Based Services	42.7	46.3	3.6	+2.6	+1.0
49.0	79.5	30.5	Older People - In House Provision	16.1	16.4	0.3	-1.0	+1.4
21.8	21.9	0.1	Older People - Residential Care Services	78.0	91.1	13.1	+16.2	-3.1
0.0	0.0	0.0	Older People & Physical Disability - Assessment and Deprivation of Liberty Safeguards Services	10.9	11.3	0.4	-0.4	+0.8
1.2	1.9	0.7	Older People & Physical Disability Carer Support - Commissioned	1.6	2.2	0.6	+1.0	-0.4
5.9	6.0	0.0	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Community Based Services	7.5	1.5	-6.0	-4.8	-1.2
1.1	1.3	0.2	Physical Disability 26+ Lifespan Pathway & Sensory and Autism 18+ - Residential Care Services	1.3	0.2	-1.1	-0.8	-0.3
0.0	0.0	0.0	Sensory & Autism - Assessment Service	0.7	0.7	0.0	+0.0	-0.0
0.7	0.7	0.0	Statutory and Policy Support	1.7	2.1	0.5	+0.4	+0.0
0.6	0.4	-0.2	Strategic Safeguarding	0.8	0.7	-0.1	-0.0	-0.1
5.1	1.6	-3.4	Adaptive & Assistive Technology	1.7	1.6	-0.2	-0.9	+0.8
407.2	447.8	40.6	Adult Social Care & Health Operations	488.4	528.4	40.0	31.8	+8.2
8.6	8.1	-0.5	Business Delivery	10.0	8.8	-1.2	+0.1	-1.3
38.7	36.9	-1.8	Independent Living Support	1.0	1.0	0.0	+0.0	-0.0
9.3	8.8	-0.5	Business Delivery Unit	10.0	8.8	-1.2	0.1	-1.3
455.8	480.2	24.4	Adult Social Care & Health	527.5	557.9	30.4	25.8	4.6
0.0	0.0	0.0	Earmarked Budgets Held Corporately	0.0	0.0	0.0	0.0	

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
2.3	1.9	-0.3	Strategic Management & Directorate Budgets	1.9	1.8	-0.1	-0.2	+0.1
15.5	15.1	-0.4	Adoption & Special Guardianship Arrangements & Service	17.1	16.8	-0.3	-0.1	-0.2
32.9	37.3	4.4	Adult Learning & Physical Disability Pathway - Community Based Services	40.1	43.0	2.9	+3.7	-0.8
9.3	9.3	0.1	Adult Learning & Physical Disability Pathway - Residential Care Services & Support for Carers	9.2	7.9	-1.3	-1.5	+0.2
-0.1	-0.1	0.0	Asylum	-0.1	-0.1	0.0	-0.0	-0.0
6.0	5.2	-0.8	Care Leavers Service	5.1	5.2	0.1	+0.5	-0.5
3.3	3.2	0.0	Children in Need - Care & Support	3.1	3.5	0.3	+0.2	+0.1
5.5	6.7	1.1	Children in Need (Disability) - Care & Support	5.9	8.1	2.2	+1.8	+0.4
4.6	3.6	-1.0	Children's Centres	4.6	3.3	-1.3	-0.0	-1.3
1.7	1.1	-0.6	Childrens Disability 0-18 Commissioning	1.7	1.8	0.0	+0.0	-0.0
51.2	51.9	0.7	Children's Social Work Services - Assessment & Safeguarding Service	53.4	52.5	-0.9	-0.8	-0.1
9.0	9.3	0.2	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9.7	9.6	-0.1	-0.1	+0.0
6.9	6.1	-0.8	Early Help & Preventative Services	5.2	5.2	0.0	+0.0	-0.0
5.7	4.9	-0.8	Integrated Services (Children's) Management & Directorate Support	5.8	5.4	-0.4	+0.1	-0.5
66.8	76.7	9.9	Looked After Children - Care & Support	76.5	87.4	10.9	+12.0	-1.1
16.4	17.7	1.3	Looked After Children (with Disability) - Care & Support	18.9	19.4	0.5	+0.1	+0.4
3.6	4.0	0.4	Looked After Children (with Disability) - In House Provision	3.8	4.0	0.2	+0.1	+0.1
0.1	0.1	0.0	Pupil Referral Units & Inclusion	0.1	0.1	0.0	+0.0	+0.0
5.7	4.2	-1.5	Youth Services	4.5	4.7	0.2	-0.0	+0.2
244.2	256.5	12.3	Integrated Children's Services (Operations and County Wide)	264.7	277.8	13.1	+16.1	-3.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
-0.4	-0.1	0.4	Community Learning & Skills (CLS)	-0.2	-0.2	0.0	+0.0	+0.0
0.0	0.0	0.0	Early Years Education	0.0	0.0	0.0	-0.0	-0.0
1.4	1.3	-0.2	Education Management & Division Support	1.2	1.1	-0.2	-0.3	+0.1
6.2	6.5	0.3	Education Services provided by The Education People	4.0	4.1	0.1	+0.1	-0.0
0.3	0.3	0.1	Fair Access & Planning Services	0.4	0.6	0.1	+0.1	-0.0
49.7	65.8	16.1	Home to School & College Transport	68.8	80.2	11.4	+9.0	+2.3
-11.6	-8.5	3.1	Other School Services	5.1	7.0	1.9	+2.1	-0.2
13.2	14.3	1.1	Special Educational Needs & Psychology Services	14.9	16.7	1.9	+1.4	+0.5
0.2	0.2	-0.1	Special Educational Needs & Disability Management & Divisional Support	0.0	0.0	0.0	+0.1	-0.1
59.1	79.8	20.8	Education & Special Educational Needs	94.3	109.4	15.1	+12.5	+2.6
305.6	338.3	32.7	Children, Young People & Education	360.9	389.0	28.1	28.5	-0.3
0.0	0.0	0.0	Earmarked Budgets Held Corporately	-0.2	0.0	0.2	0.2	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
1.4	1.3	-0.1	Strategic Management & Directorate Budgets	1.4	1.3	-0.1	-0.0	-0.1
4.7	5.1	0.4	Growth and Support to Businesses	6.2	5.9	-0.3	-0.1	-0.2
2.8	2.9	0.1	Community (Assets & Services)	2.2	2.1	0.0	-0.0	-0.0
11.4	11.0	-0.4	Public Protection	11.8	11.8	-0.1	+0.3	-0.4
9.5	8.6	-0.9	Libraries, Registration & Archives	10.5	10.2	-0.3	-0.0	-0.3
0.8	0.8	0.0	Growth and Communities Divisional management costs	0.4	0.5	0.0	-0.0	+0.0
29.1	28.4	-0.8	Growth & Communities	31.1	30.4	-0.7	+0.2	-0.9
33.0	33.8	0.7	Highway Assets Management	37.0	36.6	-0.4	-0.3	-0.1
6.6	6.0	-0.6	Transportation	6.6	6.1	-0.5	-0.1	-0.4
4.7	6.2	1.5	Supported Bus Services	5.3	5.3	0.0	-0.0	+0.0
13.8	11.8	-2.0	English National Concessionary Travel Scheme (ENCTS)	13.0	12.3	-0.6	-0.0	-0.6
4.8	6.2	1.4	Kent Travel Saver (KTS)	5.1	5.0	-0.1	-0.0	-0.0
3.6	3.2	-0.4	Highways & Transportation divisional management costs	3.7	3.5	-0.3	-0.2	-0.1
66.6	67.1	0.6	Highways & Transportation	70.6	68.8	-1.8	-0.5	-1.3
2.4	2.3	-0.1	Environment	3.4	3.4	0.0	-0.1	+0.1
45.8	45.9	0.2	Residual Waste	50.5	50.5	0.1	-0.2	+0.3
31.6	32.9	1.2	Waste Facilities & Recycling Centres	36.4	38.6	2.2	+1.5	+0.7
1.8	1.8	0.0	Environment and Circular Economy Divisional management costs	2.1	2.1	0.0	-0.1	+0.1
81.6	82.8	1.2	Environment & Circular Economy	92.3	94.7	2.4	+1.1	1.2
178.6	179.6	0.9	Growth, Environment & Transport	195.5	195.3	-0.2	0.8	-1.0
0.0	0.0	0.0	Earmarked Budgets Held Corporately	-0.3	0.0	0.3	0.3	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
0.0	0.0	0.0	Strategic Refresh Programme	1.6	1.5	-0.1	+0.0	-0.1
0.5	0.5	0.0	Strategic Management & Departmental Support	1.1	1.0	-0.2	-0.1	-0.1
0.4	0.4	0.0	Health & Safety	0.4	0.4	0.0	+0.0	-0.0
2.1	2.0	0.0	Business & Client Relationships	2.3	2.3	0.0	-0.0	-0.0
2.9	2.9	0.0	Strategic Management & Departmental Budgets (DCED)	5.4	5.1	-0.3	-0.0	-0.2
5.1	4.8	-0.3	Human Resources & Organisational Development	5.3	5.1	-0.2	-0.1	-0.1
			Marketing & Digital Services	1.9	2.1	0.1	+0.1	+0.0
			Resident Experience - Contact Centre; Gateways; Customer care & Complaints	4.8	4.8	0.0	-0.1	+0.1
6.0	5.8	-0.2	Marketing & Resident Experience	6.8	6.9	0.1	0.0	+0.1
5.9	5.6	-0.4	Property related services	8.2	7.2	-0.9	+0.0	-1.0
0.0	0.0	0.0	Kent Resilience	0.3	0.2	0.0	+0.0	-0.0
0.2	0.2	-0.1	Emergency Planning	0.2	0.2	0.0	-0.0	+0.0
6.2	5.8	-0.4	Infrastructure	8.6	7.7	-1.0	0.0	-1.0
23.5	23.5	0.0	Technology	25.5	25.2	-0.3	-0.0	-0.3
0.0	0.0	0.0	Business Services Centre	0.0	0.0	0.0	+0.0	+0.0
26.5	29.0	2.5	Corporate Landlord	33.1	29.2	-3.8	-2.5	-1.3
70.1	71.7	1.6	Total - Deputy Chief Executive Department	84.6	79.1	-5.5	-2.6	-2.9
			Earmarked Budgets Held Corporately	-0.1	0.0	0.1	0.1	0.0

Appendix 1 - Key Service Summary

2022-23 Revenue Budget £m	2022-23 Outturn £m	2022-23 Variance £m		2023-24 Revenue Budget £m	2023-24 Forecast £m	2023-24 Variance £m	Last Reported Position (Jun) £m	Movement +/- £m
0.0	-0.7	-0.7	Strategic Management & Directorate Budgets	-0.5	-0.7	-0.3	-0.0	-0.3
3.2	3.1	0.0	Grants to Kent District Councils to maximise Council Tax collection	3.2	3.2	0.0	-0.0	+0.0
21.6	21.3	-0.3	Finance	10.0	9.9	-0.1	-0.1	-0.1
12.4	12.2	-0.2	Finance	13.2	13.0	-0.1	-0.1	-0.1
6.9	6.4	-0.5	Governance & Law	7.3	7.0	-0.3	-0.2	-0.1
1.4	0.7	-0.8	Local Member Grants	1.0	1.0	0.0	+0.0	+0.0
8.3	7.1	-1.2	Governance, Law & Democracy	8.3	8.0	-0.3	-0.2	-0.1
8.1	7.2	-0.9	Strategic Commissioning	7.6	7.7	0.0	-0.0	+0.0
0.0	0.0	0.0	Childrens and Adults Safeguarding Services	0.4	0.4	0.0	+0.0	+0.0
0.0	0.0	0.0	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	0.4	0.4	0.0	-0.0	-0.0
9.0	8.1	-1.0	Strategy, Policy, Relationships & Corporate Assurance	4.6	3.9	-0.6	0.0	-0.6
4.5	4.0	-0.5	Strategy, Policy, Relationships & Corporate Assurance	5.4	4.7	-0.7	0.0	-0.6
33.4	29.9	-3.5	Total - Chief Executive Department	34.1	32.7	-1.4	-0.3	-1.0
156.7	144.7	-12.0	Non Attributable Costs	115.9	100.2	-15.8	-15.2	-0.6
-0.3	0.0	0.3	Corporately Held Budgets (to be allocated)	0.2	0.0	-0.2	-0.2	0.0
1,199.8	1,244.4	+44.4	Total excluding Schools' Delegated Budgets	1,318.3	1,354.2	+36.0	37.3	-1.3

APPENDIX 2 - Monitoring of Prudential Indicators as at 30 September 2023

The prudential indicators consider the affordability and impact of capital expenditure plans, in line with the prudential code.

Prudential Indicator 1 : Estimates of Capital Expenditure (£m)

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Total	235.3	393.8	293.10	350.30	252.70	244.6

Prudential Indicator 2: Estimate of Capital Financing Requirement (CFR) (£m)

The CFR is the total outstanding capital expenditure not yet financed by revenue or capital resources.
It is a measure of the Council's underlying borrowing need.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Total CFR	1,292.42	1,345.30	1,272.86	1,330.10	1,315.70	1,274.50

Prudential Indicator 3: Gross Debt and the Capital Financing Requirement (£m)

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the CFR.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Other Long-term Liabilities	222.40	235.80	222.40	222.40	222.40	222.4
External Borrowing	802.47	771.80	771.89	742.56	710.34	685.11
Total Debt	1,024.87	1,007.60	994.29	964.96	932.74	907.51
Capital Financing Requirement	1,292.42	1,345.30	1,272.86	1,330.10	1,315.70	1,274.50
Internal Borrowing	267.55	337.70	278.57	365.14	382.96	366.99

Prudential Indicator 4 : Authorised Limit and Operation Boundary for External Debt (£m)

The Authority is legally obliged to set an affordable borrowing limit (the authorised limit for external debt).
A lower "operation boundary" is set should debt approach the limit.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Authorised Limit - borrowing	802	946	946	905	875	849
Authorised Limit - Other long term liabilities	222	232	222	222	222	222
Authorised Limit - total external debt	1,024	1,178	1,168	1,127	1,097	1,071
Operational Boundary - borrowing	802	896	822	855	825	799
Operational Boundary - Other long term liabilities	222	232	222	222	222	222
Operation Boundary - total external debt	1,024	1,128	1,044	1,077	1,047	1,021

Prudential Indicator 5: Estimate of Finance Costs to Net Revenue Stream (%)

Financing costs comprise interest on loans and minimum revenue provision (MRP) and are charged to revenue.
This indicator compares the net financing costs of the Authoity to the net revenue stream.

	22-23 Actuals	23-24 Budget	23-24 Forecast	24-25 Estimate	25-26 Estimate	26-27 Estimate
Proportion of net revenue stream	9.18%	8.40%	8.24%	7.57%	7.37%	6.96%

Prudential Indicator 6: Estimates of Net Income from Commercial and Service Investments to Net Revenue Stream

	22-23 Actual	23-24 Estimate	24-25 Estimate	25-26 Estimate
Net income from commercial and service investments to net revenue stream	0.64	0.47	0.38	0.20

Appendix 3 - Reserves Monitoring as at 30 September 2023

	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
General Fund (GF) Balance	36.9		36.9
Budgeted contribution to/(from) in MTFP		5.8	5.8
	36.9	5.8	42.7
Earmarked reserves :			
Vehicle, Plant & Equipment (VPE)	20.3	1.2	**21.5**
Smoothing	109.2	18.2	**127.4**
Major Projects	68.9	(14.0)	**54.9**
Partnerships	31.4	(17.9)	**13.5**
Grant/External Funds	53.2	(23.6)	**29.6**
Departmental Under/Overspends	3.3	(3.1)	**0.2**
Insurance	13.2	(0.7)	**12.5**
Public Health	16.9	(2.3)	**14.6**
Trading	1.1	0.0	**1.1**
Special Funds	0.7	0.1	**0.8**
Total Earmarked Reserves	318.2	**(42.1)**	276.1
Total GF and Earmarked Reserves	355.1	**(36.3)**	318.8

Individual Maintained Schools Reserves	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
School delegated revenue budget reserve - committed	19.0	0.0	19.0
School delegated revenue budget reserve - uncommitted	41.8	(1.2)	40.6
Community Focussed Extended Schools Reserves	0.3	0.0	0.3
Total Individual Maintained School Reserves	61.1	(1.2)	59.9

DSG Adjustment Account - Unusable Reserve

	Balance as at 1 April 2023 £m	Forecast Contribution to/(from) Reserve £m	Projected Balance at 31 March 2024 £m
DSG Adjustment Accounts	**(61.4)**	**(14.5)**	**(75.9)**

The General fund Reserve was increased as agreed by County Council in the 2023-24 MTFP.

The earmarked reserves are decreasing mainly due to the following:

- £18.0m drawdown from the Covid-19 emergency grant reserve to fund the continuation of projects.
- The 'Smoothing' reserves include a drawdown from the Kings Hill Smoothing Reserve of £14.4m to fund the 2023-24 safety valve.
- The 'Smoothing; reserves show a net increase of £18.2m, this includes the transfer of £6m from 'Major Projects' reserves, transferring £2m of which is used to set up the Emergency capital events & abortive costs reserve along with further £1m contribution agreed in the Q1 budget monitoring report and £4m for the recategorization of Capital Feasibility reserve as a smoothing reserve. As well as the transfers there is a £12m contribution to the risk reserve.

Within the smoothing reserves, £2m has been moved from the Earmarked Reserve to Support Future Years Budgets to create a new reserve, also within the smoothing category, entitled Budget Recovery Reserve. This is to support the plan for Securing Kent's Future.

The DSG Adjustment Account deficit has increased due to pressures in Schools Funding. More details can be found in Section 10.

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KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:	DECISION NO:
Cabinet	23/00109

For publication *[Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]*

Key decision: YES

Key decision criteria. The decision will:

a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or

b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:

- *the adoption or significant amendment of major strategies or frameworks;*
- *significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.*

Subject Matter / Title of Decision: **Finance Monitoring Report 2023-2024**

Decision:

It is proposed that Cabinet agree to:

(a) consider and note the Council's updated financial position and savings and management action to address the in year overspend,

(b) approve the Capital budget adjustments detailed in section 14 of the budget monitoring report

(c) approve the procurement of external support via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term.

(d) in relation to (c) delegate authority to the s151 Officer to, in consultation with the Leader of the Council, negotiate, finalise and enter into relevant contracts to implement the required contract award; and

(e) delegate authority to the s151 Officer to take other actions, including but not limited to entering into contracts or other legal agreements, as required to implement the decision in line with the actions and arrangements set out in the decision documentation.

Reason for Urgency:

The financial situation requires immediate action via decisions through Cabinet. The Cabinet schedule does not allow for deferral of the decision and therefore must be taken as soon as possible to allow for implementation at pace. Due to this, it is not viable to allow the normal 28 day notice period.

Reason(s) for decision:

(a) Given the Council's financial position, Cabinet now receives a monthly monitoring report setting out the latest forecast and actions being taken to balance the budget by the end of the financial year. Adjustments to the capital budgets require approval from Cabinet. Cabinet approval is also required to approve the engagement of external transformation partners via a PCR Compliant Neutral Vendor Framework funded from budget recovery reserve, to help deliver service transformation and cost reductions that address the structural deficits in adult social care and children's services in the medium term.

(b) The challenge in both the current financial year given the majority of action is one-off, and the even greater challenge in 2024-25 mean that the engagement of an external partner is extremely time critical as the cost reductions needed to address the structural deficits in adult social care and children's services will take time to have a positive impact on council's financial position and future sustainability.

Background:

The Q2 report on the Council's financial position as at the end of September 2023 will be reported to Cabinet on 30th November 2023 which shows a forecast overspend of £36m before management action. The forecast overspend presents a serious and significant risk to the Council's financial sustainability if it is not addressed as a matter of urgency.
The report identifies management action to reduce the overspend to a balanced position by the end of the financial year, including those actions that are recurring to help reduce the budget gap for 2024-25 and the MTFP. In order to achieve the cost reductions in the medium term, the structural deficits in adult social care and children's services need to be addressed and this will be achieved through the engagement of external transformation partners, which will be funded from the budget recovery reserve.

Options considered:

All options to reduce spend both one off and recurring are being considered to bring the 2023-24 forecast outturn position back into balance.

Existing internal resources were considered to deliver service transformation to address the structural deficits in adult social care and children's services. However, it is critical that this is done as quickly as possible and draws on the knowledge and experience of what has been delivered in other councils, which means that an external partner is considered best placed to do so, given the current internal capacity constraints.

How the proposed decision supports the Strategic Statement:

Securing Kent's Future (SKF) acknowledges that given the significance of adults and children's social care within the council's budget, and that spending growth pressures on the council's budget overwhelming (but not exclusively) come from social care, that the priority of delivering New Models of Care and Support must take precedence over the other priorities in Framing Kent's Future. This creates an expectation that council services across all directorates must collectively prioritise delivering the new models of care and support objective as a collective enterprise.

The Finance Monitoring report for 2023-24 provides the detail of the latest financial position and the relevant information on the progress being made in terms of the savings and management actions to achieve a balanced position by year end and reduce the budget gap for 2024-25 and the MTFP.

Financial Implications:

This finance monitoring report sets out the latest forecast overspend position and the underlying structural budget deficits which need to be addressed. The savings and management actions set out in the report need to be delivered to ensure the council's budget is balanced by the end of the financial year, and further actions to reduce costs that will impact the 2024-25 budget also need to be identified. The Council will need to continue to limit its actions to focus on the most essential activities and priorities until the financial position is brought under control and stabilised.

Legal Implications:

This is in accordance with the financial procedures as set out in the Constitution, the Financial Regulations and Code of Corporate Governance.

The current financial situation and operating environment presents a number of material risks to the Council. It is important that the plans identified to improve resilience are delivered in order to avoid further escalation and action. Securing Kent's Future notes the increased legal risk faced by the Council and the actions and monitoring position will need to be continually reviewed.

Equalities Implications:

No direct service impact from the monitoring report– the equalities implications of the savings and management actions will be managed at service level

Data Protection Implications:

None

Cabinet Committee recommendations and other consultation:

The proposed decision was not considered by Cabinet Committee

The financial situation requires immediate action via decisions through Cabinet. The Cabinet schedule does not allow for deferral of the decision and therefore must be taken as soon as possible to allow for implementation at pace. Due to this, it is not viable to allow the normal 28 day notice period.

Any alternatives considered and rejected:

The finance monitoring report could continue to be provided quarterly but it is critical that the financial position is considered more regularly to ensure the decisions needing Cabinet approval to balance the budget can be taken as quickly as possible.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None

....
signed date

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From: **Rory Love, Cabinet Member for Education and Skills**

Sarah Hammond, Corporate Director of Children, Young People and Education

To: **Scrutiny Committee – 6 December 2023**

Subject: **Home to School Transport Short Focused Inquiry**

Classification: **Unrestricted**

Summary: Following a Short Focused Inquiry on Home to School Transport held by the Scrutiny Committee in November 2021, the findings report was provided to the Cabinet Member for Education and Skills on 13 September 2023. The Report included seven recommendations which are responded to within this report

Recommendation(s):

The committee is asked to note the response to the Home to School Transport Short Focused Inquiry Report

1. Introduction

1.1 In November 2021, Members of the Scrutiny Committee requested a Short Focused Inquiry into Home to School Transport.

1.2 The scope of the inquiry was:

- To define and briefly set out the context of home to school transport in Kent
- To explore the process for determining pupils' eligibility for school transport assistance, and the implementation and operation of school transport arrangements in the county.
- To identify measures that KCC could take to enhance home to school transport in Kent.

1.3 The Inquiry was completed over several sessions, with Officers from CYPE and GET and relevant Cabinet Members interviewed and requested to provide detailed information on the legal requirements and operational practice that underpin KCC's statutory and discretionary responsibilities for all aspects of Home to School Transport.

1.4 In September 2023, Scrutiny Committee approved the findings of the Short Focused Inquiry, which included seven recommendations.

1.5 This report updates the Scrutiny Committee on changes in Home to School Tranpsort teams since the SFI and responds to each recommendation.

2. Response to Short Focused Inquiry

2.1 In the period between the SFI and the resultant report, a number of the suggestions had already been actioned as a result of normal working practices between the CYPE and GET transport teams. A summary of this activity can be found below:

	Activity Defined	Activity Delivered	Resolved
1	KCC's Cabinet Member for Education and Skills should write to the Under Secretary of State for Children and Families and ask him to review the policy and funding drivers which are contributing to the rapid rise in the number of children with EHCPs nationally.	The Cabinet Member for Education and Skills and Cabinet Member for Integrated Children's Services wrote to Rt Hon Nadhim Zahawi MP Secretary of State for Education on 29 September 2021 outlining the increasing demand in SEND and the serious deficits in the High Needs Block. The Secretary of State responded to the letter on 10 November 2021.	Yes
2	KCC's relevant Cabinet Members should accelerate the local authority's work to: • Encourage, where appropriate, the inclusion of pupils with SEND in local, mainstream education establishments. • Promote the recruitment and retention of teaching assistants in Kent by providing them with attractive career progression routes.	Since the scrutiny committee's Short Focused Inquiry in November 2021, a sub-committee has been implemented to review or scrutinise decisions made, or other actions taken in connection with KCC SEND Provision, and to make reports or recommendations to the Executive. This includes activity relating to inclusion in mainstream education. A summary of Kent's response to the Improvement Notice issued by the Department for Education can be found here. The CLS Team provide Teaching Assistant Level 3 Apprenticeships and TEP deliver and promote qualifications and training for Teaching Assistants.	Yes Yes
3	• Encourage increased take-up of discretionary school transport schemes that promote SEN learners' independence and develop their life opportunities. • Explore the feasibility of extending the PTB offer to all Kent pupils who are eligible	During the SFI, Members were advised that 436 pupils made use of the Personal Transport Budget scheme. As of October 2023, Transport Eligibility (TE) oversees a PTB cohort of 1089 pupils, an increase of 653 pupils or 150%. Members can therefore be assured that PTB has been an integral part of TE's processes and has been heavily promoted. All SEN families are advised of the availability of	Yes

	for school transport assistance.	PTBs at the point of application and have to actively decline consideration for it before submission. Once an eligible child has been identified, parents are further provided an opportunity for PTB. Where a PTB request is made, but cannot be offered as it is not financially advantageous to the LA, records are kept to support annual reviews to identify pupils who could subsequently be offered to join the scheme. KCC's recent transport policy consultation included the provision of PTBs to eligible mainstream pupils. This policy adjustment was accepted and now forms a part of both pre and post 16 transport policies due for implementation in September 2024.	
4	• KCC's relevant Cabinet Members should write to the Secretary of State for Education suggesting that the guidance on transport responsibilities for children below statutory school age with a named provision on their EHCP, and for post-16 provision, should be made clearer and more consistent.	Home to school transport statutory guidance was updated in June 2023 following public consultation. KCC submitted a detailed response to the consultation and a number of changes to the final draft reflect issues that Kent highlighted. Home-to-school travel - GOV.UK (www.gov.uk)	Yes
5	• KCC's Public Transport team should review its school transport policy and contractual arrangements to ensure that taxi operators are fully compensated when their school transport service is cancelled at short notice.	KCC do not cancel contracts at short notice. Operators are not paid when a service does not run ie the client does not travel or school closed or weather. It is in the terms and conditions of the contract when they sign up to our framework. So they understand the position when they bid and win work. We will not progress this recommendation as there would be a significant cost to KCC and given the current budgetary constraints, there is no scope to accommodate this proposal.	Yes
6	• KCC's Public Transport team should investigate the viability of extending the times of travel allowed by the Kent Travel Saver scheme.	Stagecoach already allow weekend/late evening travel for £1 with a KTS shown and Arriva to do the same. These are the main providers in Kent. To extend this to supported bus services and other commercials would come at a cost to KCC and given the current budgetary constraints, there is no scope to accommodate this proposal.	Yes

7	• KCC should develop a single, easily identifiable channel of communication that provides timely information on, and a reporting mechanism for, school transport-related issues.	In January 2021, a cross-directorate Home to School Transport Board was implemented by the Cabinet Member for Education, with inclusion for the Cabinet Member for Transport, to ensure all transport related activity was managed via a single channel. The Board meets monthly.	Yes

2.2 A number of reviews external to the transport teams have also taken place in the intervening period which provides Members of the Scrutiny Committee with summary of the main transport activity since the Short Focused Inquiry.

2.3 Internal Audit's review of Home to School transport can be found here **(Review into the changes to SEND transport - Kent County Council).**

2.4 A follow up review has recently been competed by Internal Audit, which will be discussed at Audit and Governance Committee on 23 November 2023.

3. Financial Implications

3.1 In 2021-22 total final spend on school transport (excluding Kent Travel Saver pre & post 16) was £49m, of which £6.5m related to mainstream eligible learners and £42.8m related to the transport of children & young people with Special Educational Needs. The latest financial monitoring position for 2023-24 reported to Cabinet on 30 November forecast the cost of mainstream transport was expecting to increase by £4.4m to £10.9m, and SEN transport had increased by £26.1m to £68.9m. The table and graphs below summarise changes in spend and total activity since 2020-21 to the forecast for 2023-24.

Total Spend on Transport	2021-22	2022-23	2023-24	2-year Increase
	£'ms	£'ms	£'ms	£'ms (%)
Mainstream Transport	6.5	8.8	10.9	4.4 (68%)
SEN School Transport	36.8	48.5	59.7	22.9 (62%)
SEN College Transport	4.2	5.9	6.5	2.3 (55%)
Personal Transport Budgets	1.6	2.3	2.6	1.0 (63%)
Independent Travel Trainers	0.1	0.1	0.1	0.0
Subtotal SEN Transport	42.8	56.8	68.9	26.1 (61%)
Total Spend	49.3	65.6	79.7	30.4

Total Number Travelling as at July each year	July 2021	July 2022	July 2023	2-year Increase
	No	No	No	No (%)
Mainstream Transport	5,428	5,732	5,888	460 (8%)
SEN School Transport	5,179	5,713	6,150	971 (19%)
SEN College Transport	606	742	742	136 (22%)
Personal Transport Budgets	618	848	977	359 (60%)
Independent Travel Trainers	N/A	N/A	N/A	0.0
Subtotal SEN Transport	6,403	7,303	7,869	1,466 (23%)
Total Numbers Travelling	11,831	13,035	13,757	1,926 (16%)

3.2 During the Summer, the council's analytics team completed further analysis to identify the key cost drivers for the increase in costs for both SEN transport and mainstream transport. These highlighted that over the last year (between July 2022 and July 2023), increase in the number of children travelling accounted for between 20% and 33% of the increase in cost whilst between 67% and 80% was attributed to an overall average increase in the cost. Increases in costs are linked to various factors including: inflation, number of children travelling per vehicle, distance travelled, travel assistance required. It was found the number of children travelling in each vehicle as a key factor to higher costs per child travelling.

3.3 As outlined in section 2.1, the Post 16 transport policy for September 2024 will include a number of changes to the offer, including introduction of Post 16 charging, limiting the Post 19 offer to young people on progressive course only and ceasing lunchtime pick-ups. The total estimated savings is approximately £1.6m to be delivered over the next 3 years.

3.4 PTBs have also continued to be promoted and the number has increased by 60% from 618 to 977 between July 2021 to July 2023 (and has continued to climb to over 1,000 by October 2023).

4. Legal implications

4.1 The legal requirements of Home to School transport are detailed in Appendix A, Home to School Transport Short Focused Inquiry Report.

4.2 Since November 2021, the Department for Education has provided an updated Statutory Guidance (**Home-to-school travel - GOV.UK (www.gov.uk)**). This guidance provides a clearer explanation of Council's statutory duties, but does not reflect any changes in underlying legislation.

5. Recommendation(s)

Recommendation(s):

The committee is asked to note the response to the Home to School Transport Short Focused Inquiry Report

10. Background Documents

None

11. Contact details

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Director of Education

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By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee – 6 December 2023

Subject: Decision 23/00083 - Supported Accommodation Service 16 – 19 and transitional arrangements.

Status: Unrestricted

Introduction

1) On 17 October 2023, following consideration by the Children, Young People and Education (CYPE) Cabinet Committee in September, the Cabinet Member for Integrated Children's Services took Decision 23/00083 – Supported Accommodation Service 16-19 and transitional arrangements. The Decision involved the following:

   a) agree to approve the new Supported Accommodation service for young adults up to the age of 19, for those new entrants to the service at the age of 16/17.

   b) agree to directly award a new contract, under the same terms and conditions to Clearsprings Ready Homes from 1 April 2024 to 31 March 2026 for 18+ Shared Accommodation services to support transition.

   c) agree to delegate to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Integrated Children's Services, to negotiate, finalise and enter into the relevant contracts with the successful Providers to deliver the Supported Accommodation contract, as detailed in the Key Decision 22/00079.

   d) agree to delegate authority to the Corporate Director of Children, Young People and Education, to take other relevant actions, including but not limited to, finalising the terms of, and entering into required contracts or other legal agreements, as required to implement the decision.

2) A call-in request was submitted in relation to this decision, which was found not to be valid. However, in line with the rights of all Members, it was requested that this issue be placed on the Scrutiny agenda for further discussion and consideration by the Scrutiny Committee.

Key points or concerns raised in relation to this decision

3) The approach of the Council in terms of determining savings – concern raised that this decision may offer short term cost savings but will increase cost or demand in the future for KCC and the wider public sector.

4) Engagement with the District Councils – it has been suggested since the matter was considered by Cabinet Committee that the proposal and its implications were not adequately discussed with the District Councils at an early enough stage.

Recommendation

The Scrutiny Committee is asked to consider the information provided in response to questions raised during this item and make any comments or recommendations it deems appropriate.

Appendices:

Appendix 1: 23/00083 - Record of Decision.
Appendix 2: 23/00083 - Decision Report.
Appendix 3: 23/00083 - EqIA

Background Documents

Supported Accommodation Services 16-19 and Transitional Arrangements. CYPE Cabinet Committee, 12 September 2023
Agenda for Children's, Young People and Education Cabinet Committee on Tuesday, 12th September, 2023, 10.00 am (kent.gov.uk)

Contact Details

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KENT COUNTY COUNCIL – RECORD OF DECISION

DECISION TAKEN BY:	DECISION NO:
Sue Chandler **Cabinet Member for Integrated Children's Services**	23-00083

For publication *[Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]*

Key decision: YES

Key decision criteria. The decision will:

a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or

b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:

- *the adoption or significant amendment of major strategies or frameworks;*
- *significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.*

Subject Matter / Title of Decision: Supported Accommodation Service 16-19 and Transitional arrangements

Decision:

As Cabinet Member for Integrated Children's Services, I:

A) agree to approve the new Supported Accommodation service for young adults up to the age of 19, for those new entrants to the service at the age of 16/17.

B) agree to directly award a new contract, under the same terms and conditions to Clearsprings Ready Homes from 1 April 2024 to 31 March 2026 for 18+ Shared Accommodation services to support transition.

C) agree to delegate to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Integrated Children's Services, to negotiate, finalise and enter into the relevant contracts with the successful Providers to deliver the Supported Accommodation contract, as detailed in the Key Decision 22/00079.

D) agree to delegate authority to the Corporate Director of Children, Young People and Education, to take other relevant actions, including but not limited to, finalising the terms of, and entering into required contracts or other legal agreements, as required to implement the decision.

Reason(s) for decision:

- Decision required because total value will exceed £1m and impact across multiple districts of the Local Authority and this introduces significant changes in the way that services are delivered.

Background:

Ofsted introduced regulations for current unregulated accommodation from 28 October 2023. Through 2021, Commissioners undertook a full review of the Shared Accommodation Service and Young Persons Supported Accommodation and Floating Support Service, where the contracts now expire on 31 March 2024 (Decision - 22/00079 - Supported Accommodation (kent.gov.uk).) The outcome of this work was to recommend that the services be aligned, categorised into levels of need, and expanded to reduce the reliance on spot purchased semi-independent accommodation and have one clear accommodation pathway.

Due to the Ofsted Regulations and the financial burden on KCC, Commissioners needed to explore all options as to how the Authority moves forward in providing accommodation for Care Leavers. This included the potential impact of any decision to reduce the age range leading to reputational damage, media coverage, relationship breakdowns and lack of continuity of services for Care Leavers.

The Children's Commissioning Team, with colleagues across CYPE, developed a revised structured Supported Accommodation offer enabling progression through services until the young adult is ready to move on. This new service will ensure KCC are compliant with the new Ofsted Regulations effective from 28 October 2023, and that all 16/17-year-old children receive support to ensure they have the ability to live independently by achieving self-supporting independence at 19.

The decision is in line with KCC's statutory responsibilities relating to Children and Care Leavers. The recommendation report proposed activity in the Care Leavers service looks to promote young people achieving independence with their accommodation choices at the age of 19 with continued support via a Personal Advisor and access to all of the other opportunities for Care Leavers up to the age of 21. The accommodation is currently provided up to the age of 21 within the Shared Accommodation Service, where a two-year contract is proposed to allow a manageable transition.

The 2024/2025 budget reports presented to County Council in February 2023 included Appendix F - 23-24 Revenue budget changes by Directorate.pdf (kent.gov.uk) "pursue a policy where independence is reached by a Young Person's 19th birthday" delivering expected savings of £700k.

Alongside the period in which the budget was developed for 2023/2024, Ofsted was developing its final guidance on the new standards required for Supported Accommodation. KCC continued to request information and this was clarified by Ofsted in May 2023. At this point, it was clear that there needed to be two different service offers; one that included regulatory standards and support for 16/17-year-olds and one that did not include the same standards or support post 18. It is technically and legally viable for KCC to cease providing accommodation beyond the age of 18 and therefore develop a service model that would not offer accommodation to Care Leavers. This approach would involve relying on District Councils to accommodate Care Leavers under the Housing Authority duties. Such a change in approach would have been a substantial change in policy representing a pull back to statutory minimum.

The Executive do not support such an extensive reduction, so the proposed decisions instead represent a balance between the core requirement to provide Supported Accommodation for relevant children up to the age of 18 and also maintain Care Leaver accommodation provision for those until they turn 19 – supporting a transition for these young people. The proposed approach, while delivering the required 16 to 18 accommodation and Care Leaver transition accommodation at age 19, does still involve in a reduction of the previous age cap for the service which is currently 21. This is therefore a policy change in terms of eligibility for accessing services and also a savings decision. The proposal is necessary to deliver the savings outlined in the budget book, as referred to earlier in the report.

Financial implications

The forecasted 2023/2024 annual value of the Supported Accommodation service, which is being tendered, is between £10.2m to £10.6m broken down as follows:

- The year one price for High/Medium Need for Children in Care is £1.97m (with the offset costs from semi-independent of £1.4million).
- The year one price for Low Need for Children in Care, Children in Need and UAS children is £5.34m (with the offset costs from Children in Need rent contributions of £430k).

- The year one price for Transitional Accommodation for 18-year-old Care Leavers is £3.3m (with the offset costs from 50% Housing Benefit reclaim and offset costs from Council Tax and TV Licenses of £1.13m).

The total contract cost has been forecasted to increase by approximately 21% (accounting for inflation and sufficiency figures) by 2028 to £12.4m. It is anticipated that Housing Benefit reclaim would be considerably higher than 50% come 2028.

The Transitional Accommodation Lot for 18-year-old Care Leavers and Low Need Supported Accommodation Lot is largely funded from the Home Office grant as that has 90% Unaccompanied Asylum-Seeking Children and young adults accommodated and is the largest area of spend at £8.64m. Some of these accommodation costs along with the High/Medium Need Supported Accommodation Lot is funded from the General Fund. The current YPSAFS contract is £2.4m to £2.9m per year depending on the number of children in care placed in the service.

Assuming Clearsprings Ready Homes accept a new contract for 24-months at the same level and cost, this is included in the revenue budget under the following budget lines. “Looked After Children – Care and Support”, “Children in Need – Care and Support”, “Care Leavers Service” and “Asylum”.

There is a saving identified of £700k in the 2023/2024 budget in pursuing a policy of independence for young people from the age of 19. The new contract will not directly deliver the savings, however the additional focus from the Care Leavers service to actively identify those who are ready to move on will achieve the savings, along with the receipt of housing benefit.

The Department for Education included investment to Ofsted[1] from the Spending Review worth £17m between April 2022 and March 2025 to build up the capacity and capability to deliver the new system of regulation and inspection. They state that “a further £121m from the overall settlement for these reforms will be distributed to councils to cover the cost associated with introducing the national standards.” And that “the Department for Education will also invest an additional £1.25m from the Spending Review settlement to help ready the sector for the reforms.”

Legal implications

The Council has a statutory duty to provide suitable and safe accommodation that has the right level of support for Children in Care (including UAS children) in accordance with the Children’s Act 1989.

The Council must provide Care Leavers (including former UAS children) with support and financial support to assist in promoting their welfare, especially in relation to maintaining suitable accommodation and helping them access education, training, and employment. There is no statutory duty for Kent County Council to provide accommodation to Care Leavers above the age of 18.

Spending the Council’s Money requires procurement of this value to be competitive. Directly awarding the contract for accommodation for those aged 18-21 is considered a suitable route under Regulation 72(b) and (e) of the Public Contract Regulations 2015, given the current circumstances and new Legislation introduced for Supported Accommodation.

Equalities implications

An Equality Impact Assessment (EqIA) was originally completed as part of the planned redesign and commissioning of the Supported Accommodation service and has been reviewed to reflect young people moving on at the age of 19, for those new service entrants.

The majority of young adults aged 18+ in the service are former UAS children that have aged through the Shared Accommodation service and the expectation is these individuals will be moved

[1] https://www.gov.uk/government/news/transformational-investment-in-childrens-social-care-placements

into their own home, supported by their Personal Advisor.

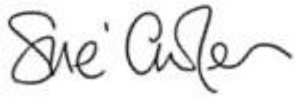
All non-eligible former Children in Need young adults will either return to their family home or be sign-posted to the appropriate local housing authority where they have a local connection to or, where appropriate, to adult social care services.

Cabinet Committee recommendations and other consultation:
The Children, Young People's and Education Cabinet Committee considered and endorsed the decision at it's meeting on 12 September 2023.

Any alternatives considered and rejected:

1. Continue to accommodate young people aged 16-21 (All 18+ within the accommodation only model).
2. Move people on at the age of 19 with no transitional period for over 19's.
3. Move young people on at the age of 19 with transitional contract for 12 months (to 31 March 25) to allow phased 19+ move on approach.
4. Move young people on at the age of 18 with no transitional period for over 18's.
5. Move young people on at the age of 18 with transitional contract for 12-months (to 31 March 25) to allow phased 18+ move on approach.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:
None

		Date 17/10/23 ....

From: Sarah Hammond, Corporate Director of Children, Young People and Education

To: Sue Chandler, Cabinet Member for Integrated Children's Services

Subject: Decision Number: **23-00083 -** Supported Accommodation Service 16 - 19 and Transitional arrangements

Classification: Unrestricted

Past Pathway of Paper: CYPE Cabinet Committee 1 March 2022 – Supported Accommodation Decision 22/00017
CYPE Cabinet Committee /12 October 2022 – Supported Accommodation Decision 22/00079
Children, Young People and Education Cabinet Committee – 12 September 2023

Future Pathway of Paper: Cabinet Member Decision

Electoral Division: All

Summary: This report outlines the proposed decision to approve the new Supported Accommodation Service (age 16 to 19) and additional transition arrangements for current 18+ Care Leavers up to the age of 21.

The new service has been designed to promote independence from age 19 onwards. The current service provides support up to age 21.

The decision confirms the procurement and commissioning arrangements put in place to progress and deliver on the plans outlined in Decision 22/00079, concluding the necessary Supported Accommodation Service review and recommissioning.
Recommendations: The Cabinet Member for Integrated Children's Services is asked to agree the proposed decision to:

a) **APPROVE** the new Supported Accommodation service for young adults up to the age of 19, for those new entrants to the service at the age of 16/17.
b) **AGREE to** directly award a new contract, under the same terms and conditions to Clearsprings Ready Homes from 1 April 2024 to 31 March 2026 for 18+ Shared Accommodation services to support transition.
c) **DELEGATE** to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Integrated Children's Services, to negotiate, finalise and enter into the relevant contracts with the successful Providers to deliver the Supported Accommodation contract, as detailed in the Key Decision **22/00079.**
d) **DELEGATE** authority to the Corporate Director of Children, Young People and Education, to take other relevant actions, including but not limited to, finalising the terms of, and entering into required contracts or other legal agreements, as required to implement the decision.

1. Introduction

1.1 Ofsted introduced regulations for current unregulated accommodation from 28 October 2023. Through 2021, Commissioners undertook a full review of the Shared Accommodation Service and Young Persons Supported Accommodation and Floating Support Service, where the contracts now expire on 31 March 2024 (Decision - 22/00079 - Supported Accommodation (kent.gov.uk).) The outcome of this work was to recommend that the services be aligned, categorised into levels of need, and expanded to reduce the reliance on spot purchased semi-independent accommodation and have one clear accommodation pathway.

1.2 Due to the Ofsted Regulations and the financial burden on KCC, Commissioners needed to explore all options as to how the Authority moves forward in providing accommodation for Care Leavers. This included the potential impact of any decision to reduce the age range leading to reputational damage, media coverage, relationship breakdowns and lack of continuity of services for Care Leavers.

1.3 The Children's Commissioning Team, with colleagues across CYPE, developed a revised structured Supported Accommodation offer enabling progression through services until the young adult is ready to move on. This new service will ensure KCC are compliant with the new Ofsted Regulations effective from 28 October 2023, and that all 16/17-year-old children receive support to ensure they have the ability to live independently by achieving self-supporting independence at 19.

1.4 The Children (Leaving Care) Act 2000 implements the proposals set out in the consultation document Me, Survive, Out There? – New Arrangements for Young People Living in and Leaving Care published in July 1999. The Act's main purpose is to help young people who have been looked after by a local authority move from care into living independently in as stable a fashion as possible. To do this it amends the Children Act to place a duty on local authorities to assess and meet need. The responsible local authority is to be under a duty to assess and meet the care and support needs of eligible and relevant children and young people and to assist former looked after children, in particular in respect of their employment, education and training.

1.5 The Care Leavers (England) Regulations 2010 provided further definitions of the requirements.

1.6 The Children and Social Work Act 2017[1] outlines the Corporate Parenting principles and how they should be applied. It states that:

> "**A local authority in England** must, in carrying out functions in relation to the children and young people mentioned in subsection (2), have regard to the need—
> (a) to act in the best interests, and promote the physical and mental health and well-being, of those children and young people;
> (b) to encourage those children and young people to express their views, wishes and feelings;
> (c) to take into account the views, wishes and feelings of those children and young people;
> (d) to help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners;

[1] **http://www.legislation.gov.uk/ukpga/2017/16/part/1/chapter/1/crossheading/corporate-parenting-principles-for-english-local-authorities**

(e) to promote high aspirations, and seek to secure the best outcomes, for those children and young people;
(f) for those children and young people to be safe, and for stability in their home lives, relationships and education or work;
(g) **to prepare those children and young people for adulthood and independent living**."

1.7 The proposed decision is in line with KCC's statutory responsibilities detailed in the Acts relating to Children and Care Leavers. It is proposing that activity in the Care Leavers service looks to promote young people achieving independence with their accommodation choices at the age of 19 with continued support via a Personal Advisor and access to all of the other opportunities for Care Leavers up to the age of 21. The accommodation is currently provided up to the age of 21 within the Shared Accommodation Service, where a two-year contract is proposed to allow a manageable transition.

1.8 The 2024/2025 budget reports presented to County Council in February 2023 included Appendix F - 23-24 Revenue budget changes by Directorate.pdf (kent.gov.uk) "pursue a policy where independence is reached by a Young Person's 19th birthday" delivering expected savings of £700k.

1.9 Alongside the period in which the budget was developed for 2023/2024, Ofsted was developing its final guidance on the new standards required for Supported Accommodation. KCC continued to request information and this was clarified by Ofsted in May 2023. At this point, it was clear that there needed to be two different service offers; one that included regulatory standards and support for 16/17-year-olds and one that did not include the same standards or support post 18. It is technically and legally viable for KCC to cease providing accommodation beyond the age of 18 and therefore develop a service model that would not offer accommodation to Care Leavers. This approach would involve relying on District Councils to accommodate Care Leavers under the Housing Authority duties. Such a change in approach would have been a substantial change in policy representing a pull back to statutory minimum.

1.10 The Executive do not support such an extensive reduction, so the proposed decisions instead represent a balance between the core requirement to provide Supported Accommodation for relevant children up to the age of 18 and also maintain Care Leaver accommodation provision for those until they turn 19 – supporting a transition for these young people. The proposed approach, while delivering the required 16 to 18 accommodation and Care Leaver transition accommodation at age 19, does still involve in a reduction of the previous age cap for the service which is currently 21. This is therefore a policy change in terms of eligibility for accessing services and also a savings decision. The proposal is necessary to deliver the savings outlined in the budget book, as referred to earlier in the report.

1.11 The proposal is in-line with the discussions and presentations with the Kent Housing Options Group and Corporate Parenting Panel, of which the Chair of the Kent Housing Group is a member.

1.12 In order for KCC to meet the aim of balancing financial pressure and still supporting independence when the Young Person turns 19, this contract has been tendered for an accommodation and support service, structured around three lots, from aged 16 to when the young people turn 19.

2. Supported Accommodation – Service and Procurement

2.1 The current Sufficiency Strategy, published in July 2022, identifies a vision for every child, vulnerable young person, and Care Leaver in Kent to view their accommodation as their home, a place of safety and comfort, until they have gained independent living skills and to be ready to move on to their own independent accommodation. It is recognised that not all children/young adults will be ready to move on when they reach adulthood, and the Council will be flexible in making sure that children/young adults continue to be accommodated with good support provided from the age of 16 up to their 19^{th} birthday, to develop their independence skills.

2.2 The approach to Supported Accommodation is to follow the "Nurture Principles" as achieved by the Virtual School Kent (VSK) through the National Nurturing School Programme Award. The concept of Nurture highlights the importance of social environments – who you are with, not who you are born to and its significant influence on social emotional skills, wellbeing, and behaviour. This Strategy forms part of the approach to deliver that ambition, working in partnership to improve outcomes for our children/young adults at every opportunity.

2.3 The revised structured pathway to independence progressing through services until the young adult is ready to move on, includes support that will ensure compliance with the new Ofsted regulations. The contracts will provide accommodation and support to all statutory cohorts and children who are at risk of becoming homeless (16/17-year-olds).

2.4 The service has been structured through a Lotting Strategy, as follows:

- **Lot One** - High/Medium Need Supported Accommodation with on-site staff, and a set number of units (91) for Children in Care aged 16/17.
- **Lot Two** - Low Need Supported Accommodation with support, based on demand, for Children in care, Children in Need and UAS children transitioning from the Reception Centres aged 16 and 17.
- **Lot Three** - Transitional Accommodation for 18-year-old Care Leavers.

2.4.1 The High/Medium Need Supported Accommodation Service will provide an intensive support service model which will require adequate accommodation units, providing a range of high/medium level support between 12 to 21 hours per week for 16 and 17-year-old Children in Care. This may include arranging support sessions on education and training, including opportunities such as apprenticeships; tools and/or resources to support their mental and physical health; employment, including job and interview skills; domestic skills such as cooking nutritious meals and budgeting. The Council also expects providers to aid integration into the community by signposting children to multi-agency opportunities. This service will include a temporary emergency bed option. Support will be in line with the new Ofsted Regulations.

2.4.2 The Low Need Supported Accommodation Service will be a demand led unit service which provides up to five hours of support per week through an outreach function to 16 and 17-year-old Children in Care and Children in Need. The children will receive the appropriate support based on their needs, to help them develop skills for adult living. This may include arranging support sessions on education and training, including opportunities such as apprenticeships; tools and/or resources to support their mental and physical health; employment, including job and interview skills; domestic skills such as cooking nutritious meals and budgeting. The Council also expects providers to aid integration into the community by signposting children to multi-agency opportunities. This service will include a safety/contingency bed function. Support will be in line with the new Ofsted Regulations.

2.4.3 The Transitional Accommodation for 18-year-old Care Leavers will be an accommodation only model with adequate accommodation units, providing a transition property to those Care Leavers aged 18 as well as any former UAS children awaiting their immigration status to be confirmed (up to 21). The Provider must consistently ensure that demand is always met. This will require the Provider to source and secure appropriate and affordable accommodation and provide housing management support that will enable Care Leavers to enter and maintain their own tenancies and manage their rental payments in community-based properties across the county. This Service will include a safety/contingency bed option.

2.5 The Low Need Supported Accommodation Service and the Transitional Accommodation Service will commence on the 27 October 2023 with the High/Medium Need Supported Accommodation Service commencing on 1 April 2024. The contracts will be for a period of four years with a potential for a contract extension of four years (plus one year, plus one year, plus one year, plus one year).

2.6 The estimated value of the new Supported Accommodation service over the four years is for a maximum value of £44.5m but no guarantee is given as to the actual value of the contract. Including the extension period, the value of the contract is £89m.

2.7 A Prior Information Notice (PIN) was issued on Find a Tender Service (FTS) on 7 February 2023, inviting expressions of interest for Market Engagement. Market Engagement was held throughout February 2023 via a survey with 53 external providers to KCC. Following this, a Contract Notice was issued on Kent Business Portal on 23 June 2023 formally inviting tenders. Invitation to Tender documents were issued on 8 August 2023 to five Suppliers who had passed the Standard Selection Questionnaire. Tender submissions will close on the 22 September 2023 with contracts awarded in October 2023.

2.8 The Children's Commissioning Team are currently working with the incumbent Providers to identify the activity required for the interim period between Ofsted Legislation going live (Providers must comply once they have registered with Ofsted) and the end of the contracts to ensure that they are fully compliant with the legislation relating to supporting 16 and 17-year-olds.

2.9 It is acknowledged that there are risks associated with this transitional period hence the request for a two-year contract. Additional funding to support this transition will be required and the Department for Education (DfE) has provided £500k New Burdens funding with more indicated in the future.

2.10 In mitigating the risks for those young people over 18 in the legacy service, it is recommended that a 24-month contract be awarded to Clearsprings Ready Homes, the incumbent provider of the Shared Accommodation (16 to 21 years old) Service from 1 April 2024 to 31 March 2026. This will allow a phased move-on programme for those young people in the service, or to move on to spot arrangements until the young person reaches 21. It will also allow for conversations between KCC, Clearsprings Ready Homes and the Landlord where the young people have a positive history and clear record, to explore direct rental agreements as appropriate. This will also allow KCC sufficient time to work with our District Council colleagues to minimise reputational damage, build relationships, and reduce the cost of the provision from 1 April 2026 to £10.2m per annum (demand led). With the investment from the DfE this should not put additional pressure on KCCs budget after the initial 24-month transition, which will require a boosted budget of approximately £1m per annum. Housing Benefit would be recouped to help offset costs.

2.11 The table below details the benefits and risks of the proposal for the 24-month contract to Clearsprings Ready Homes for transition.

Proposal	Benefits	Risks
The Service commissioned accommodates young adults to the age of 19. Separately, a 24-month contract is required, covering those young adults 18-21 years old covering the legacy placements to allow a phased and managed move-on. This will be for the period 1 April 2024 to 31 March 2026 and will be to the incumbent Provider, Clearsprings Ready Homes.	• A 24-month contract (Direct Award) allows a phased approach to move on 18+ Care Leavers to prevent homelessness. • Mitigates the impact on District Councils. • The 2023/2024 cost will be £10.2m which fits within our financial envelope if you include the DfE additional burdens funding (excluding legacy direct award costs). • Housing Benefit recoup to help offset costs. • Allows statutory 18-year-olds to have a one-year period to transition into their own independent accommodation. • No agreement in place to enforce move-on • Less likely to be challenged by the district councils and Care Leavers being told to 'stay put' due to planned transitional period. • Manageable reputational risk. • Phased and planned approach will minimise impact on mental health of Care Leavers. • Retention of supported housing	• Young adults will need to move provision at 18. • No agreement in place to enforce move-on (ongoing dispute). • By the 1 April 2024 there will be approx. 440 19+ Care Leavers in the Shared and YPSAF services which results in a highly ambitious target of eight moves per week (decreasing placements over the 12-month period). • Transitional period will require significant resource from 18+ team, provider, and districts. • Cost based on 50% of all eligible over 18's claiming Housing Benefit (HB) – this is a significant increase in the number of Care Leavers currently claiming therefore could be unrealistic. • Relationship with the District Councils will require continued communication as numbers reduce

	stock to assist with unpredictable increased demand.	

4 Financial Implications

4.1 The forecasted 2023/2024 annual value of the Supported Accommodation service, which is being tendered, is between £10.2m to £10.6m broken down as follows:

- The year one price for High/Medium Need for Children in Care is £1.97m (with the offset costs from semi-independent of £1.4million).
- The year one price for Low Need for Children in Care, Children in Need and UAS children is £5.34m (with the offset costs from Children in Need rent contributions of £430k).
- The year one price for Transitional Accommodation for 18-year-old Care Leavers is £3.3m (with the offset costs from 50% Housing Benefit reclaim and offset costs from Council Tax and TV Licenses of £1.13m).

The total contract cost has been forecasted to increase by approximately 21% (accounting for inflation and sufficiency figures) by 2028 to £12.4m. It is anticipated that Housing Benefit reclaim would be considerably higher than 50% come 2028.

4.2 The Transitional Accommodation Lot for 18-year-old Care Leavers and Low Need Supported Accommodation Lot is largely funded from the Home Office grant as that has 90% Unaccompanied Asylum-Seeking Children accommodated and is the largest area of spend at £8.64m. Some of these accommodation costs along with the High/Medium Need Supported Accommodation Lot is funded from the General Fund. The current YPSAFS contract is £2.4m to £2.9m per year depending on the number of children in care placed in the service.

4.4 Assuming Clearsprings Ready Homes accept a new contract for 24-months at the same level and cost, this is included in the revenue budget under the following budget lines. “Looked After Children – Care and Support”, “Children in Need – Care and Support”, “Care Leavers Service” and “Asylum”.

4.5 There is a saving identified of £700k in the 2023/2024 budget in pursuing a policy of independence for young people from the age of 19. The new contract will not directly deliver the savings, however the additional focus from the Care Leavers service to actively identify those who are ready to move on will achieve the savings, along with the receipt of housing benefit.

4.5 The Department for Education included investment to Ofsted[2] from the Spending Review worth £17m between April 2022 and March 2025 to build up the capacity and capability to deliver the new system of regulation and inspection. They state that “a further £121m from the overall settlement for these reforms will be distributed to councils to cover the cost associated with introducing the national standards.” And that “the Department for Education will also invest an additional £1.25m from the Spending Review settlement to help ready the sector for the reforms.”

[2] https://www.gov.uk/government/news/transformational-investment-in-childrens-social-care-placements

5 Legal Implications

5.1 The Council has a statutory duty to provide suitable and safe accommodation that has the right level of support for Children in Care (including UAS children) in accordance with the Children's Act 1989.

5.2 The Council must provide Care Leavers (including former UAS children) with support and financial support to assist in promoting their welfare, especially in relation to maintaining suitable accommodation and helping them access education, training, and employment. There is no statutory duty for Kent County Council to provide accommodation to Care Leavers above the age of 18.

5.3 Spending the Council's Money requires procurement of this value to be competitive. Directly awarding the contract for accommodation for those aged 18-21 is considered a suitable route under Regulation 72(b) and (e) of the Public Contract Regulations 2015, given the current circumstances and new Legislation introduced for Supported Accommodation.

6 Equality Implications

6.1 An Equality Impact Assessment (EqIA) was originally completed as part of the planned redesign and commissioning of the Supported Accommodation service and has been reviewed to reflect young people moving on at the age of 19, for those new service entrants.

6.2 The majority of young adults aged 18+ in the service are former UAS children that have aged through the Shared Accommodation service and the expectation is these individuals will be moved into their own home, supported by their Personal Advisor.

6.4 All non-eligible former Children in Need young adults will either return to their family home or be sign-posted to the appropriate local housing authority where they have a local connection to or, where appropriate, to adult social care services.

6.5 The Children's Commissioning Team will continue to monitor service delivery to ensure we understand any accumulative ongoing impact on those no longer eligible for the new service.

7 Other Corporate Implications

7.1 The Care Leavers service will be actively working with the young people to identify alternative accommodation; it is not expected that this will all be Social Housing.

8 Governance

8.1 Accountability sits with the Corporate Director for Children, Young People and Education. Responsibility sits with the Director of Operational Children's Services for the Supported Accommodation Service for Lots One and Two and the Director of Countywide Children's Services for Lot Three.

9 Data Protection Implications

9.1 Data Protection Impact Assessments (DPIA) for any recommissioned service will be developed and implemented following contract awards in 2023.

10 Conclusions

10.1 The Young People Supported Accommodation and Floating Support (YPSAFS) and Shared Accommodation services are being recommissioned with a contract start date of October 2023. The new Supported Accommodation service will provide accommodation for those UAS children waiting for status. The impact of this decision could result in Care Leavers presenting to the District Councils as homeless at the age of 19 and has specifically been discussed with the District Councils since March 2023. Once a Child in Need reaches 18, they will no longer be eligible to be accommodated by the Council so will need to present to their local District Council, return home, or be supported into accessing services from Adult Social Care.

10.2 A 24-month contract, directly awarded to Clearsprings Ready Homes, is needed to allow the existing cohort of young people in the service to remain up to the age of 21. For any young people left in the service in 2026, they will be moved to individual contracts. Without this, either 440 Care Leavers will need to move, or the Council will have to issue individual contracts, outside of a contractual framework, until they turn 21 and to mitigate the potential impact on District Councils and prevent homelessness.

11 Recommendations

Recommendations: The Cabinet Member for Integrated Children's Services is asked to agree the proposed decision to:

a) **APPROVE** the new Supported Accommodation service for young adults up to the age of 19, for those new entrants to the service at the age of 16/17.

b) **AGREE to** directly award a new contract, under the same terms and conditions to Clearsprings Ready Homes from 1 April 2024 to 31 March 2026 for 18+ Shared Accommodation services to support transition.

c) **DELEGATE** to the Corporate Director of Children, Young People and Education, in consultation with the Cabinet Member for Integrated Children's Services, to negotiate, finalise and enter into the relevant contracts with the successful Providers to deliver the Supported Accommodation contract, as detailed in the Key Decision **22/00079.**

d) **DELEGATE** authority to the Corporate Director of Children, Young People and Education, to take other relevant actions, including but not limited to, finalising the terms of, and entering into required contracts or other legal agreements, as required to implement the decision.

12 Background Documents

12.1 KCC Sufficiency Strategy 2022-2027
kent.gov.uk/__data/assets/pdf_file/0016/11941/Children-in-care-sufficiency-strategy.pdf#:~:text=The Kent County Council Sufficiency Strategy for 2022-2027,and care leavers%2C over the next five years.

Related Cabinet Member Decisions
22/00017- Shared Accommodation and Young Persons Supported Accommodation and Floating Support Service contracts

22/00079, Supported Accommodation

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EQIA Submission – ID Number
Section A

EQIA Title
Accommodation and Support Pathway/ Supported Accomodation

Responsible Officer
Caroline Smith - CY SCS

Type of Activity

Service Change
No
Service Redesign
Service Redesign
Project/Programme
No
Commissioning/Procurement
Commissioning/Procurement
Strategy/Policy
No
Details of other Service Activity
No

Accountability and Responsibility

Directorate
Children Young People and Education
Responsible Service
Integrated Children's Services
Responsible Head of Service
Christy Holden - CED SC
Responsible Director
Kevin Kasaven - CY SCS

Aims and Objectives

Kent County Council currently purchase two separate services; the Accommodation Service for Older Children in Care and Care Leavers Aged 16-21 (known as ‘Shared Accommodation’) and the Young People Supported Accommodation and Floating Support (YPSAFS) service. These services are delivered by different organisations on behalf of KCC. The contracts for both services are due to end on the 31 March 2024.

KCC is redesigning and aligning the accommodation and support pathway for Care Leavers, Children in Care and Children in Need 16- and 17-year-olds in line with the new regulation standards as introduced by Ofsted from 28 April 2023. This includes purchasing a good range of stable, safe, and well-maintained accommodation and support services that are flexible to meet individual and changing demands. The specifications for the proposed new services were developed with stakeholders.

The aim of the activity is to commission adequate accommodation ensuring equal access to all eligible children and young adults and that there are no restrictions based on protected characteristics. The process included stakeholder engagement including consultation with children and young adults, to produce a new operating model for a Supported Accommodation service that includes Ofsted’s regulatory standards prior to going out to procurement.

Section B – Evidence

Do you have data related to the protected groups of the people impacted by this activity?
Yes
It is possible to get the data in a timely and cost effective way?
Yes
Is there national evidence/data that you can use?
Yes
Have you consulted with stakeholders?
Yes
Who have you involved, consulted and engaged with?
Children and Young Adults (service users) Staff (service providers) Support Staff (service providers) KCC Staff (internal) District and Borough Staff – (Housing Options Team, Kent Housing Options Group) Kent Police Interested parties have had an opportunity to give feedback on the proposed changes on the age a young adult moves on into independent accommodation, changing from 21 to 19 years.
Has there been a previous Equality Analysis (EQIA) in the last 3 years?
Yes
Do you have evidence that can help you understand the potential impact of your activity?
Yes
Section C – Impact
Who may be impacted by the activity?
Service Users/clients Service users/clients
Staff Staff/Volunteers
Residents/Communities/Citizens Residents/communities/citizens
Are there any positive impacts for all or any of the protected groups as a result of the activity that you are doing?
Yes
Details of Positive Impacts
The development of a Supported Accommodation service through the recommissioning of both the Shared Accommodation service and YPSAFS service by a joint procurement will offer the opportunity to build on lessons learnt from the previous contracts and improve the overall service offering. The regulation by Ofsted of supported accommodation for all 16/17 years old through the introduction of four quality standards, will also help to improve overall the service offered. Young adults will benefit from an improved service that offers a defined step-down pathway. The aim of the activity is to enable children and young adults to access and to maintain their own home by achieving independence. The recommissioning of Shared Accommodation and YPSAFS Service will ensure that we shape the service for the wants and needs of children and young adults with a focus on long term impact and achieving positive outcomes whilst also ensuring that resources are used effectively across the whole service pathway.

Negative impacts and Mitigating Actions
19.Negative Impacts and Mitigating actions for Age
Are there negative impacts for age?
Yes
Details of negative impacts for Age
This commissioning exercise will affect 16–25-year-olds Children in Care and Care Leavers as well as 16-17 Children in Need. Any changes will apply to these cohorts only. The proposed service model has a reduction in the age that a young adult moves on into independent accommodation which will impact negatively on those aged 19 and over. There are currently 332 young adults (53%) over 19 within Shared Accommodation, and 45 young adults in YPSAFS (32%). The Shared Accommodation service predominantly accommodates UAS children new arrivals, as well as accommodating citizen 16/17-year-old Children in Care and 18+ citizen Care Leavers. Current ratio is 90% non-citizen, 10% citizen. The number of 16/17 year olds has decreased from 107 (March 2021) to 75 (March 2022) due to the implementation of the National Transfer Scheme. The majority of 18+ young adults are former UAS children that have aged through this provision. The expectation is that these will be moved on into alternative accommodation. The new service will include the delivery of transitional outreach support for new placements in response to feedback from practitioners and young adults. This will have a positive impact as young adults are supported in developing their independent living skills and settling within the local community.
Mitigating Actions for Age
We are recommending a transitional year for those aged 18 from any legacy placements, to mitigate the reduction in age. For any new referrals, there will be a period of transition for a young adult to gain independent living skills to enable them to move into their own accommodation at 19. This is in line with our aspirations as detailed within the Sufficiency Strategy. We will continue to monitor service delivery to ensure we understand any cumulative impact on those affected by the change of age that a young adult is expected to move on into independent accommodation. All non-eligible former Children in Need young adults will be signposted to Adult services and the District Borough Councils. The expectation is that they will be supported to find alternative housing rather than Social Housing. We will ensure practitioners are making young adults aware of their housing options and the expectation around move on. We will ensure EQIA is shared.
Responsible Officer for Mitigating Actions – Age
Caroline Smith
20. Negative impacts and Mitigating actions for Disability
Are there negative impacts for Disability?
Yes

Details of Negative Impacts for Disability
Several of the properties in the current YPSAFS service do not offer disabled access.
Mitigating actions for Disability
Include a requirement to provide accommodation to support a range of needs within the new model. Share EqIA.
Responsible Officer for Disability
Caroline Smith
21. Negative Impacts and Mitigating actions for Sex
Are there negative impacts for Sex
No. Note: If Question 21a is "No", Questions 21b,c,d will state "Not Applicable" when submission goes for approval
Details of negative impacts for Sex
Not Completed
Mitigating actions for Sex
Not Completed
Responsible Officer for Sex
Not Completed
22. Negative Impacts and Mitigating actions for Gender identity/transgender
Are there negative impacts for Gender identity/transgender
Yes - Add details of the negative impacts and mitigations.
Negative impacts for Gender identity/transgender
Although current services do not adversely impact on gender identity/transgender, this could be improved upon. Where a young adult identifies as transgender the young adult would be equally entitled and supported to access the service. All operational staff will be expected to provide a service to meet the needs of all individuals. Any needs regarding the gender identity of the young adult will be identified through care planning and placement matching processes.
Mitigating actions for Gender identity/transgender
Ensure EqIA is shared. As part of the specification, there will be a requirement to provide accommodation to support a range of needs within the new model.
Responsible Officer for mitigating actions for Gender identity/transgender
Caroline Smith
23. Negative impacts and Mitigating actions for Race
Are there negative impacts for Race
Yes - Add details of the negative impacts and mitigations.
Negative impacts for Race
Most young adults of Transitional Accommodation for 18-year-olds UAS children/Asylum Care Leavers: UAS children/Asylum Care Leavers – 499 (90%) Citizen – 57 (10%) Most young adults do not speak English as their first language. Location of some properties across Kent for both services fall into areas known to be xenophobic which can result in emotional / physical harm to young adults.
Mitigating actions for Race
Ensure that young adults are placed in areas where they can access community services safely. Social Workers and Personal Advisors will consider the challenges whilst considering race/nationality when

completing referrals to the service and will ensure their protected characteristics are not compromised in any way.
Responsible Officer for mitigating actions for Race
Caroline Smith
24. Negative impacts and Mitigating actions for Religion and belief
Are there negative impacts for Religion and belief
Yes - Add details of the negative impacts and mitigations.
Negative impacts for Religion and belief
Size of premises does not allow for in house prayer rooms/religious facilities. Properties are shared and may not be exclusive to any one religion.
Mitigating actions for Religion and belief
Ensure premises and placements are located within reasonable distance to religious facilities. Social Workers and Personal Advisors will understand the challenges faced by this group when completing their referrals and will ensure their protected characteristics are not compromised in anyway, as well as providing information to their young adults about available services. Any needs regarding the religion and beliefs of the young adult will be identified through care planning and placement matching processes.
Responsible Officer for mitigating actions for Religion and Belief
Caroline Smith
25. Negative impacts and Mitigating actions for Sexual Orientation
Are there negative impacts for Sexual Orientation
No. Note: If Question 25a is "No", Questions 25b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Sexual Orientation
Not Completed
Mitigating actions for Sexual Orientation
Not Completed
Responsible Officer for mitigating actions for Sexual Orientation
Not Completed
26. Negative impacts and Mitigating actions for Pregnancy and Maternity
Are there negative impacts for Pregnancy and Maternity
Yes - Add details of the negative impacts and mitigations.
Negative impacts for Pregnancy and Maternity
Size of accommodation available service does not always allow for appropriate space required by Parents and Child. Partners are often not able to stay with the parent due to house rules/ size of accommodation/ previous history. The Service does not adversely impact on pregnancy and maternity; however, health assessments are completed on all children up to the age of 18 on a yearly basis. Those identified as pregnant will be identified and any additional support accessed.
Mitigating actions for Pregnancy and Maternity
Ensure accommodation allows for dedicated Parent and Child per area for Supported Accommodation Where matching issues are established due to offences other housing options are considered.

Engage with current parents in stakeholder engagement with a view to involving partners more actively in childcare including overnight care. Engage with current and potential providers to encourage service locations closer to affordable childcare where possible.
Responsible Officer for mitigating actions for Pregnancy and Maternity
Caroline Smith
27. Negative impacts and Mitigating actions for Marriage and Civil Partnerships
Are there negative impacts for Marriage and Civil Partnerships
Yes - Add details of the negative impacts and mitigations.
Negative impacts for Marriage and Civil Partnerships
Partners are not currently allowed to stay permanently overnight in the accommodation. Rooms are not of sufficient size to allow this regularly
Mitigating actions for Marriage and Civil Partnerships
Support will be provided to sign post young adults onto accommodation that will allow partners to stay more often/permanently. If both young adults meet the eligibility criteria, support and accommodation will be provided but with a view to supporting young adults in finding more suitable accommodation.
Responsible Officer for Marriage and Civil Partnerships
Caroline Smith
28. Negative impacts and Mitigating actions for Carer’s responsibilities
Are there negative impacts for Carer’s responsibilities
No. Note: If Question 28a is "No", Questions 28b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Carer’s responsibilities
Not Completed
Mitigating actions for Carer’s responsibilities
Not Completed
Responsible Officer for Carer’s responsibilities
Not Completed

By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee, 6 December 2023

Subject: Work Programme

Summary: This report gives details of the proposed work programme for the Scrutiny Committee.

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1. Introduction

a) Any Member of the Council is entitled to give notice that they wish an item relevant to the functions of the Committee (which is not an excluded matter) to be included on the agenda for the next available meeting.

b) The definition of an excluded matter referenced above is:

   a. Any matter relating to a planning or licensing decision,
   b. Any matter relating to a person in respect of which that person has a right of recourse to a review of right of appeal conferred by or under any enactment,
   c. Any matter which is vexatious, discriminatory or not reasonable to be included in the agenda or discussion at a meeting of the Scrutiny Committee.

c) The Scrutiny Committee has the ability to 'call-in' decisions made by the Cabinet or individual Cabinet Members. Any two Members from more than one Political Group may give notice within five clear working days from the publication of a decision taken of their wish to call-in the decision.

2. Recommendation

The Scrutiny Committee is asked to consider and note the report.

Background Documents

None

Contact Details

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Work Programme - Scrutiny Committee November 2023

Items identified for upcoming meetings

- Homeless Connect – further report to Committee – TBC
- Framing Kent's Future (deferred from November 2023)
- Impact on ASC Budget from high EHCP numbers and related transition arrangements (deferred from November 2023)
- Making a Difference Everyday – Further update
- Update on S106 SFI – possible Member Briefing

24 January 2024	
Item	**Item background**
Draft Revenue and Capital Budget 2024/25 and MTFP	
<u>Securing Kent's Future</u> a) Commissioning and Contract Management	Requested by Chairman and Spokespeople following Securing Kent's Future.
Scrutiny Committee – Review of Activity	Report by the Monitoring Officer following the Annual Governance Statement

28 February 2024	
Item	**Item background**

24 April 2024	
Item	**Item background**
Review of SEND Sub-Committee	Annual Report

June 2024 – Budget monitoring year end
June 2024 – Scrutiny Committee meeting as Crime and Disorder Committee
November 2024 – Kent Flood Risk Management Committee Annual Report

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