

## **SCRUTINY COMMITTEE**

**Wednesday, 4th December, 2024**

**10.00 am**

**Council Chamber, Sessions House, County  
Hall, Maidstone**







## **AGENDA**

### **SCRUTINY COMMITTEE**

**Wednesday, 4th December, 2024, at 10.00 am**  
**Council Chamber, Sessions House, County Hall,**  
**Maidstone**

Ask for: **Anna Taylor**  
Telephone: **03000 416478**

Email: **[anna.taylor@kent.gov.uk](mailto:anna.taylor@kent.gov.uk)**

#### **Membership**

Conservative (10): Mr A Booth (Chairman), Mr P V Barrington-King (Vice-Chairman),  
Mrs R Binks, Mr T Bond, Mr D L Brazier, Mrs L Game,  
Mrs S Prendergast, Mr O Richardson, Mr S Webb and vacancy

Labour (1): Mr A Brady

Liberal Democrat (1): Mr A J Hook

Green and  
Independent (1): Ms J Hawkins

Church  
Representatives (3): Mr J Constanti, Mr M Reidy and Mr Q Roper

Parent Governor (2): Ms R Ainslie-Malik and Ms H Carter

## **UNRESTRICTED ITEMS**

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

### **A - Committee Business**

- A1 Introduction/Webcast Announcement
- A2 Apologies and Substitutes
- A3 Declarations of Interests by Members in items on the Agenda for this Meeting

### **B - Any items called-in**

### **C - Any items placed on the agenda by any Member of the Council for discussion**

- C1 Revenue and Capital Budget Monitoring Report - September 2024-25 (Pages 1 - 74)
  - C2 Draft Revenue Budget 2025-26 and MTFP 2025-28 (Pages 75 - 108)
  - C3 SEND Scrutiny - Quarterly Reporting (2nd report)  
To Follow
  - C4 Scrutiny Review - SEND Transformation  
To Follow
  - C5 Kent Flood Risk Management Committee - Annual Report (Pages 109 - 118)
- ### **D - To Note**
- D1 Work Programme (Pages 119 - 122)

## **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, 26 November 2024**

By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee, 4 December 2024

Subject: Revenue and Capital Budget Monitoring Report September 2024-25

---

Summary: As requested by the Scrutiny Committee at the meeting on 5 November, the Committee is asked to discuss and comment on or note the Revenue and Capital Budget Monitoring Report September 2024-25.

---

## 1. Introduction

- a) The attached report was presented to Cabinet on 28 November 2024 and sets out the revenue and capital monitoring position at September 2024-25 (Quarter 2). The Cabinet was also asked to agree to a number of actions as set out in the recommendations within the report. This report set out a forecasted overspend of £26.8million.
- b) The Scrutiny Committee received the Quarter 1 report (to June 2024-25) at their meeting in November 2024 and questioned all Cabinet Members on the results of the first quarter report and agreed to discuss the Quarter 2 report at the earliest opportunity.
- c) The Quarter 2 report shows that the forecast outturn position has increased by £10.5million. As the report to Cabinet states this is a concern for the authority and presents a serious risk to the Council's future financial sustainability.
- d) The Chairman has asked that all Cabinet Members attend the Scrutiny meeting on 4 December to discuss the budget monitoring report and the mitigations being put in place in response to the forecast overspend.

## 2. Attached documents

- a) [Cabinet Covering Report](#)
- b) [Finance Monitoring Report](#)

## 3. Recommendation

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

## Contact Details

Anna Taylor, Scrutiny Research Officer  
[anna.taylor@kent.gov.uk](mailto:anna.taylor@kent.gov.uk) 03000 416478

This page is intentionally left blank

**From:** Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford  
Interim Corporate Director Finance, John Betts

**To:** Cabinet, 28 November 2024

**Subject:** Revenue and Capital Budget Monitoring Report – September 2024-25

**Decision number:** 24/00089

**Classification:** Unrestricted

**Summary:**

The attached report sets out the revenue and capital budget monitoring position as at September 2024-25 (Quarter 2). The report also provides detail on the progress on the delivery savings in the 2024-25 revenue budget, capital cash limit changes made between July and September 2024, and monitoring updates for Treasury Management, Prudential Indicators and Reserves. This covering report also identifies the actions being taken to mitigate the overspend.

**Recommendation(s):**

Cabinet is asked to:

- a) NOTE the forecast revenue overspend of £26.8m (excluding Schools) and the actions being taken to mitigate the forecast overspend
- b) NOTE the forecast overspend on Schools' Delegated Budgets of £29.1m.
- c) NOTE the forecast capital underspend of £90.1m.
- d) NOTE the progress on the delivery of savings.
- e) AGREE the Capital budget changes.
- f) NOTE the Reserves, Treasury Management and Prudential Indicators monitoring

**1. Introduction**

- 1.1 The September 2024-25 budget monitoring report being presented sets out the revenue and capital forecast position.

**2 Revenue and Capital Budget Monitoring Report – September 2024-25**

- 2.1 The attached report sets out the overall forecast position as at 30 June 2024-25, which is a revenue overspend of +£26.8m and a capital underspend of -£90.1m.
- 2.2 The forecast revenue outturn position is an overspend of +£26.8m (excluding schools), which represents 1.9% of the revenue budget. The forecast outturn position has increased by £10.5m compared with the forecast position in June 2024-25 (Quarter 1). The deterioration of the position is a concern for the authority and presents a serious risk to the Council's future financial sustainability.

- 2.3 Overspends are being reported in Adult Social Care & Health (+£32.5m), Growth Environment & Transport (+£5.3m) and Corporately Held Budgets (+£2.9m). Underspends are being reported in Children, Young People & Education Department (-£3.1m), Chief Executive's Department (-£1.3m), Deputy Chief Executive's Department (-£2.5m) and Non Attributable Costs (-£7.0m).

### 3. Mitigating the Forecast Overspend

- 3.1 There are a number of factors to consider in response to the forecast overspend:

- Understanding the drivers for the overspend, particularly in the Adult Social Care & Health (ASCH) directorate
- Actions being taken this year to reduce the forecast in ASCH
- Actions being taken elsewhere in the Council to offset the overspend

- 3.2 The rest of this section takes these factors in turn.

- 3.3 The annual survey conducted by the Association of Directors of Adult Social Services (ADASS) has indicated that 81% of councils are on course to overspend on their adult social care budget in the current financial year, with an average overspend of 3% of councils' adult social care net budgets. So, the financial challenges facing the Council are similar to many upper-tier local authorities. The ASCH directorate has a forecast net overspend of +£32.5m, of which £22.7m relates to savings which are unable to be delivered in 2024-25. £9.8m of the overspend relates to other service-related pressures. The driver of costs are not simply a matter of additional demand, reflected through an increased number of clients. The absolute increase in client numbers requiring support remains relatively modest. The increase in spending is largely driven by increases in the costs (both complexity and inflationary) to deliver social care placements from providers. The savings that are currently forecast not to be delivered in 2024/25 are largely due to be delivered in subsequent years.

- 3.4 However, this does not detract from the need to take action within the ASCH directorate to reduce the forecast overspend, as far as is possible. Panels remain in place to ensure that social care need is being met in the most cost effective manner and this is reviewed by senior management. There are three particular workstreams currently in train with external consultants working closely with ASCH front line staff to identify more effective working that will deliver cashable savings and reduce the forecast overspend trajectory. Firstly, there is work on the "front door" to explore changes to bolster multi-disciplinary decision-making and to maximise enabling and preventative interventions and driving through standardisation in processes, all designed to reduce cost through stemming demand and improving more cost effective practice. Secondly, there is a rapid review of current savings plans being undertaken, with a view to identifying where savings may be accelerated and where there may be opportunities for new savings to offset the overspend in this financial year. Thirdly, there is work being undertaken on reablement and therapies designed to test whether a short period of intensive support and intervention will lead to better outcomes and cashable savings, supporting clients to be more independent. All of these activities are consistent with the objective of delivering New Models of Care and Support within Framing Kent's Future.

- 3.5 As will be noted, the rest of the Council is generally underspending and so this partly offsets the overspend in ASCH. In GET, actions are being taken to reduce spend, but the overspend there is largely due to the national English National Concessionary Travel Scheme. Throughout the organisation spending controls remain in place. So, for example, specific levels of approval continue to be required for any recruitment activity. Requisitions are reviewed for appropriateness and compliance with spending



control requirements. Any manager wanting to hire agency for staff for more than three months, or to extend a current worker's assignment beyond three months, must submit a business case. This should all contribute towards reducing the overspend.

- 3.6 It is essential that all of these actions continue, to reduce the 2024-25 forecast outturn to as close to a balanced position as possible. This will help limit 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 future years. The impact on reserves can be seen in Section 7.

#### **4 Other Factors**

- 4.1 Schools' Delegated budgets are reporting an overspend of +£23.1m. This reflects the impact of high demand for additional SEN support and greater demand for specialist provision. 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.
- 4.2 There is a savings target of £111.2m (excluding changes in grant income and the removal of one-off or undelivered savings in previous years). Currently, £84.8m of savings are forecast to be achieved.
- 4.3 The forecast outturn capital position is a real overspend of £14.5m and a rephasing variance of -£104.6m, so a net underspend of £90.1m.

#### **4. Recommendation(s)**

Cabinet is asked to:

- a) NOTE the forecast revenue overspend of £26.8m (excluding Schools).
- b) NOTE the forecast overspend on Schools' Delegated Budgets of £29.1m.
- c) NOTE the forecast capital underspend of £90.1m.
- d) NOTE the progress on the delivery of savings.
- e) AGREE the Capital budget changes.
- f) NOTE the Reserves, Treasury Management and Prudential Indicators Monitoring

#### **5. Contact details**

Report Author

Joe McKay  
Acting Chief Accountant  
03000 419601  
joe.mckay@kent.gov.uk

Relevant Director

John Betts  
Interim Corporate Director Finance  
03000 410066  
John.betts@kent.gov.uk

This page is intentionally left blank

# Finance Monitoring Report

As at September 2024-25 – Quarter 2



By Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford  
Interim Corporate Director Finance, John Betts  
Corporate Directors

To Cabinet – 28 November 2024

Unrestricted

## Contact Details

Interim Corporate Director Finance	John Betts	03000 410 066	<a href="mailto:john.betts@kent.gov.uk">john.betts@kent.gov.uk</a>
Head of Finance Operations	Cath Head	03000 416 934	<a href="mailto:cath.head@kent.gov.uk">cath.head@kent.gov.uk</a>
Acting Chief Accountant	Joe McKay	03000 419 601	<a href="mailto:joe.mckay@kent.gov.uk">joe.mckay@kent.gov.uk</a>
Capital Finance Manager	Jo Lee	03000 416 939	<a href="mailto:joanna.lee@kent.gov.uk">joanna.lee@kent.gov.uk</a>
Capital Finance Manager	Julie Samson	03000 416 950	<a href="mailto:julie.samson@kent.gov.uk">julie.samson@kent.gov.uk</a>

## Contents

1   Introduction and Headlines .....	4
2   Recommendations .....	5
3   Revenue Budget Forecast .....	6
3a   Adult Social Care & Health including Public Health .....	8
3b   Children, Young People & Education .....	12
3c   Growth, Environment & Transport .....	15
3d   Chief Executive's Department .....	18
3e   Deputy Chief Executive's Department .....	20
3f   Non Attributable Costs including Corporately Held Budgets .....	22
3g   Schools' Delegated Budgets .....	24
4   Revenue Budget Savings .....	29
4a   Adult Social Care & Health Savings .....	31
4c   Corporately Held Budgets Savings .....	35
4d   Alternative Savings .....	36
5   Capital Budget Forecast .....	37
5a   Adult Social Care & Health .....	38
5b   Children, Young People & Education .....	38
5c   Growth, Environment & Transport .....	40
5d   Chief Executive's Department .....	44
5e   Deputy Chief Executive's Department .....	44
6   Capital Budget Changes .....	45
7   Reserves Monitoring .....	47
8   Treasury Management Monitoring .....	49
9   Appendices .....	54



# 1 | Introduction and Headlines

This report provides an update on the Council's revenue and capital financial position as at September 2024-25 (Quarter 2). The report also provides detail on the progress on the delivery savings in the 2024-25 revenue budget, capital cash limit changes made between July and September 2024, and monitoring updates for Treasury Management, Prudential Indicators and Reserves.

- The Council is forecasting a revenue overspend of £26.8m (excluding schools)
- The revenue overspend has increased by £10.5m compared with the position at Quarter 1
- Schools' Delegated Budgets are forecasting a £29.1m overspend
- The Council has a savings target of £111.2m (excluding changes in grant income and the removal of one-off or undelivered savings in previous years). Currently, £84.8m of savings are forecast to be achieved
- The Council is forecasting a real variance of £14.5m and a rephasing variance of -£104.6m on the capital programme, so a net underspend of £90.1m

The administration's draft revenue budget 2025-26 and high-level plans for 2026-27 and 2027-28 have been published for the Cabinet Committee scrutiny process during November. These plans were prepared before the recent Autumn Budget 2024 announcement and the draft budget is based on an assumed grant settlement and council tax referendum limits. The administration's draft budget for 2025-26 and MTFP over the three years are not yet completely balanced. The factors causing the plans to be unbalanced are principally due to undelivered savings within Adult Social Care and the timing of the £19.8m policy savings previously agreed to replace the use of one-offs to balance the 2024-25 budget. Other than these issues, the 2025-26 budget is broadly balanced within acceptable tolerances, given the number and range of forecasts within the plan at this stage. Other than adult social care, the MTFP is broadly balanced over the three years, but as yet not necessarily in each individual year.

Forecast spending growth continues to significantly exceed the forecast funding requiring savings and income to balance the budget. Spending growth includes base budget changes to reflect full year effect of forecast spending variances from previous 2024-25 monitoring, forecast increases in prices (including full year effect of current year price uplifts), forecast changes in demand and other non-inflationary factors affecting costs, and increases in pay. The savings represent a net figure including positive amounts for the removal of one-off savings and previously agreed savings which have now been confirmed as irrecoverable (savings that were previously included in budget plans which have now been rephased are effectively rolled forward into subsequent years), as well as negative amounts for the full year effect of previously agreed savings and new savings proposals.

A final draft will be published in January which will include resolution of outstanding balances, the outcome from the Chancellor's Autumn Budget 2024 and the 2025-26 provisional Local Government Finance Settlement, provisional tax base notification from collection authorities, most up to date budget monitoring, and any other updates from the original draft.

## 2 | Recommendations

2.1	Note the forecast revenue overspend of £26.8m (excluding Schools)	Please refer to Section 3
2.2	Note the forecast overspend on Schools' Delegated Budgets of £29.1m	Please refer to Section 3g
2.3	Note the forecast capital underspend of £90.1m	Please refer to Section 6
2.4	Consider and note the progress on the delivery of savings	Please refer to Section 4
2.5	Note and agree the Capital budget changes	Please refer to Section 7
2.6	Note the Reserves Monitoring, Treasury Management and Prudential Indicators Monitoring	Please refer to Section 7, 8, and Appendix 3

### 3 | Revenue Budget Forecast

The forecast revenue outturn position is an overspend of +£26.8m (excluding schools), which represents 1.9% of the revenue budget. The forecast outturn position has increased by £10.5m compared with the forecast position in June 2024-25 (Quarter 1). The deterioration of the position is a concern for the authority and presents a serious risk to the Council's future financial sustainability. It is essential that action is taken to reduce the 2024-25 forecast outturn to as close to a balanced position as possible to limit 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 future years. The impact on reserves can be seen in Section 7.

Overspends are being reported in Adult Social Care & Health (+£32.5m), Growth Environment & Transport (+£5.3m) and Corporately Held Budgets (+£2.9m). Underspends are being reported in Children, Young People & Education Department (-£3.1m), Chief Executive's Department (-£1.3m), Deputy Chief Executive's Department (-£2.5m) and Non Attributable Costs (-£7.0m). The report details Key Service Line variances by Directorate. Schools' Delegated Budgets is currently forecasting an overspend of £29.1m.

Delivery of savings is a crucial component of the Council's forecast position for 2024-25 and the forecast currently indicates that savings of £84.8m will be delivered. The Strategic Reset Programme (SRP) Team is monitoring savings working alongside the Directorates, Finance Business Partners and performance and analytics. Non delivery of these savings will have a significant impact on future years' budgets.



Directorate	Revenue Budget	Revenue Forecast	Revenue Variance	% Variance
Adult Social Care & Health	585.9	618.4	+32.5	+5.5%
Children, Young People & Education	430.6	427.6	-3.1	-0.7%
Growth, Environment & Transport	202.9	208.2	+5.3	+2.6%
Chief Executive's Department	30.5	29.1	-1.3	-4.4%
Deputy Chief Executive's Department	82.2	79.7	-2.5	-3.1%
Non Attributable Costs	102.6	95.6	-7.0	-6.8%
Corporately Held Budgets	-2.4	0.5	+2.9	-120.9%
<b>Directorates Position</b>	<b>1,432.3</b>	<b>1,459.1</b>	<b>+ 26.8</b>	<b>+1.9%</b>
Schools' Delegated Budgets	0.0	29.1	+29.1	
<b>Overall Position</b>	<b>1,432.3</b>	<b>1,488.2</b>	<b>+55.9</b>	

### 3a | Adult Social Care & Health including Public Health

All figures in £m

	Revenue Budget	Revenue Forecast	Revenue Variance
Adult Social Care & Health Operations	524.5	581.0	+56.5
Strategic Management & Directorate Budgets	39.2	14.1	-25.1
Strategic Commissioning (Integrated & Adults)	22.2	23.3	+1.1
Public Health	0.0	0.0	0.0
<b>Total</b>	<b>585.9</b>	<b>618.4</b>	<b>+32.5</b>

The Adult Social Care & Health directorate has a forecast net overspend of +£32.5m, of which £22.7m relates to savings which are unable to be delivered in 2024-25. £9.8m of the overspend relates to other service related pressures.

Details of the significant variances are shown on the following page. Savings monitoring for Adult Social Care & Health including Public Health is in Section 4a.

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
Older People - Residential Care Services	97.5	120.0	+22.6	Pressure from slippage in savings programme	<p>+£8.1m pressure on this service line relates to slippage in savings activity, and +£10.1m from pressures relating to client activity.</p> <p>Other pressures on this service line include a +£1.6m 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 above the level budgeted for.</p>
Adult Mental Health - Community Based Services	21.2	30.1	+8.9	Activity and price pressures beyond budgeted levels, and slippage in savings programme.	<p>+£4.1m pressure relates to more people receiving supported living care packages, including an increase in average hours provided per person to meet more complex needs.</p> <p>Other pressures include +£4.5m from slippage in savings activity, +£0.3m from costs relating to the previous financial year.</p>
Older People - Community Based Services	35.4	41.9	+6.5	Activity and price pressures beyond budgeted levels	<p>+£3.8m pressure relates to homecare services where there has been an increase in the average number of hours of support provided due to increasing complexity</p> <p>Other pressures include +£4.2m from savings which are no longer anticipated to be achieved this financial year, and a +£0.5m increase on contributions to the provision for bad and doubtful debts.</p> <p>The above pressures are offset by forecast underspends across other older people community based services of -£1.4m, and estimated benefit from unrealised creditors from the previous financial year - £0.5m.</p>
Adult Physical Disability - Community Based Services	32.9	37.5	+4.7	Increases in Supported Living care packages	<p>+£3.0m pressure relates to people receiving supported living services with higher cost packages due to increasing complexity, and +£0.2m overspend relates to pressures across other community services.</p> <p>Other pressures include +£1.9m from savings which are no longer anticipated to be achieved this financial year, and a +£0.1m increase on contributions to the provision for bad and doubtful debts.</p>

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
					Above pressures are partly offset by -£0.5m estimated benefit from unrealised creditors from the previous financial year.
Adult Learning Disability - Community Based Services & Support for Carers	127.1	129.3	+2.2	Increases in Supported Living care packages	<p>+£3.2m of the overspend relates to people receiving supported living services which is driven in the main by increased activity in terms of hours of support being provided.</p> <p>Other pressures include +£0.1m from savings which are no longer expected to be achieved this financial year, and +£0.1m from contributions to the provision for bad and doubtful debts.</p> <p>The above pressures are offset by -£0.8m estimated benefit from unrealised creditors from the previous financial year, and an underspend of -£0.3m across other LD community based services.</p>
Adult Physical Disability - Residential Care Services	24.5	28.2	+3.7	Activity pressures beyond budgeted levels	<p>+£3.1m overspend relates to people accessing nursing and residential care services, with increases in activity exceeding budgeted levels.</p> <p>Other pressures include +£0.2m from savings no longer expected to be achieved this financial year, and +£0.4m from contributions to the provision for bad and doubtful debts</p>
Adult Mental Health - Residential Care Services	21.4	23.5	+2.1	Activity pressures beyond budgeted levels	<p>+£1.3m overspend relates to people accessing nursing and residential care services, with increases in activity exceeding budgeted levels.</p> <p>Other pressures include +£0.2m from savings no longer expected to be achieved this financial year, and +£0.7m from contributions to the provision for bad and doubtful debts.</p>
Older People - In House Provision	15.8	18.1	+2.3	Service pressures on In House Residential Units	+£2.5m relates to budget pressures across Gravesham Place, Broadmeadow, Westbrook, and Westview residential units due to staffing pressures arising from increasing staffing levels to maximise bed capacity and use of agency staff to provide additional capacity and cover for unplanned absences, alongside pressure on Westbrook and Westview from increasing energy costs.

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
					Above pressures offset by -£0.2m forecast underspends across other Older Person In House Residential and Daycare services.
Community Based Preventative Services	7.5	9.1	+1.5	Pressure from slippage in savings programme	+£2.5m pressure from slippage in savings programme, offset by -£1m one-off contribution from Public Health towards mental health services delivered under the Live Well Kent contract.
Adult Case Management & Assessment Services	40.7	42.0	+1.3	Staffing pressures across front line services	Pressure across front line social work teams and referral services due to reducing vacancy rates and use of agency staff, alongside funding pressures related to retaining and attracting social work staff, costs associated with early retirements following a service reorganisation, and additional posts recruited to drive service improvement and organisational change.
Older People & Physical Disability Carer Support - Commissioned	1.7	2.3	+0.6	Activity pressures beyond budgeted levels	Increasing levels of activity and costs associated with carer respite.
Provision for Demographic Growth - Residential Based Services	12.5	2.2	-10.3	Release of centrally held funds	This is the release of centrally held funds to partly offset pressures across ASCH operations.
Provision for Demographic Growth - Community Based Services	15.8	2.7	-13.0	Release of centrally held funds	This is the release of centrally held funds to partly offset pressures across ASCH operations.

### 3b | Children, Young People & Education

All figures in £m

		Revenue Budget	Revenue Forecast	Revenue Variance
Education & Special Educational Needs		125.6	126.1	+0.5
Integrated Children's Services (Operations and County Wide)		300.8	297.0	-3.7
Strategic Management & Directorate Budgets		4.3	4.4	+0.1
<b>Total</b>		<b>430.7</b>	<b>427.5</b>	<b>-3.1</b>

The Children, Young People & Education directorate is projected to be underspent by -£3.1m, this is formed from several significant variances. Integrated Children's Services (Operations and Countywide) is forecasting an initial net underspend of -£3.7m, mainly related to an underspend on community based services for young adults with disabilities. Education & Special Educational Needs are forecasting a net overspend of £0.5m which relates to pressures on services for schools and Community, Learning & Skills, mostly offset by an underspend on Home to School Transport.

Details of the significant variances are shown below:

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
Community Learning & Skills (CLS)	-0.1	0.8	+0.9	Reduction in fee income from September	Funding rule changes for the new academic year are forecast to result in a reduction in fee income expected from September onwards, where the service is reorganising to meet the requirements of the Governments priorities for adult education services. Mitigating actions are being explored to reduce the impact of this, both in-year and future years.
Other School Services	5.8	8.4	+2.6	Pressures arising from ensuring sufficient school places, higher number of school related redundancies and legal costs.	Delays in basic need projects have resulted in the continual use of more temporary accommodation to ensure sufficient school places are available (+£1.4m). In addition, a rise in the number of school reorganisations required to ensure schools remain financially sustainable is leading to an increase in requests for school based staff redundancy payments (+£0.5m). Other overspends include Legal costs, related to schools including capital projects & academisation, are forecast to remain at a higher level in 2024-25 where costs previously charged to capital must now be charged to revenue, along with a general rise in costs.
Adult Learning & Physical Disability Pathway - Community Based Services	46.7	43.6	-3.1	Underspends across most services	Forecasting underspends across most community services, but mainly Supported living (-£2.3m) and Direct Payments (-£0.2m) due to lower than anticipated costs.
Home to School & College Transport	96.3	92.9	-3.4	Lower cost of hired transport	Whilst the number of SEN children being transported is in line with the budget assumption the average cost has been lower, this is due to a combination of more children receiving a PTB and lower costs of hired transport (which has resulted from the retender of contracts relating to 2 special schools). A contingency has been added to reflect likely increases in pupil numbers and unit costs before the

					end of the financial year.
Adult Learning & Physical Disability pathway - Residential Care Services & Support for Carers	46.7	43.6	-1.7	One-off extra CHC funding	Due to the high cost of the placements - a very small reduction in placements can lead to large under or overspend. Additional one-off Continuing Health Care funding received for a number of placements (-£0.9m)
Looked After Children (with Disability) - Care & Support	22.5	25.9	+3.3	Pressures on residential care and semi independent	The number of children placed in residential and semi-independent is continuing to grow, along with the average cost resulting in pressures on residential care (£1.7m) and semi-independent (£1.6m).
Looked After Children – Care & Support	101.8	102.5	+£0.7	Higher use of more costly external placements	The number of LAC has reduced since the start of year but the number of external placements has remained static – reflecting the ongoing challenge of a reducing number of in-house foster carers. The forecast also reflects the continual increase in the costs across all external placements beyond that assumed in the budget. This forecast also includes a one-off grant to support additional costs resulting from introduction of new requirements for 16 & 17 year old regulated accommodation (-£0.9m).
Children's Social Work Services – Assessment & Safeguarding Service	52.1	51.2	-£0.8	Vacancies	General vacancies across the children social work service where there are difficulties in recruitment in some areas of the county, along with general delays in recruitment. This includes vacancies across social work, linked management & business support. Total underspend is equivalent to 1.6% of the budget.
Care Leavers Service	5.6	4.8	-£0.8	Lower number & average cost of placements	The average cost of placements for young people has reduced where more are placed in more cost-effective placements under the new supported accommodation contract (rather than semi-independent). The number of young people requiring a placement is also lower than budgeted where alternative arrangements are secured.



### 3c | Growth, Environment & Transport

All figures in £m

	Revenue Budget	Revenue Forecast	Revenue Variance
Environment & Circular Economy	97.3	99.8	+2.5
Growth & Communities	31.3	30.3	-0.9
Highways & Transportation	72.9	76.8	+3.8
Strategic Management & Directorate Budgets	1.4	1.4	0.0
<b>Total</b>	<b>202.9</b>	<b>208.2</b>	<b>+5.3</b>

The Growth, Environment & Transport Directorate is projected to be overspent by £5.3m. 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.

Details of the significant variances are shown on the following page:

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
English National Concessionary Travel Scheme (ENCTS)	13.0	15.9	+2.9	Update to DfT Re-imbursement Calculator	<p>In November 2023, the DfT announced changes to the re-imbursement calculator for the ENCTS scheme. The changes to the calculator were based on updating a number of key re-imbursement factors/inflation factors, that had not updated since the launch of the scheme. The impact of these changes is to raise the re-imbursement level for ENCTS acceptance by a bus operator.</p> <p>KCC follows the DfT re-imbursement calculator for the payment of ENCTS re-imbursement to bus operators and this has presented a £3m pressure. This is proposed to be realigned in the 2025/26 budget.</p>
Waste Facilities & Recycling Centres	38.8	40.7	+1.9	Paused HWRC saving, unachievable compost saving and reduced income	<p>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. This is proposed to be realigned in the 2025/26 budget.</p> <p>In addition, there was a savings target from Reuse and Small Business trade waste. Some limited reuse activities have been delivered; however, meeting the full target is now unlikely due to protracted contract negotiations which have delayed the delivery of the reuse shop at Allington. Negotiations are now finalised and completion date for the construction is planned for March 2025. This 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. Due to cost recovery, health and safety and operational issues, the project has deviated from delivering this service at the HWRCs to enhancing the services already delivered at the waste transfer stations, which have the existing infrastructure to ensure that cost recovery and income is delivered. Work to deliver a marketing plan to increase business is currently underway. An overspend has arisen this year as a result (+£0.2m).</p>

						A budgeted saving to renegotiate the rate of a green waste contract is no longer possible as the contractor was taken over and the new owner declined the offer to renegotiate the contract. The saving is no longer deliverable (+£0.6m).
Highway Assets Management	38.7	39.7	+1.1	Chestfield tunnel costs and other price/demand pressures partially offset by energy underspend and additional income		<p>The emergency works to repair and replace jet fans in the Chestfield tunnel have required a contraflow to be put in place and the expense of this and other associated costs have resulted in a significant overspend (+£0.9m). The service is submitting a bid for this unbudgeted cost to be funded from corporate reserves which if successful will remove this variance, but will impact the reserves position further.</p> <p>Pressures continue to be reported in Inspections and general maintenance across East/West Kent budgets with prices above budgeted inflation and increased works due to the condition of the network and necessary safety critical works (+£1.7m combined).</p> <p>These overspends are partially offset by an underspend on Streetlight and Tunnels energy, due to a one-off rebate following the reconciliation of winter 23/24 usage plus confirmation of a reduced summer price for electricity (-£0.5m), as well as additional income (-£1.4m).</p>
Residual Waste	52.6	53.0	+0.4	Increased tonnes offset by lower than budgeted price		An overspend primarily resulting from additional tonnes (+£1.5m) is offset by reduced prices primarily for Allington Waste to Energy plant, as the contractual uplift based on April RPI was lower than the budgeted estimate (-£0.8m).
Community Protection	12.0	11.8	-0.2	Increased income		Variance is mainly due to an increase in income for Trading Standards from the Office for Product Safety and Standards (OPSS) for Ports and Borders work (-£0.2m) as well as a high turnover of Coroners staff meaning there are always a number of vacancies and posts that cannot be filled quickly (-£0.2m).

### 3d | Chief Executive's Department

All figures in £m

	Revenue Budget	Revenue Forecast	Revenue Variance
Commercial & Procurement	3.1	2.9	-0.2
Finance	14.1	13.8	-0.3
Governance, Law & Democracy	8.4	7.9	-0.5
Strategy, Policy, Relationships & Corporate Assurance	5.6	5.6	0.0
Strategic Management & Departmental Budgets	-0.7	-1.1	-0.4
<b>Total</b>	<b>30.5</b>	<b>29.1</b>	<b>-1.3</b>

The Chief Executive's Department is projected to underspend by -£1.3m.

Details of the significant variances are shown on the following page:

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
Local Member Grants	1.0	0.5	-0.5	Currently uncommitted member grants	This underspend reflects current forecast activity. Members need to have committed spend by mid-November 2024 as this year precedes County Council elections in May 25.
Strategic Management & Departmental Budgets	-0.7	-1.1	-0.4	Additional internal overhead charge made to Public Health.	Revised internal overhead charge made to Public Health in line with policy and to align with Public Health forecast
Finance	10.3	10.0	-0.3	Vacancy management and additional expected recharge to the Pension Fund.	There are underspends in a number of finance teams due to staff vacancies. This is combined with additional income expected from the Pension Fund in early delivery of the 2025/26 MTFP.
Commercial & Procurement	3.1	2.9	-0.2	Vacancy management offset by reduced expected income	Majority of the underspend is due to management action to reduce spend by deferring appointments to new posts. This is offset by reduced expected income from Oxygen Finance which is now expected to be delivered in 2025-26.

### 3e | Deputy Chief Executive's Department

All figures in £m

	Revenue Budget	Revenue Forecast	Revenue Variance
Corporate Landlord	29.0	27.0	-1.9
Human Resources & Organisational Development	5.4	5.1	-0.3
Infrastructure	8.8	8.9	0.0
Marketing & Resident Experience	6.9	6.9	-0.1
Technology	26.1	26.1	0.0
Strategic Management & Departmental Budgets	5.9	5.7	-0.3
<b>Total</b>	<b>82.2</b>	<b>79.7</b>	<b>-2.5</b>

The Deputy Chief Executive's Department is projected to underspend by -£2.5m of which £1.2m relates to early delivery of 2025/26 savings and £0.8m is as the result of one-off in-year refunds and back-dated rent receipts.

Details of the significant variances on the General Fund are shown on the following page:

All figures in £m

Key Service	Revenue Budget	Revenue Forecast	Revenue Variance	Summary	Detail
Corporate Landlord	29.0	27.0	-1.9	Utilities underspend due to reduced costs, in-year refunds and asset disposals.	Underspend due principally to early delivery of 2025-26 MTFP: change in asset base through disposals or change of use – together with in-year refunds for vacated sites and back-dated rent increases.
Strategic Management & Departmental Support	1.4	1.2	-0.2	Vacancy management	Majority of underspend due to holding vacancies pending decisions on timing of appointments to key posts.
Human Resources & Organisational Development	5.4	5.1	-0.3	Increased recharges of Kent Graduate Scheme salaries	Underspend from increased recharges for KGP salaries; increased take up of salary sacrifice schemes leading to NI rebates; staffing vacancies

### 3f | Non Attributable Costs including Corporately Held Budgets

All figures in £m

	Revenue Budget	Revenue Forecast	Revenue Variance
Non Attributable Costs	102.6	95.6	-7.0
Corporately Held Budgets	-2.4	0.5	+2.9
<b>Total</b>	<b>100.2</b>	<b>96.1</b>	<b>-4.1</b>

The forecast underspend for Non Attributable Costs including Corporately Held Budgets is -£4.1m. Details of the significant variances are shown on the following page:

All figures in £m

Key Service	Revenu	Revenu	Revenu	Summary	Detail
-------------	--------	--------	--------	---------	--------



	Budget	Forecast	Variance		
Non Attributable Costs	102.6	95.6	-7.0	Higher income from investments & additional income from business rate compensation grant and business rates levies	<p>-£1.5m high forecast return on investments, partially offset by higher interest payments to third parties. This also reflects a contribution to debt costs from the Home Office grant related to the new Unaccompanied Asylum Seeker reception centres. The underspend has reduced since Quarter 1 reflecting the reduction in the Bank of England base rate at the beginning of August, together with higher than forecast spend in July and August leading to lower cash balances and a consequential reduction in investment income. The Bank of England base rate reducing to 4.75% announced on 7 November will impact this forecast in Quarter 3.</p> <p>-2.2m additional business rate compensation grant for freeze of multiplier and temporary discounts and -2.6m additional share of retained business rates levies for 2022-23 and 2023-24 through business rates pool. Both of these figures are provisional and subject to the District Council audits.</p>
Corporately Held Budgets	-2.4	0.5	+2.9	Undeliverable Savings	<p>The 2024-25 budget included an estimated saving of £2.3m, held corporately, from further discretionary policy decisions and deep dive into contract renewals with consideration of reducing service levels. Any savings being achieved from contract renewals are/will be contained within the directorate forecasts and therefore to avoid any double counting this is being forecast as not being delivered in CHB.</p> <p>+0.75m - the planned savings from a reduction in the use of Agency staff are/will be reflected within the individual directorate forecasts and therefore to avoid any double counting this is being forecast as not being delivered in CHB. Delivery plans are still to be confirmed before this saving can be allocated to services for 2025-26 subject to HROD agreeing a methodology with CMT.</p>

### 3g | Schools' Delegated Budgets

The Schools' Budget reserves are initially forecast to end the financial year with a surplus of £57.7m on individual maintained school balances, and a deficit on the central schools' reserve of £96.6m. The total Dedicated Schools' Grant for 2024-25 is £1,769.6m and is forecast to overspend by £53.2m.

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 2024-25 (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) 2024-25 Forecast Summary:**

All figures in £m			
<b>DSG Block</b>	<b>2024-25 Budget*</b>	<b>2024-25 Forecast</b>	<b>2024-25 Variance</b>
Schools' Block	1,260.5	1,260.5	0.0
High Needs Block	337.8	391.0	53.2
Early Years Block	154.2	154.2	0.0
Central Services to Schools' Block	12.2	12.2	0.0
<b>Total DSG 2024-25</b>	<b>1,764.7</b>	<b>1,817.9</b>	<b>53.2</b>

\*Before recoupment and other DFE adjustments including additional funding from the Safety Valve Programme. Budgets include the impact of moving £15.2m 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:**

	All figures in £m	
	<b>Individual Maintained School Reserves</b>	<b>Central Schools' (DSG) Reserve</b>
Reserve Balance as at 1 <sup>st</sup> April 2024*	58.6	-67.2
<i>Forecast contribution to/(from) reserves:</i>		
Academy Conversions	-1.0	
Change in School Reserve Balances	0.0	
Overspend on DSG 2024-25		-53.2
Safety Valve: Local Authority Contribution		15.1
Safety Valve: Payment from DfE		9.0
Reserve Balance as at 31 <sup>st</sup> March 2025*	57.7	-96.6

\*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) and external auditors advice that local authorities cannot repay deficits on the DSG from the General Fund: any in-year central schools' (DSG) surpluses continue to form part of the main council reserves, whilst any in-year deficit balances are 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

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 (plus £2m of project costs), 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. This has avoided having to identify £220m of savings across the SEN system. 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 2024-25, the Council is expecting to receive a further £9m from the DfE, the third 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 previous years will have reduced the accumulated deficit from an estimated £220m to £89.3m as at 31st March 2025.

**Key Issues****Details**

Individual Maintained Schools Reserves	<p>As at 31st March 2024, there were 294 maintained schools with a surplus reserve balance and 3 schools with a deficit reserve balance. Maintained Schools are required to submit a six &amp; 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.</p> <p>This forecast includes 3 schools converting to academy status during 2024-25. 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.</p>
Schools' Block: No Variance	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. There is no significant variances forecast at this stage in the year.
Early Years Block: No Variance	<p>The Early Years Block is used to fund early years' providers the free entitlement for eligible two, three and four-year olds, including the newly expanded offer for working parents for children from 9 months, along with the funding of some council led services for early years.</p> <p>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. No significant variances are being reported at this stage in the year.</p>
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 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.
Safety Valve Payment & Local Authority Contribution.	<p>The in-year funding shortfall for High Needs placements and support in 2024-25 is +£53m due to a combination of continual higher demand for additional SEN support and higher cost per child resulting from continual demand for more specialist provision. This forecast has been updated to reflect September 2024 education placements, and forecast for future growth in cost before the end of the financial year. The level of growth in spend is forecast to start slowing down during this year (in comparison to recent years, see table 3) as actions to support future financial sustainability are starting to be implemented. However, the impact of SEN transformation with greater proportion of children being supported in mainstream/post 16 settings, is being impeded by higher placements costs, driven by inflation and greater demand by schools for additional funding, along with delays in DfE lead special school builds.</p> <p>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</p>

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 impact of the is highlighted in national benchmarking data on the placement of children with SEN in Kent and our spend on High Needs Block. 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**

	All figures in £m				
	2020-21	2021-22	2022-23	2023-24	2024-25
Maintained Special School	106	123	137	151	163
Independent Schools	49	60	68	76	81
Mainstream Individual Support & SRP* **	46	54	61	65	75
Post 16 institutions***	17	19	21	24	24
Other SEN Support Services	49	43	48	49	48
<b>Total Spend</b>	<b>264</b>	<b>299</b>	<b>334</b>	<b>365</b>	<b>391</b>
Rate of increase in spend	-	13%	10%	11%	7%

**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**

	2020-21	2021-22	2022-23	2023-24	2024-25
Maintained Special School	5,118	5,591	6,019	6,382	6,645
Independent Schools	1,126	1,348	1,485	1,620	1,623
Mainstream Individual Support & SRP*	4,510	5,258	5,772	6,496	7,207
Post 16 institutions***	1,281	1,453	1,569	1,665	1,701
<b>Total Number of Pupils</b>	<b>12,035</b>	<b>13,650</b>	<b>14,845</b>	<b>16,163</b>	<b>17,176</b>

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

	£s per pupil				
	20-21	21-22	22-23	23-24	24-25
Maintained Special School	£20,629	£21,648	£22,640	£23,587	£24,529

Independent Schools	£43,734	£44,799	£44,911	£46,894	£50,018
Mainstream Individual Support & SRP* **	£10,294	£10,245	£10,578	£10,051	£10,365
Post 16 institutions***	£13,309	£13,090	£12,927	£14,565	£14,183

\*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.

## 4 | Revenue Budget Savings

The 2024-25 budget included the requirement to deliver savings and additional income of £81.9m. A further £17.4m of undelivered savings from the previous year are included in the 2024-25 Savings Target, increasing the total requirement to £99.3m.

This Savings section does not include changes to Grant Income of £7.2m or the removal of one-off or undelivered savings in previous years of £4.6m bringing the total savings target for 2024-25 to £111.2m.

The 2024-25 budget also had significant growth. Council Tax and other general funding in the approved budget went into adult social care, children's social care and home to school transport. Adults received their share of targeted grants and Council Tax plus a share of general Council Tax and grants. Home to school transport and all other services are funded from general Council Tax and grants with no targeted funding.

At Quarter 2, £84.8m of savings are forecast to be delivered including £4.6m of alternative savings and £5.3m has been identified as undeliverable. £31.0m of savings budgeting in 2024-25 are now to be achieved in future years. Variances over £0.5m are reported by Directorate in this section with commentary. Where alternative savings have been identified (totalling £4.6m per the table below), details have been provided. A breakdown of all of the savings by Directorate is available in Appendix 2.

All figures in £m

Directorate	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one-off)	Total Forecast	Variance	Un- deliverable	To be achieved in future years
Adult Social Care & Health	(66.9)	(41.9)	0.0	(2.3)	(44.2)	22.7	0.5	(28.1)
Children, Young People & Education	(16.7)	(14.8)	(0.3)	(1.0)	(16.0)	0.7	0.0	(1.9)
Growth, Environment & Transport	(8.7)	(6.4)	0.0	(0.5)	(6.9)	1.8	1.8	(0.5)
Chief Executive's Department	(0.4)	(0.3)	0.0	(0.1)	(0.4)	0.0	0.0	(0.1)
Deputy Chief Executive's Department	(1.0)	(0.5)	0.0	(0.4)	(1.0)	0.0	0.0	(0.4)
Non Attributable Costs	(14.5)	(16.3)	0.0	0.0	(16.3)	(1.8)	0.0	0.0
Corporately Held Budgets	(3.1)	0.0	0.0	0.0	0.0	2.3	2.3	0.0
<b>Total</b>	<b>(111.2)</b>	<b>(80.2)</b>	<b>(0.3)</b>	<b>(4.3)</b>	<b>84.8</b>	<b>26.4</b>	<b>5.3</b>	<b>(31.0)</b>



## 4a | Adult Social Care & Health Savings

All figures in £000s

	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one-off)	Total Forecast	Variance	Un-deliverable	To be achieved in future years
Alternate Provision Brand New Starts (DP)	-3,041.1	-	-	-	-	3,041.1	-	-3,041.1
	The absence of a commissioned managed account and payroll service has hindered the planned expansion in use of direct payments to date. Alternative plans are being developed to create opportunities in this area.							
Efficiencies through Enablement	-3,500.0	-1,956.6	-	-	-1,956.6	1,543.4	-	-1,543.4
	Productivity has continued to improve when compared to last year's baseline (currently at 25% improvement). However, the anticipated target of 28% has not being achieved to date. The service is reaching maximum capacity and scope with transformation partner (PwC) is being agreed to complete capacity and demand modelling and to review productivity and opportunities for enablement services.							
Rehabilitation and Alternate Support for MH	-3,300.0	-	-	-	-	3,300.0	-	-3,300.0
	Savings were largely predicated on being able to utilise and refer into KMPT rehabilitation services in the first instance and savings unlikely to be realised this financial year due as there is not sufficient availability of NHS rehabilitation services in community. Other opportunities such as the repurposing of former care home to offer a step-down facility for MH discharge from hospital are still in the early phase of exploration, and tracking of cost avoidance of Homes From Hospitals staff in reducing levels of need for MH hospital discharges is taking place although estimated cost avoidance for the financial year does not yet indicate a financial benefit.							
Reduction in Residential and Nursing Placements	-2,900.0	-939.4	-	-	-939.4	1,960.6	-	-1,960.6
	Plans have been refined with the aim of reducing numbers of new Older People residential and nursing starts by 10% through maximising use of homecare services. Where residential and nursing placements are commissioned, there will be a greater emphasis on evidencing that best/most competitive rates have been achieved.							
Occupational Therapists	-2,500.0	-	-	-	-	2,500.0	-	-2,500.0
	Latest tracking and modelling no longer indicates that there will be any saving this financial year. The scope with transformation partner (PwC) is being agreed to widen and include a review of Occupational Therapy delivery model and baseline performance and identify opportunity to improve effectiveness of occupational therapy and reduce long term spend.							
Partnership Working (Section 117)	-2,200.0	-245.3	-	-	-245.3	1,954.7	-	-1,954.7
	Savings were predicated on 50:50 split which is unlikely to happen this financial year. Work is on-going with health colleagues to reconcile and agree S117 records to allow for costs to be agreed and shared equitably. A tracker has been introduced to monitor 'pushbacks' through Adult Social Care Connect, and work is on-going to develop awareness, knowledge, and expertise of S117 in the wider service.							

All figures in £000s

	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one- off)	Total Forecast	Variance	Un- deliverable	To be achieved in future years
Reviews: Ongoing Reviews	-1,200.0	-252.0	-	-	-252.0	948.0	-	-948.0
	Refined targets are now based on there being 0% increase in costs following an on-going review (historically we see a 2.5% increase post-review). Ongoing reviews present an ongoing challenge to ASCH as the financial consequence of those reviews is based on the changing needs and circumstances of people who draw on care and support, and the use of new models of care and support to replace established care and support arrangements. We know that unplanned reviews are statistically more likely to increase costs when compared to planned reviews, and significant challenges in the care home market has impacted the costs of meeting assessed needs and outcomes.							
Efficiency Savings in relation to the purchasing of residential care	-8,000.0	-3,187.9	-	-	-3,187.9	4,812.1	-	-4,812.1
	<p>We have segmented provider by cost &amp; quality, and are making clear that those in the lowest band on these factors are unlikely to receive offers of placements.</p> <p>Fee Model and Pricing Mechanism: CareCubed to ensure cost effective placements providing price framework for ASPT to work to.</p> <p>Ongoing discussions with Medway/ICB Consideration of neighbouring LA prices.</p> <p>Increased provision of cost effective higher need placements (Bariatric, Complex Dementia): Scoping work as part of recommissioning with Medway to align spec and potential use of blocks to increase market provision.</p> <p>Former self funders and deferred payments/ TPTU: Task and Finish Group with key stakeholders to be set up, chaired by Operations, to review processes and policy. Conversations with Medway Council regarding their policy and approach.</p> <p>NHS Joint Bed Brokerage is forecasted to save approximately £700k this financial year, if they are able to implement their short term solution. Further savings could be achieved in 25/26 if the long-term solution can be implemented by Spring/Summer 2025.</p>							
Efficiency Savings in relation to the purchasing of care and support in the home	-3,400.0	-2,500.0	-	-	-2,500.0	900.0	-	-900.0
	<p>Much of the repurchasing in North Kent is being carried out in conjunction with the CQC and UKV&amp;I work. Not all the repurchasing has made savings but this has been about due diligence as well.</p> <p>The new process for repurchasing care and support in the home is being finalised and they have formed a repurchasing group to support this process. This should make it easier to track savings from repurchasing non-framework to framework providers. We have also put in place additional controls over future potential off framework packages of care to as a cost avoidance measure to support the savings</p>							

All figures in £000s

	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one-off)	Total Forecast	Variance	Un-deliverable	To be achieved in future years
2022-23 Slipped Savings - review of all contracts	-4,388.5	-3,576.4	-	-	-3,576.4	812.2	-	-812.2
<p>Joint action plan developed to align with the operational savings. The action plan includes identified touch points to provide clarity of where the work and responsibility is allocated.</p> <p>Joint working document developed to work with finance to enable collaboration confirming identified savings.</p> <p>Savings and clawbacks have been identified against specific providers who have under-delivered support hours.</p> <p>A pilot is commencing with a Supported Living Provider and the TELS team to understand what level of support can be provided via tech rather than direct support (in relation to sleep night commissioned).</p> <p>Locality Commissioners also visiting properties under the NHS campus re-provision where KCC fund the void liability, to understand accommodation type and why the unit is empty.</p> <p>Complex and standard hourly rates - Analytical evaluation has been completed where there is a mix of standard and complex within a property that have been baselined by the Quality and Standards team.</p>								
Adult Social Care contracts with Voluntary Sector	-3,216.8	-	-	-2,304.2	-2,304.2	912.6	-	-3,216.8
<p>Cabinet Member agreement to postpone the decision to the next financial year 25/26, although one-off efficiencies across Vol Orgs contracts are expected for 24/25 which are offsetting the £3.2m pressure by -£965.0k.</p> <p>Public Health are also to provide an additional £1m in 24/25 to fund priority mental health services delivered under the Live Well Kent contract, in line with the PH grant conditions. This additional £1m is one-off funding for 24/25 only.</p> <p>Public Health to review towards the end of 24/25 the possibility of funding an additional £339.2k for community navigation services subject to Public Health's financial position (particularly in relation to its own transformation programme), other potential funding pressures and the expenditure meeting the PH grant conditions.</p>								
Redesign of In House Adult Social Care Services	-1,456.4	-34.9	-	-	-34.9	1,421.5	-	-1,421.5
<p>£34.9k to be achieved in 24/25 due to the closure of Blackburn Lodge.</p> <p>Decision was taken for the remaining £1.4m to not be delivered through staffing within In-House Provider Services.</p>								

## 4b | Growth, Environment & Transport Savings

All figures in £000s

		2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one- off)	Total Forecast	Variance	Un- deliverable	To be achieved in future years
Review of green waste contract, with market analysis indicating a reduction in gate fee		-621.0	-	-	-	-	621.0	621.0	-

## 4c | Corporately Held Budgets Savings

All figures in £000s

	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one- off)	Total Forecast	Variance	Un- deliverable	To be achieved in future years
The reduction in the volume and duration of agency staff	-750.0	-	-	-	-	750.0	750.0	-
Year to date spend shows a reduction in spend on agency staff compared to the same period last year suggesting that this saving is being/has been delivered. However, these savings will already be contained within directorate forecasts and therefore allocating this Corporately Held saving to services would not reduce the overall forecast so cannot be presented as being delivered in CHB. Delivery plans are still to be confirmed before this saving can be allocated to services for 2025-26 subject to HROD agreeing a methodology with CMT.								
Part year impact of further discretionary policy decisions and deep dive into contract renewals with consideration of reducing service specifications	-2,300.0	-	-	-	-	2,300.0	2,300.0	-

It is assumed that savings being achieved from these contract reviews will be contained within directorate forecasts and therefore allocating this Corporately Held saving to services would not reduce the overall forecast so cannot be presented as being delivered in CHB. £2.3m has been added back to remove this saving from the base budget in the 2025-28 MTFP refresh proposals

## 4d | Alternative Savings

All figures in £000s

Directorate	Savings & Income Description	Ongoing Impact	One-off Impact	Total
ASCH	One-off additional funding contribution from Public Health towards priority mental health services of £1m and further potential funding towards community navigation services of £0.34m. In addition to the above, commissioning are anticipating -£692.9k in on-going and -£272.1k in one-off efficiencies across Voluntary Organisation contracts for 24-25	0.0	(2,304.2)	(2,304.2)
ASCH (PH)	Saving achieved through the agreement of a contract adjustment with our NHS provider	0.0	(9.2)	(9.2)
CYPE	Forecast underspend on school's compliance testing. It will be wrapped up as part of wider changes to services to schools that is being processed in the MTFP	0.0	(400.0)	(400.0)
CYPE	Covered from other underspends across Learning Disability and Physical Disability - community services	(250.0)	0.0	(250.0)
CYPE	Use of Early Help staff to meet Family Hubs prioritises has been agreed with the DfE, and staff costs are being met from the Family Hubs Grant	0.0	(560.0)	(560.0)
GET	Saving to be achieved by releasing a provision that was set up if there was an adverse impact on recycling rates if the IAA payments to four districts ceased	0.0	(500.0)	(500.0)
CED	Covered from underspend on the Empty Properties budget	0.0	(82.5)	(82.5)
CED	Covered from underspends within other Member service budgets	0.0	(20.0)	(20.0)
DCED	Shortfall on Office stream being off-set against over-recovery on Specialist and Community Asset workstreams. Future Assets should be viewed as a whole programme	0.0	(388.9)	(388.9)
DCED	Covered from underspend on staffing budget	0.0	(60.0)	(60.0)
<b>Total</b>		<b>(250.0)</b>	<b>(4,324.8)</b>	<b>(4,574.8)</b>

## 5 | Capital Budget Forecast

All figures in £m

Directorate	Capital Budget	Variance	Real Variance	Rephasing Variance
Adult Social Care & Health	1.226	-0.117	0.156	-0.273
Children, Young People & Education	138.221	-45.018	0.604	-45.622
Growth, Environment & Transport	232.120	-41.503	8.522	-50.025
Chief Executive's Department	0.205	0.024	0.00	0.024
Deputy Chief Executive's Department	54.840	-3.538	5.186	-8.724
<b>Directorates Position</b>	<b>426.612</b>	<b>-90.152</b>	<b>+14.468</b>	<b>-104.620</b>

The total approved General Fund capital programme including roll forwards for 2024-25 is £426.6m.

The current estimated capital programme spend for the year is forecast at £336.5m, which represents 79% of the approved budget. The spend to date is £123.3m, representing 28.9% of the total approved budget.

The directorates are projecting a £90.2m underspend against the budget, this is split between a +£14.4m real variance and -£104.6m rephasing variance. Of the rephasing, £41m is prudential borrowing funding (largely in the CYPE Directorate) and the remainder of the rephasing is grant or external funding.

The major in-year variances (real variances of >£0.1m and rephasing >£1m) are described below

## 5a | Adult Social Care & Health

There are no major variance to report

## 5b | Children, Young People & Education

Project	Real Variance	Rephasing Variance	Detail
Overall Basic Need Programmes	0.000	0.000	Across the next three years over all the Basic Need Programmes there is currently sufficient funding to cover the forecast spend, so there is no variance to report. There is a forecast gap in later years of £24.4m, but this will continue to be monitored and brought down wherever possible, by reviewing the timing and need for schemes, and by utilising all possible funding such as developer contributions that may not yet be part of the cash limit. Grant allocations for 2027-28 and 2028-29 are not yet known and are therefore not included in the cash limits. Any basic need grant received for these two years will go towards funding the forecast overspend.
Modernisation Programme	-0.087	-5.867	Rephasing variance is due to: -£1.2m Dover Grammar School for Girls – due to site constraints a two-storey block is now being built to replace mobiles. Discussions with the school and planning has meant rephasing of costs. There is rephasing on five other projects, all of which are under £1m.
Basic Need KCP 2017	-0.666		The real underspend is due to an underspend on Meopham School (-£0.462m), as there is a school contribution towards the hydrant and water tank costs, and Thamesview (-£0.126m) which completed with a small underspend.
Basic Need KCP 2019	+0.266	-15.174	The real variance is due to: -£0.250m Ashford Non Selective - project removed from the programme. +£0.516m Wrotham School - DfE School Rebuild Programme, increase to reflect KCC agreed contribution  The rephasing is due to: -£8.151m Cable Wharf Primary - replacement school for Rosherville which has been selected under the School Rebuild Programme for 1FE, KCC to add 1FE for a replacement 2FE school. Developer land transfer issues and planning conditions have led to rephasing. -£6.0m rephasing reflects unallocated budget rephased to future years. -£2.665m Highsted Grammar - school requesting additional funds for School Managed project which has caused a delay to the start of the project.
Basic Need KCP 21	-0.013	-2.500	Rephasing relates to:



Project	Real Variance	Rephasing Variance	Detail
(2022-26)			-£1.0m Sittingbourne non-selective, as a school has not yet been identified, and -£1.5m Cornwallis Academy – pending delivery of the expansion project at New Line Learning.
Basic Need KCP22 (2023-27)		-2.101	Rephasing relates to individual projects of which none are over £1m.
Basic Need KCP 23 (2024-28)		-5.108	The rephasing variance reflects unallocated budget rephased to future years.
High Needs Provision 22- 24	1.318	-10.921	The real variance is due to: +£1.174m increase budget to agree to the Record of Decision from available grant. Rephasing is due to: -£1.455m Nexus Satellite – school is not yet identified. -£2.000m New Special School Whitstable, which is a DfE managed project therefore KCC funding is dependant on DfE timescales. -£7.214m unallocated budget to be allocated to projects in future years.
Childcare Expansion (Early Years)	-0.250	-2.127	Real variance: It is expected that all grant relating to Early Years will be true capital spend. An estimated £0.25m for wrap around care will be charged to revenue and the capital grant transferred to fund those schemes.  Rephasing: Allocation of the grant funding is being managed by The Education People. Information has recently been received from the DfE on Early Years deficit numbers in each of the planning areas. Expressions of interest from providers will be reviewed in line with place numbers required. It is anticipated that Early Years funding will be spent by September 2025.

## 5c | Growth, Environment & Transport

Project	Real Variance	Rephasing Variance	Detail
---------	------------------	-----------------------	--------

Project	Real Variance	Rephasing Variance	Detail
<b>Highways &amp; Transportation</b>			
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	6.774	-0.456	The real variance of £6.774m has increased from the Q1 position which was £4.218. This is due to an unfunded overspend on structures (£3.8m) and an unfunded overspend on inspectors (£2.8m), and additional grant (£0.176m) for trees.
Integrated Transport Schemes under £1m	0.746		The real variance is due to various smaller integrated transport schemes that will be funded from additional external funding, £0.0225m grant for Office Zero Emissions Vehicles (OZEV) Phase 3 and £0.120m EDC grant.
A2 Off Slip Wincheap		-1.5	Project has been rephased due to ongoing discussions between the developer and the National Highways regarding the design of the A2 Off Slip, several issues still to be resolved have delayed the commencement of the works
A229 Bluebell Hill M2 & M20 Interchange Upgrades		-1.5	The rephasing is due to delays in the programme as a result of project uncertainties relating to the Lower Thames Crossing DCO decision and the unfunded transport projects review announced by Government in July 2024. Significant investigation works have been pushed into future years, which also has a knock on impact on other programme elements.
North Thanet Link (formerly A28 Birchington, Acol and Westgate on Sea Relief Road)		-7.872	Previously reported -£7.157m. The spend profile has been updated to reflect most recent cost estimate and programme which in turn reflects probable timing of approval of the Outline Business Case from the Department for Transport (DfT). Estimated spend for 24/25 is based on expected receipt of £1.9m funding from DfT in year and surplus S106 monies carried over from previous financial year. However this will be further reviewed in Q3 2024.
Green Corridors	-0.958	-4.065	Previously reported -£2.308m rephasing. Some spend for this project has been re-profiled into 2025/26 to reflect the updated construction timescales for the Green Corridors 3 programme.
Kent Active Travel Fund Phase 4	1.200	-0.916	An extension of time has been requested of Active Travel England for all schemes in phase 4. An additional £1.2m has been received for Aylesford Tow Path.
Thamesway	3.381		This project has been pulled out separately from the Kent Thameside Strategic Transport Programme (STIPS) below, and a cash limit change is requested to move the budget accordingly.
Kent Strategic Thameside Programme (STIPS)		-2.383	The Thamesway project is on hold pending the outcome of the Northfleet Harbourside planning application and Ebbsfleet Central build out programme confirmation. This follows a decision by the Cabinet Member following Environment and Transport Cabinet Committee in January 2023, to amend the Thamesway project.

Project	Real Variance	Rephasing Variance	Detail
National Bus Strategy – Bus Service Improvement Plan (BSIP)	1.105		Additional grant funding received, for which a cash limit change has been requested.
Urban Traffic Management Control	-1.201		There is an underspend on this scheme which is to be returned to STIPS.
Greener Buses – Zero Emission Bus Regional Areas (ZEBRA)		-1.292	The purchase of the electric vehicle chargers for this project will now take place in 2024-25. The reprofiling is due to procurement/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.
<b>Environment &amp; Circular Economy</b>			
Folkestone & Hythe Waste Transfer Station		-3.077	Rephasing is due to land purchase unlikely to take place in this financial year due to planning determination delays.
Local Authority Treescape Fund	0.141		Additional grant has been approved for phase 4.
<b>Growth &amp; Communities</b>			
Public Rights of Way	0.157	-0.594	The real variance is due to additional external funding expected in 2024-25.
Workspace Kent	-0.175		Due to the repayment timescales, finding a suitable project that can be completed is unrealistic, therefore these funds will not be allocated and will be returned to the GPF funding pot in line with the funding agreement.

## Previously reported variances

Project	Real Variance	Rephasing Variance	Detail
<b>Highways &amp;</b>			

Project	Real Variance	Rephasing Variance	Detail
<b>Transportation</b>			
A228 and B2160 Junction Improvements with Badsell Road		-2.757	Previously reported -£2.926. Flood Risk modelling has identified issues with the current scheme design. Therefore, further design and drainage modelling needs to be carried out and alternative options explored. This is currently affecting the overall programme for the project and causing rephasing of the S106 contributions which are funding the delivery of this scheme
A28 Chart Road, Ashford		-2.371	Previously reported -£2.236m. The current profile is based on the most recent project estimate of £29.7m which assumes start of construction in March 2025 for a period of 2 years. However, there is still no certainty on the provision of the security bond from the developer, so the construction period is likely to slip further and project costs increase in line with inflation.
Bearsted Road		-6.174	Offline works have continued to construct the new Harvestore access roads. Reductions in scope and value engineering opportunities are still being explored to meet the increased risk and contingency budget required on this project. An award of the full construction contract is still outstanding which requires further sign off and has caused delays.
Fastrack Full Network – Bean Road Tunnels		-6.127	Previously reported -£6.295m. Following the project being paused due to a funding gap, the availability of BSIP 2 funding has allowed work to start again to resubmit the planning application and to review the existing design and tender documents. This has led to a rephasing of available funds which are currently being reviewed through updated legal agreements.
Swale Housing Infrastructure Fund (HIF)		-3.451	Previously reported -£3.101m. The rephasing variance is due to delays in the commencement of the works contract whilst awaiting the sign off from National Highways, poor weather and road space clashes on the surrounding network (particularly M2 J5). The project is externally funded by the HIF fund from Homes England and a deed of variation has been agreed with Homes England to cover the programme delays where they have exceeded the original funding deadline.
Kent Active Travel Fund (KATF) Phase 2	-0.239		A change control has been requested from Active Travel England to transfer some unused budget to Sevenoaks Cycle Facility under KATF3. If agreed, a cash limit adjustment will be done.
Kent Active Travel Fund Phase 3	+0.239	-0.239	A change control has been requested from Active Travel England to transfer some unused budget to Sevenoaks Cycle Facility from KATF2. This is forecast to be spent in 2025-26. If agreed, a cash limit adjustment will be done.
M20 Junction 7	+0.123		Previously reported +£0.144m. This is a new project to increase capacity and reduce congestions at junction 7 of the M20. To be funded from developer contributions.
Market Square, Dover	-0.307		Previously reported -£0.330m. This project is being funded fully by Dover District Council (DDC) and KCC are drawing down funding directly from DDC. The project is nearing the end and is expected to come in at less than originally forecast. The cash limit will be reduced accordingly.

Project	Real Variance	Rephasing Variance	Detail
Moving Traffic Enforcement Service	+0.199		This is to be funded from Bus Service Improvement Plan (BSIP) funding as it is funding for cameras on the fast track routes.
Folkestone – A Brighter Future		-6.123	Previously reported -£5.066m. Delays with the detailed design pushed back the tender timescales, construction is now expected to commence in November 24 and spend has been re-profiled to reflect the updated programme
<b>Environment &amp; Circular Economy</b>			
Energy and Water Efficiency Investment Fund - External	-0.175		The scheme is coming to an end and repayments will be made to Salix over the coming years to repay the 50% - a total of £0.34m.
Kings Hill Solar Farm	-0.141		There is a forecast underspend on this project, however there is the possibility that drainage works will need to be done which would negate the underspend. This will only be known 24 months after practical completion.
<b>Growth &amp; Communities</b>			
Public Rights of Way	+0.151	-0.043	The real variance is due to additional developer contributions, for which cash limit change is requested.

## 5d | Chief Executive's Department

There are no major variances to report

## 5e | Deputy Chief Executive's Department

Project	Real Variance	Rephasing Variance	Detail
Strategic Reset Programme		-2.5	Rephasing is due to delays in agreement of the specification of the Kent Communities Programme co-location sites which has pushed delivery programmes into the next financial year.

Previously reported variances

Project	Real Variance	Rephasing Variance	Detail
Unaccompanied Asylum- Seeking Children (UASC) Additional Accommodation Requirements	+4.819		Previously reported +£4.047m. The real variance is due to this project continually evolving and the full extent was not known and budgeted at the start of the year. The project is expected to be fully funded from Central Government, so this variance could disappear, but it is prudent to record it as a potential overspend until the funding is received
Strategic Estate Programme		-5.596	Previously reported -£5.012m. This has been rephased as the decision to commence capital works will not be presented to Policy and Resources Cabinet Committee until November, resulting in the need to rephase the spend.

## 6 | Capital Budget Changes

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

Project	Year	Amount (£m)	Reason
<b>Adult Social Care &amp; Health</b>			
Financial Hardship Programme	24-25	+0.080	Revenue contribution for the purchase of software licences.
<b>Children, Young People &amp; Education</b>			
Basic Need KCP 22 (23-27)	24-25	+0.012	Additional developer contributions
	27-28	+0.068	
Basic Need KCP 23 (24-28)	25-26	+1.000	
	26-27	+5.780	
	27-28	+0.677	Decrease in developer contributions relating to Herne Bay High School as the project has been removed from the Programme.
<b>Growth, Environment &amp; Transport</b>			
Highway Asset Management, Annual Maintenance and Urgent Safety Critical Works	24-25	+0.011	Additional grant received
	25-26	+0.176	
Integrated Transport Schemes	24-25	+0.023	Additional OZEV grant received.
		+0.120	Additional EDC grant received
Dover Inter Border Facility	24-25	-0.253	Reduction in cash limit due to works costing less than anticipated. Excess grant will need to be repaid to Department for Transport.
Green Corridors	24-25	-0.851	Reduction in grant.
Kent Active Travel Fund Phase 4	24-25	+0.284	Additional grant received for Aylesford Tow Path.
	25-26	+0.916	
Kent Thameside Integrated Door to Door Service	24-25	-0.017	Underspend being returned to STIPs budget – grant funding.
Kent Thameside Strategic Transport Programme (STIPS)	24-25	-1.193	Transfer of budget (grant) to Thames Way Project.
		-2.187	Transfer of developer contributions to Thames Way Project.
		+1.201	Grant returned from Urban Traffic Management Control
		+0.017	Underspend from Kent Thameside Integrated Door to Door Service being returned.
Thames Way	24-25	+1.193	Transfer of budget (grant) from Kent Thameside Strategic Transport Programme (STIPS).

Project	Year	Amount (£m)	Reason
		+2.187	Transfer of budget (grant) from Kent Thameside Strategic Transport Programme (STIPS).
Urban Traffic Management Control	24-25	-1.201	Underspend being transferred back to Kent Thameside Strategic Transport Programme.
National Bus Strategy – Bus Service Improvement Plan	24-25	+1.105	Additional grant received
	25-26	+1.100	
Energy & Water Efficiency Investment Fund	24-25	-0.175	Reductions in cash limits to reflect repayments to Salix.
	25-26	-0.018	
	26-27	-0.018	
Kent Empty Property No Use Empty	24-25	+0.060	Additional external funding



## 7 | Reserves Monitoring

All figures in £m

Reserve	Opening Balance 01/04/24	Forecast Contribution / Drawdown	Projected Balance 31/03/25	Details of key movements
<b>General Fund</b> (including Commercial Services General Fund)	-43.0	10.6	-32.4	<p>£5.1m contribution to reserves towards achieving a reserve balance of between 5% and 10% of net revenue budget, which is considered an acceptable level.</p> <p>£11.1m contribution to repay the drawdown required in 2022-23 to fund the overspend (£11.1m also required in 2025-26)</p> <p>£26.8m drawdown to fund forecast 2024-25 overspend (the £16.3m forecast overspend at Q1 was shown against Departmental Over/Underspends)</p>
<b>Earmarked Reserves</b>				
Vehicle, Plant & Equipment	-22.6	1.5	-21.1	Drawdowns and contributions to manage purchasing assets with a life of more than one financial year. There are planned drawdowns of £2.4m to replace assets that have come to the end of their useful life and £0.9m contributions to fund renewing assets in future years
Smoothing	-148.7	12.0	-136.7	Includes the £9.1m budgeted drawdown to support the 2024-25 budget
Major Projects	-41.0	10.4	-30.7	Reflects the latest estimated phasing of projects including risks around the Oracle Cloud Programme
Partnerships	-51.5	-5.4	-56.9	Includes £4.3m budgeted repayment of reserves used to support the 2023-24 budget
Grant / External Funds	-16.2	5.9	-10.2	Drawdowns and contributions to manage fluctuations in spend funded externally or by grant. Significant net drawdowns include Helping Hands (£2.5m), Family Hubs and Start for Life grant (£1.1m) and the Urgent & Emergency Care Fund (£0.8m).
Departmental Over/Underspends	-2.8	2.8	0.0	£2.8m drawdown to fund roll forwards from 2023-24
Insurance	-12.4	-1.1	-13.5	Contribution to reserves of the forecast in-year underspend against the Insurance Fund in line with usual policy
Public Health	-17.0	1.9	-15.1	Drawdown of Public Health reserve to fund one-off costs and to balance the 2024-25 budget plans

All figures in £m

Reserve	Opening Balance 01/04/24	Forecast Contribution / Drawdown	Projected Balance 31/03/25	Details of key movements
Trading	-1.7	0.0	-1.7	
Special Funds	-0.8	0.1	-0.8	
<b>Total Earmarked Reserves</b>	<b>-314.6</b>	<b>28.0</b>	<b>-286.6</b>	
<b>Total General Fund &amp; Earmarked Reserves</b>	<b>-357.6</b>	<b>38.6</b>	<b>-319.0</b>	
<b>Schools</b>	<b>-58.6</b>	<b>1.0</b>	<b>-57.6</b>	Drawdown to fund Academy Conversions
DSG Adjustment Account	<b>103.4</b>	<b>29.1</b>	<b>132.5</b>	The DSG Adjustment Account deficit has increased due to pressures in Schools Funding. More details can be found in Section 3g

## 8 | 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.

8.1	Total external debt outstanding in September was £746.75m down by £25.14m since 31st March 2024	<p>KCC debt includes £432.40m 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 15.11 years at an average interest rate of 4.33%.</p> <p>Outstanding loans from banks amount to £216.10m. This is also at fixed term rates with average length to maturity of 37.73 years at an average interest rate of 4.54%.</p> <p>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 39.38 years at an average interest rate of 4.15%.</p> <p>The balance of debt relates to loans for the LED streetlighting programme. The outstanding balance is £8.25m with an average of 15.84 years to maturity at an average rate of 2.85%.</p> <p>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.</p>
8.2	Majority is long term debt with only 5.50% due to mature within 5 years	<p>Maturity 0 to 5 years £41.08m (5.50%)</p> <p>Maturity 5 to 10 years £49.00m (6.56%)</p> <p>Maturity 10 to 20 years £265,77m (35.59%)</p> <p>Maturity over 20 years £390.90m (52.35%)</p>
8.3	Total cash balance at end of September was £502.61m, up by £49.26m from the end of March 2024	Cash balances accrue from the council's reserves and timing differences between the receipt of grants and other income and expenditure.
8.4	Cash balances are invested in a range of	Investments are made in accordance with the Treasury Management Strategy agreed

short-term, medium term and long-term deposits

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 £138.96m (27.65% 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 4.97%.

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 £50.72m in UK treasury bills and other deposits with the UK government. These deposits represent 10.09% of cash investments with an average rate of return of 5.02%.

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 had £117.87m invested in covered bonds earning an average rate of return of 4.54%.

The Council has outstanding loans of £16.75m through the No Use Empty Loans programme which achieves a return of 4.25% that is available to fund general services. This total includes £2.91m of loans made (£2.15m received) since March 2024.

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 £177.00m invested in pooled funds (35.22% of cash balances) as at 31 March 2024.

#### 8.5 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.

8.6	Quarterly and statutory reports	The Governance and Audit Committee receives detailed statutory on a regular bi-annual basis (the Treasury Strategy Mid-Year Update, and the Annual Treasury Outturn report), which are subsequently reported to County Council. Quarterly reports are reviewed by the Treasury Management Group (TMG). The TMG also reviews the three annual statutory reports
-----	---------------------------------	--

### Treasury Management Indicators

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

8.8	<b>Security:</b> 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 30/09/2024	Target
Portfolio average credit rating	AA+	AA-

8.9	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 30/09/2024	Minimum
Total cash available within 3 months	£215.80m	£100m

8.10	<b>Interest rate exposures:</b> 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 30/09/2024	Limit
One-year revenue impact of a 1% rise in interest rates	£3.08m	£10m
One-year revenue impact of a 1% fall in interest rates	-£3.08m	-£10m

- 8.11 **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:

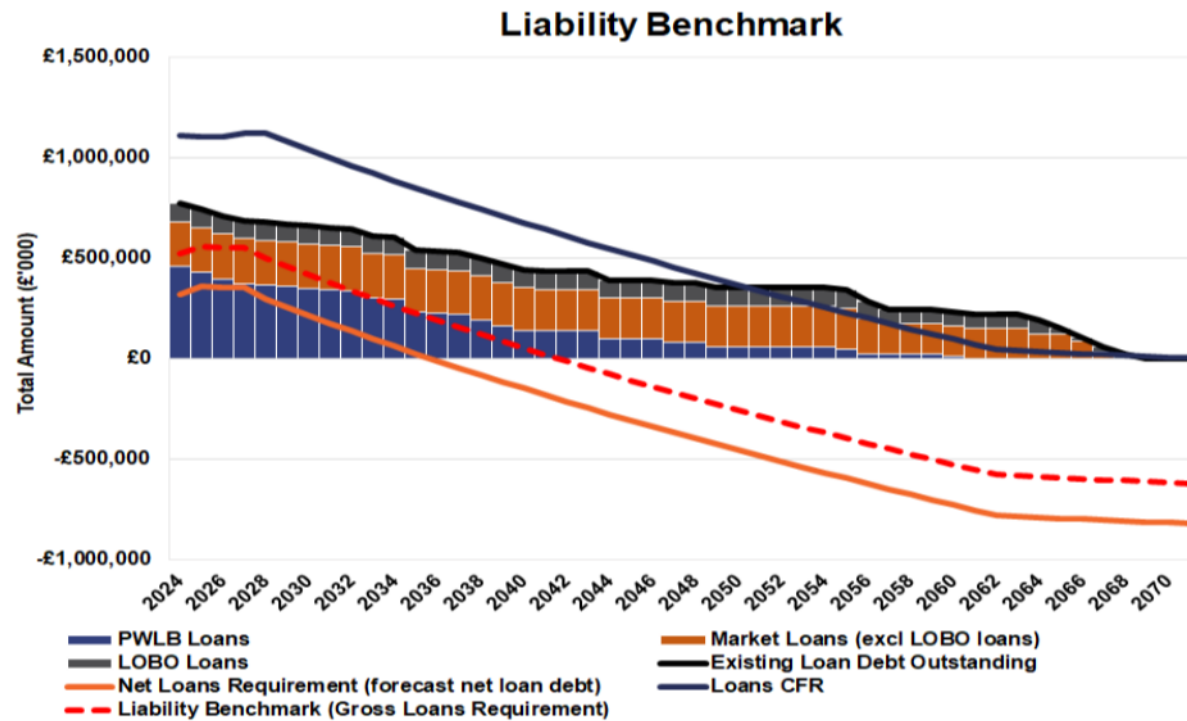
Interest rate risk indicator	Actual 30/09/2024	Upper limit	Lower limit
Under 12 months	0.01%	100%	0%
12 months and within 5 years	5.49%	50%	0%
5 years and within 10 years	6.56%	50%	0%
10 years and within 20 years	35.59%	50%	0%
20 years and within 40 years	26.84%	50%	0%
40 years and longer	25.51%	50%	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.

- 8.12 **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	2024/25	2025/26	2026/27	No Fixed Date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m
Actual as at 30 September 2024	£70.70m	£49.82m	£9.51m	£195.06m

## Prudential Indicator: Liability Benchmark



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 31/03/2024 level of £300m. It also assumes that the liquidity allowance of £200m remains appropriate given the £177.00m of external investments currently invested with fund managers over a long-term investment time horizon.

## 9 | Appendices

Appendix 1 – Key Service Statement

Appendix 2 – Savings

Appendix 3 – Prudential Indicators Monitoring



## Appendix 1 - Key Service Statement

		£m		
Directorate, Division & Key Service		Working Budget	Forecast	Variance
<b>Adult Social Care &amp; Health</b>				
<b>Adult Social Care &amp; Health Operations</b>				
	Adaptive & Assistive Technology	0.6	0.5	-0.1
	Adult Case Management & Assessment Services	40.7	42.0	1.3
	Adult In House Carer Services	2.4	2.8	0.4
	Adult In House Community Services	6.0	6.0	-0.0
	Adult In House Enablement Services	6.5	7.2	0.7
	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	0.0	0.0
	Adult Learning & Physical Disability pathway - Residential Care Services & Support for Carers	0.0	0.0	0.0
	Adult Learning Disability - Community Based Services & Support for Carers	127.1	129.3	2.2
	Adult Learning Disability - Residential Care Services & Support for Carers	79.6	80.0	0.4
	Adult Mental Health - Community Based Services	21.2	30.1	8.9
	Adult Mental Health - Residential Care Services	21.4	23.5	2.1
	Adult Physical Disability - Community Based Services	32.9	37.5	4.7
	Adult Physical Disability - Residential Care Services	24.5	28.2	3.7
	ASCH Operations - Divisional Management & Support	6.8	6.7	-0.1
	Independent Living Support	1.0	1.0	-0.1
	Older People - Community Based Services	35.4	41.9	6.5
	Older People - In House Provision	15.8	18.1	2.3
	Older People - Residential Care Services	97.5	120.0	22.6
	Older People & Physical Disability Carer Support - Commissioned	1.7	2.3	0.6
	Sensory - Assessment Service	0.7	0.7	0.0
	Sensory - Community Based Services	0.3	0.5	0.2
	Sensory - Residential Care Services	0.0	0.1	0.0
	Statutory and Policy Support	1.7	1.9	0.2
	Strategic Safeguarding	0.7	0.7	0.0
<b>Adult Social Care &amp; Health Operations Total</b>		<b>524.5</b>	<b>581.0</b>	<b>56.5</b>

	Directorate, Division & Key Service	£m		
		Working Budget	Forecast	Variance
Page 62	<b>Strategic Commissioning (Integrated and Adults)</b>			
	Community Based Preventative Services	7.5	9.1	1.5
	Housing Related Support	1.5	1.5	-0.0
	Partnership Support Services	0.0	0.0	0.0
	Social Support for Carers	3.0	2.4	-0.6
	Strategic Commissioning (Integrated and Adults)	2.4	2.6	0.2
	Transformation Delivery and support	7.8	7.7	-0.0
	<b>Strategic Commissioning (Integrated and Adults) Total</b>	<b>22.2</b>	<b>23.3</b>	<b>1.1</b>
	<b>Strategic Management &amp; Directorate Budgets (ASCH)</b>			
	Innovation and Partnership	3.3	3.5	0.2
	Operational and transformation costs pending allocation	1.5	1.0	-0.5
	Provision for Demographic Growth - Community Based Services	15.8	2.7	-13.0
	Provision for Demographic Growth - Residential Based Services	12.5	2.2	-10.3
	Strategic Management & Directorate Support (ASCH)	6.1	4.7	-1.4
	<b>Strategic Management &amp; Directorate Budgets (ASCH) Total</b>	<b>39.2</b>	<b>14.1</b>	<b>-25.1</b>
	<b>Public Health</b>			
	Public Health - Advice and Other Staffing	0.0	-0.0	-0.0
	Public Health - Children's Programme	0.0	0.0	0.0
	Public Health - Healthy Lifestyles	0.0	-0.0	-0.0
	Public Health - Mental Health, Substance Misuse & Community Safety	0.0	0.0	0.0
	Public Health - Sexual Health	0.0	0.0	0.0
	<b>Public Health Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
	<b>Adult Social Care &amp; Health Total</b>	<b>585.9</b>	<b>618.4</b>	<b>32.5</b>

		£m		
Directorate, Division & Key Service		Working Budget	Forecast	Variance
<b>Children, Young People &amp; Education</b>				
<b>Education &amp; Special Educational Needs</b>				
Community Learning & Skills (CLS)		-0.1	0.8	<b>0.9</b>
Early Years Education		0.0	0.0	<b>0.0</b>
Education Management & Division Support		1.5	1.5	<b>-0.0</b>
Education Services provided by The Education People		4.0	4.2	<b>0.2</b>
Fair Access & Planning Services		0.6	0.6	<b>0.0</b>
Home to School & College Transport		96.3	92.9	<b>-3.4</b>
Other School Services		5.8	8.4	<b>2.6</b>
Pupil Referral Units & Inclusion		0.0	0.0	<b>-0.0</b>
Special Educational Needs & Psychology Services		17.5	17.7	<b>0.3</b>
<b>Education &amp; Special Educational Needs Total</b>		<b>125.6</b>	<b>126.1</b>	<b>0.5</b>
<b>Integrated Children's Services (Operations and County Wide)</b>				
Adoption & Special Guardianship Arrangements & Service		17.6	17.7	<b>0.1</b>
Adult Learning & Physical Disability Pathway - Community Based Services		46.7	43.6	<b>-3.1</b>
Adult Learning & Physical Disability pathway - Residential Care Services & Support for Carers		8.3	6.6	<b>-1.7</b>
Asylum		0.3	0.3	<b>-0.0</b>
Care Leavers Service		5.6	4.8	<b>-0.8</b>
Children in Need - Care & Support		3.8	3.8	<b>-0.0</b>
Children in Need (Disability) - Care & Support		8.6	8.8	<b>0.2</b>
Children's Disability 0-18 Commissioning		1.8	1.5	<b>-0.3</b>
Children's Social Work Services - Assessment & Safeguarding Service		52.1	51.2	<b>-0.8</b>
Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service		9.9	9.9	<b>-0.1</b>
Early Help & Preventative Services		2.9	2.5	<b>-0.4</b>
Family Hubs		8.4	8.2	<b>-0.2</b>
Integrated Services (Children's) Management & Directorate Support		6.4	6.1	<b>-0.3</b>
Looked After Children - Care & Support		101.8	102.5	<b>0.7</b>
Looked After Children (with Disability) - Care & Support		22.5	25.9	<b>3.3</b>
Looked After Children (with Disability) - In House Provision		3.9	3.7	<b>-0.2</b>
<b>Integrated Children's Services (Operations and County Wide) Total</b>		<b>300.8</b>	<b>297.0</b>	<b>-3.7</b>

		£m	
Directorate, Division & Key Service		Working Budget	Variance
		Forecast	
<b>Strategic Management &amp; Directorate Budgets (CYPE)</b>			
Strategic Management & Directorate Budgets (CYPE)		4.3	0.1
<b>Children, Young People &amp; Education Total (Excluding Schools' Delegated Budgets)</b>		<b>430.6</b>	<b>-3.1</b>
<b>Schools' Delegated Budgets</b>			
Schools' Delegated Budgets		0.0	29.1
<b>Children, Young People &amp; Education Total (Including Schools' Delegated Budgets)</b>		<b>430.6</b>	<b>26.1</b>
<b>Growth, Environment &amp; Transport</b>			
<b>Environment &amp; Circular Economy</b>			
Environment		3.6	0.1
Environment and Circular Economy Divisional management costs		2.3	0.1
Residual Waste		52.6	0.7
Waste Facilities & Recycling Centres		38.8	1.6
<b>Environment &amp; Circular Economy Total</b>		<b>97.3</b>	<b>2.5</b>
<b>Growth &amp; Communities</b>			
Community (Assets & Services)		2.3	-0.0
Community Protection		12.0	-0.5
Growth - Economy		1.7	-0.0
Growth - Place		3.8	-0.1
Growth and Communities Divisional management costs		0.5	-0.0
Libraries, Registration & Archives		11.1	-0.2
<b>Growth &amp; Communities Total</b>		<b>31.3</b>	<b>-0.9</b>

	Directorate, Division & Key Service	Working Budget	£m	
			Forecast	Variance
Page 65	<b>Highways &amp; Transportation</b>			
	English National Concessionary Travel Scheme (ENCTS)	13.0	16.1	3.1
	Highway Assets Management	38.7	39.3	0.6
	Highways & Transportation divisional management costs	4.0	4.1	0.1
	Kent Karrier	0.0	0.0	0.0
	Kent Travel Saver (KTS)	5.1	5.1	-0.0
	Supported Bus Services	5.8	5.7	-0.0
	Transportation	6.4	6.5	0.1
	<b>Highway &amp; Transportation Total</b>	<b>72.9</b>	<b>76.8</b>	<b>3.8</b>
	<b>Strategic Management &amp; Directorate Budgets (GET)</b>			
	Strategic Management & Directorate Budgets (GET)	1.4	1.3	-0.1
	<b>Growth, Environment &amp; Transport Total</b>	<b>202.9</b>	<b>208.2</b>	<b>5.3</b>
	<b>Chief Executive's Department</b>			
	<b>Commercial &amp; Procurement</b>			
	Commercial & Procurement	3.1	2.9	-0.2
	Strategic Commissioning	0.0	0.0	0.0
	<b>Commercial &amp; Procurement Total</b>	<b>3.1</b>	<b>2.9</b>	<b>-0.2</b>
	<b>Finance</b>			
	Finance	10.3	10.0	-0.3
	Grants to Kent District Councils to maximise Council Tax collection	3.7	3.8	0.0
	<b>Finance Total</b>	<b>14.1</b>	<b>13.8</b>	<b>-0.3</b>
	<b>Governance, Law &amp; Democracy</b>			
	Governance & Law	7.5	7.4	-0.0
	Local Member Grants	1.0	0.5	-0.5
	<b>Governance, Law &amp; Democracy Total</b>	<b>8.4</b>	<b>7.9</b>	<b>-0.5</b>

		£m		
Directorate, Division & Key Service		Working Budget	Forecast	Variance
<b>Strategy, Policy, Relationships &amp; Corporate Assurance</b>				
	Childrens and Adults Safeguarding Services	0.4	0.4	<b>0.0</b>
	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	0.4	0.4	<b>-0.0</b>
	Strategy, Policy, Relationships & Corporate Assurance	4.8	4.8	<b>-0.0</b>
	<b>Strategy, Policy, Relationships &amp; Corporate Assurance Total</b>	<b>5.6</b>	<b>5.6</b>	<b>-0.0</b>
<b>Strategic Management &amp; Departmental Budgets (CED)</b>				
	Strategic Management & Departmental Budgets	-0.7	-1.1	<b>-0.4</b>
	<b>Chief Executive's Department Total</b>	<b>30.5</b>	<b>29.1</b>	<b>-1.3</b>
<b>Deputy Chief Executive's Department</b>				
Page 66	<b>Corporate Landlord</b>			
	Corporate Landlord	29.0	27.0	<b>-1.9</b>
	<b>Human Resources &amp; Organisational Development</b>			
	Human Resources & Organisational Development	5.4	5.1	<b>-0.3</b>
	<b>Infrastructure</b>			
	Emergency Planning	0.0	0.0	<b>0.0</b>
	Kent Resilience	0.7	0.7	<b>-0.0</b>
	Property related services	8.1	8.2	<b>0.0</b>
	<b>Infrastructure Total</b>	<b>8.8</b>	<b>8.9</b>	<b>0.0</b>
	<b>Marketing &amp; Resident Experience</b>			
	Marketing & Digital Services	2.0	2.0	<b>0.0</b>
	Resident Experience - Contact Centre; Gateways; Customer care & Complaints	5.0	4.9	<b>-0.1</b>
	<b>Marketing &amp; Resident Experience Total</b>	<b>6.9</b>	<b>6.9</b>	<b>-0.1</b>

	Directorate, Division & Key Service	Working Budget	£m	
			Forecast	Variance
	<b>Technology</b>			
	Technology	26.1	26.1	0.0
	<b>Strategic Management &amp; Departmental Budgets (DCED)</b>			
	Business & Client Relationships	2.5	2.5	-0.0
	Health & Safety	0.4	0.4	-0.0
	Strategic Management & Departmental Support	1.4	1.2	-0.2
	Strategic Reset Programme	1.6	1.6	0.0
	<b>Strategic Management &amp; Departmental Budgets (DCED) Total</b>	<b>5.9</b>	<b>5.7</b>	<b>-0.3</b>
	<b>Deputy Chief Executive's Department Total</b>	<b>82.2</b>	<b>79.7</b>	<b>-2.5</b>
	<b>Non Attributable Costs</b>			
	Non Attributable Costs	102.6	95.6	-7.0
	<b>Corporately Held Budgets</b>			
	Corporately Held Budgets (to be allocated)	-2.4	0.5	2.9
	<b>Grand Total</b>	<b>1,432.3</b>	<b>1,488.2</b>	<b>55.9</b>
	<b>Directorate Summary</b>			
	Adult Social Care & Health	585.9	618.4	32.5
	Children, Young People & Education	430.6	427.6	-3.1
	Growth, Environment & Transport	202.9	208.2	5.3
	Chief Executive's Department	30.5	29.1	-1.3
	Deputy Chief Executive's Department	82.2	79.7	-2.5
	Non Attributable Costs	102.6	95.6	-7.0
	Corporately Held Budgets	-2.4	0.5	2.9
	<b>Total</b>	<b>1,432.3</b>	<b>1,459.1</b>	<b>26.8</b>
	Schools' Delegated Budgets	0.0	29.1	29.1
	<b>Grand Total</b>	<b>1,432.3</b>	<b>1,488.2</b>	<b>55.9</b>

This page is intentionally left blank



Appendix 2 - Savings

Saving	£000s				Total Forecast	Variance	Un-deliverable	To be achieved in future years
	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one-off)				
Adult Social Care & Health								
Alternate Provision Brand New Starts (DP)	-3,041.1	0.0	0.0	0.0	0.0	3,041.1	0.0	-3,041.1
Technology Enabled Lives Service (TELS)	-2,049.0	-3,460.1	0.0	0.0	-3,460.1	-1,411.1	0.0	0.0
Full Self-Service Solution (Front Door)	-407.9	0.0	0.0	0.0	0.0	407.9	0.0	-407.9
Reviews: Supported Living (Q&S) & First Reviews (23/24)	-656.8	-1,105.6	0.0	0.0	-1,105.6	-448.8	0.0	0.0
Efficiencies through Enablement	-3,500.0	-1,956.6	0.0	0.0	-1,956.6	1,543.4	0.0	-1,543.4
Initial Contact (Front Door)	-1,400.0	-963.3	0.0	0.0	-963.3	436.7	0.0	-436.7
Rehabilitation and Alternate Support for MH	-3,300.0	0.0	0.0	0.0	0.0	3,300.0	0.0	-3,300.0
Supported Living - LD	-900.0	-969.9	0.0	0.0	-969.9	-69.9	0.0	0.0
In-House Short Term Beds (Maximisation)	-1,500.0	-1,369.5	0.0	0.0	-1,369.5	130.5	0.0	-130.5
Reduction in Residential and Nursing Placements	-2,900.0	-939.4	0.0	0.0	-939.4	1,960.6	0.0	-1,960.6
Occupational Therapists	-2,500.0	0.0	0.0	0.0	0.0	2,500.0	0.0	-2,500.0
Partnership Working (Section 117)	-2,200.0	-245.3	0.0	0.0	-245.3	1,954.7	0.0	-1,954.7
Partnership Working (CHC)	-1,800.0	-2,574.9	0.0	0.0	-2,574.9	-774.9	0.0	0.0
Reviews: First Reviews	-2,300.0	-2,300.0	0.0	0.0	-2,300.0	0.0	0.0	0.0
Reviews: Ongoing Reviews	-1,200.0	-252.0	0.0	0.0	-252.0	948.0	0.0	-948.0
Short Term Pathways: Timely Allocation of Workers	-500.0	-913.8	0.0	0.0	-913.8	-413.8	0.0	0.0
Efficiency Savings in relation to the purchasing of residential care	-8,000.0	-3,187.9	0.0	0.0	-3,187.9	4,812.1	0.0	-4,812.1
Efficiency Savings in relation to the purchasing of care and support in the home	-3,400.0	-2,500.0	0.0	0.0	-2,500.0	900.0	0.0	-900.0
Efficiencies from new contract for the supply of equipment for adult social care clients	-900.0	-900.0	0.0	0.0	-900.0	0.0	0.0	0.0
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	-6,400.0	-6,400.0	0.0	0.0	-6,400.0	0.0	0.0	0.0
Estimated annual inflationary increase in Better Care Fund - Older People	-2,188.0	-2,188.0	0.0	0.0	-2,188.0	0.0	0.0	0.0
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	-1,600.0	-1,600.0	0.0	0.0	-1,600.0	0.0	0.0	0.0
Estimated annual inflationary increase in Better Care Fund - Vulnerable Adults	-179.5	-179.5	0.0	0.0	-179.5	0.0	0.0	0.0
Estimated annual inflationary increase in Better Care Fund - Adult Social Care Staffing	-99.8	-99.8	0.0	0.0	-99.8	0.0	0.0	0.0
Estimated annual inflationary increase in Better Care Fund - Integrated Community Equipment Service and Assistive Technology	-4.4	-4.4	0.0	0.0	-4.4	0.0	0.0	0.0
Review of the Adults Charging Policy, in line with Care Act legislation and the statutory guidance	-2,600.0	-2,376.0	0.0	0.0	-2,376.0	224.0	0.0	-224.0
One-off contribution from Public Health for Mental Health Live Well Kent contract	-1,000.0	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0
2022-23 Slipped Savings - review of all contracts	-4,388.5	-3,576.4	0.0	0.0	-3,576.4	812.2	0.0	-812.2
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	-851.4	-371.4	0.0	0.0	-371.4	480.0	480.0	-480.0
Adult Social Care contracts with Voluntary Sector	-3,216.8	0.0	0.0	-2,304.2	-2,304.2	912.6	0.0	-3,216.8
Adult Social Care PFI	-147.0	-147.0	0.0	0.0	-147.0	0.0	0.0	0.0
Redesign of In House Adult Social Care Services	-1,456.4	-34.9	0.0	0.0	-34.9	1,421.5	0.0	-1,421.5
Additional income from NHSE to fund increased costs linked to HIV prevention	-275.2	-275.2	0.0	0.0	-275.2	0.0	0.0	0.0
Estimated additional income for externally funded posts	-6.1	-6.1	0.0	0.0	-6.1	0.0	0.0	0.0
Review of Public Health Services principally related to Healthy Lifestyles to ensure spending is contained within ringfenced grant	-9.2	0.0	0.0	-9.2	-9.2	0.0	0.0	-9.2
Adult Social Care & Health Total	-66,877.1	-41,897.0	0.0	-2,313.4	-44,210.4	22,666.7	480.0	-28,098.6

Saving	£000s				Total Forecast	Variance	Un-deliverable	To be achieved in future years
	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one- off)				
Children, Young People & Education								
Estimated reduction to the impact of rising pupil population on SEN Home to School and College Transport	-6,300.0	-6,300.0	0.0	0.0	-6,300.0	0.0	0.0	0.0
Implement strategies to reduce the cost of packages for looked after children, including working with Health	-1,000.0	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0
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	-650.0	0.0	0.0	-650.0	0.0	0.0	0.0
Expanding the reach of caseholding Early Help services	-560.0	0.0	0.0	-560.0	-560.0	0.0	0.0	-560.0
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	-237.5	0.0	0.0	-237.5	312.5	0.0	-312.5
Explore strategies, including statutory guidance, to reduce dependency on social work agency staff	-300.0	-300.0	0.0	0.0	-300.0	0.0	0.0	0.0
Initiatives to increase use of Personal Transport Budgets to reduce demand for Hired Transport	-300.0	-300.0	0.0	0.0	-300.0	0.0	0.0	0.0
Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-206.0	0.0	0.0	0.0	0.0	206.0	0.0	-206.0
Adoption Service	-200.0	-200.0	0.0	0.0	-200.0	0.0	0.0	0.0
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	-120.0	-120.0	0.0	0.0	-120.0	0.0	0.0	0.0
Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-100.0	-100.0	0.0	0.0	-100.0	0.0	0.0	0.0
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	-1,200.0	0.0	0.0	-1,200.0	0.0	0.0	0.0
Review of youth services offer: cease commissioned youth services contracts	-913.0	-913.0	0.0	0.0	-913.0	0.0	0.0	0.0
Introduction of charging for post 16 SEN transport and reductions to the Post 19 transport offer	-781.0	-781.0	0.0	0.0	-781.0	0.0	0.0	0.0
Review of open access services in light of implementing the Family Hub model	-400.0	-400.0	0.0	0.0	-400.0	0.0	0.0	0.0
Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	100.0	100.0	0.0	0.0	100.0	0.0	0.0	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	-250.0	0.0	-250.0	0.0	-250.0	0.0	0.0	-250.0
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	-550.0	-550.0	0.0	0.0	-550.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income: Kent 16+ Travel Saver	-300.0	-300.0	0.0	0.0	-300.0	0.0	0.0	0.0
Policy: Care Leavers – Pursue a policy where independence is reached by a Young Person’s 19th birthday	-700.0	-700.0	0.0	0.0	-700.0	0.0	0.0	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	-750.0	-587.5	0.0	0.0	-587.5	162.5	0.0	-162.5
Policy: Review of Open Access – Youth Services & Children’s Centres – review of open access services in light of implementing the Family Hub model	-300.0	-300.0	0.0	0.0	-300.0	0.0	0.0	0.0
Policy: Review of Open Access Estate – Youth Provision & Children’s Centres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	-400.0	0.0	0.0	-400.0	-400.0	0.0	0.0	-400.0
Transformation: Looked After Children – Reduce the recent increase in the number of Looked After Children placements through practice reviews & improved court proceedings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Children, Young People & Education Total	-16,730.0	-14,839.0	-250.0	-960.0	-16,049.0	681.0	0.0	-1,891.0

Saving	£000s				Total Forecast	Variance	Un-deliverable	To be achieved in future years
	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one- off)				
Growth, Environment & Transport								
Review of green waste contract, with market analysis indicating a reduction in gate fee	-621.0	0.0	0.0	0.0	0.0	621.0	621.0	0.0
Review of the services and as aspiration for all three to be amalgamated to ensure synergies achieved in systems/back office functions and to limit any reduction in service levels	-150.0	-150.0	0.0	0.0	-150.0	0.0	0.0	0.0
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	-105.0	0.0	0.0	-105.0	0.0	0.0	0.0
Work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates	-80.0	0.0	0.0	0.0	0.0	80.0	0.0	-80.0
Review of all Highways & Transportation fees and charges, that are to be increased annually in line with inflation	-50.0	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0
Temporary reduction in spend on weatherproofing windmills	-50.0	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0
Withdraw the remaining contribution to the KCC hosted Active Kent and Medway.	-28.0	-28.0	0.0	0.0	-28.0	0.0	0.0	0.0
Reduction to the Arts Investment Fund, which provides grants to Kent-based arts organisations	-25.0	-25.0	0.0	0.0	-25.0	0.0	0.0	0.0
Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-463.5	-463.5	0.0	0.0	-463.5	0.0	0.0	0.0
Review of Highways income based on current/projected activity levels	-400.0	-400.0	0.0	0.0	-400.0	0.0	0.0	0.0
A review of income levels and fees and charges in relation to existing service income streams	-200.0	-200.0	0.0	0.0	-200.0	0.0	0.0	0.0
Income from traffic management penalties including contravening traffic restrictions, box junctions and bus lanes	-100.0	-100.0	0.0	0.0	-100.0	0.0	0.0	0.0
Use of grant funding to support project & scheme costs	-100.0	-100.0	0.0	0.0	-100.0	0.0	0.0	0.0
Increased income within Kent Scientific Services for toxicology analysis for the Coroners Service	-56.0	-56.0	0.0	0.0	-56.0	0.0	0.0	0.0
Grant funding to support Electric Vehicle Strategy	-50.0	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0
One-off increase in profit share from East Kent Opportunities LLP	-50.0	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0
Increased contribution from Medway Council under SLA relating to increasing costs for provision of Coroner service in Medway	-49.0	-49.0	0.0	0.0	-49.0	0.0	0.0	0.0
Inflationary increase in income levels and pricing policy for Kent Scientific Services	-45.0	-45.0	0.0	0.0	-45.0	0.0	0.0	0.0
Inflationary increase in fees and charges	-1.4	-1.4	0.0	0.0	-1.4	0.0	0.0	0.0
Savings from reduced incentivisation payments to districts from the proposed introduction of Extended Producer Responsibility (EPR) legislation and where DEFRA will incentivise districts directly.	-1,300.0	-609.0	0.0	-500.0	-1,109.0	191.0	691.0	0.0
Review of Community Warden Service to deliver a £1m saving which is likely to result in an overall reduction in wardens	-433.0	-433.0	0.0	0.0	-433.0	0.0	0.0	0.0
Review of level of campaigns and related activity within Road Safety	-200.0	-200.0	0.0	0.0	-200.0	0.0	0.0	0.0
Review of staffing levels within Trading Standards service. Mix of one-off and permanent savings.	-60.8	-60.8	0.0	0.0	-60.8	0.0	0.0	0.0
Adjustment of Trading Standards legal costs as Courts recover post-Covid	-55.0	-55.0	0.0	0.0	-55.0	0.0	0.0	0.0
Savings from delayed recruitment	-50.0	-50.0	0.0	0.0	-50.0	0.0	0.0	0.0
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	-390.0	0.0	0.0	0.0	0.0	390.0	0.0	-390.0
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	-1,000.0	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0
Income: Kent Travel Saver (formerly Young Person’s Travel Pass) – Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-1,500.0	-1,500.0	0.0	0.0	-1,500.0	0.0	0.0	0.0
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	-100.0	-100.0	0.0	0.0	-100.0	0.0	0.0	0.0
Policy: Household Waste Recycling Centres (HWRC) – Review of the number and operation of HWRC sites	-500.0	0.0	0.0	0.0	0.0	500.0	500.0	0.0
Policy: Review of Community Wardens	-500.0	-500.0	0.0	0.0	-500.0	0.0	0.0	0.0
Growth, Environment & Transport Total	-8,712.7	-6,430.7	0.0	-500.0	-6,930.7	1,782.0	1,812.0	-470.0

Saving	£000s							
	2024-25 Savings Target	Forecast against original saving	Forecast against alternative saving (ongoing)	Forecast against alternative saving (one-off)	Total Forecast	Variance	Un-deliverable	To be achieved in future years
Chief Executive's Department								
Reduction in the number of Historic Pension Arrangements within CED Directorate	-250.0	-250.0	0.0	0.0	-250.0	0.0	0.0	0.0
Efficiencies within the Member support administration	-5.0	-5.0	0.0	0.0	-5.0	0.0	0.0	0.0
Cease Early Intervention Payments to District Councils	-82.5	0.0	0.0	-82.5	-82.5	0.0	0.0	-82.5
Review of Committee support arrangements	-20.0	0.0	0.0	-20.0	-20.0	0.0	0.0	-20.0
Chief Executive's Department Total	-357.5	-255.0	0.0	-102.5	-357.5	0.0	0.0	-102.5
Deputy Chief Executive's Department								
Property savings from a review of specialist assets	-45.0	-45.0	0.0	0.0	-45.0	0.0	0.0	0.0
Review of Office Assets	-763.9	-375.0	0.0	-388.9	-763.9	0.0	0.0	-388.9
Review of Community Delivery including Assets	-101.0	-101.0	0.0	0.0	-101.0	0.0	0.0	0.0
Income: Resilience and Emergency Planning - Additional income from reservoir work	-60.0	0.0	0.0	-60.0	-60.0	0.0	0.0	-60.0
Deputy Chief Executive's Department Total	-969.9	-521.0	0.0	-448.9	-969.9	0.0	0.0	-448.9
Non Attributable Costs								
Estimated increase in the income contribution from our limited companies, including a one-off increase in 2024-25.	-3,500.0	-3,500.0	0.0	0.0	-3,500.0	0.0	0.0	0.0
One-off use of capital receipts under the Governments flexible use of capital receipts policy, which allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services	-7,688.0	-7,688.0	0.0	0.0	-7,688.0	0.0	0.0	0.0
Increase in investment income largely due to the increase in base rate	-2,279.6	-4,108.4	0.0	0.0	-4,108.4	-1,828.8	0.0	0.0
Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0
Non Attributable Costs Total	-14,467.6	-16,296.4	0.0	0.0	-16,296.4	-1,828.8	0.0	0.0
Corporately Held Budgets								
The reduction in the volume and duration of agency staff	-750.0	0.0	0.0	0.0	0.0	750.0	750.0	0.0
Part year impact of further discretionary policy decisions and deep dive into contract renewals with consideration of reducing service specifications	-2,300.0	0.0	0.0	0.0	0.0	2,300.0	2,300.0	0.0
Corporately Held Budgets Total	-3,050.0	0.0	0.0	0.0	0.0	3,050.0	3,050.0	0.0
Total	-111,164.8	-80,239.1	-250.0	-4,324.8	-84,813.9	26,350.9	5,342.0	-31,011.0

## Appendix 3 - Prudential Indicators Monitoring

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)

	23-24 Actuals	2024-25 Budget	2024-25 Forecast	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total	237.29	426.61	337.26	284.69	253.84	186.45

### 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.

	23-24 Actuals	2024-25 Budget	2024-25 Forecast	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Total CFR	1,268.01	1,300.80	1,251.60	1,243.70	1,254.40	1,241.60

### 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.

	23-24 Actuals	2024-25 Budget	2024-25 Forecast	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Other Long-term Liabilities	178.77	168.00	178.55	178.55	178.55	178.55
External Borrowing	771.89	715.90	715.92	684.73	660.55	653.32
<b>Total Debt</b>	<b>950.66</b>	<b>883.90</b>	<b>894.47</b>	<b>863.28</b>	<b>839.10</b>	<b>831.87</b>
Capital Financing Requirement	1,268.01	1,300.80	1,251.60	1,243.70	1,254.40	1,241.60
Internal Borrowing	317.35	416.90	357.13	380.42	415.30	409.73

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.

	23-24 Actuals	2024-25 Budget	2024-25 Forecast	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Authorised Limit - borrowing	946	1,261	1,261	1,271	1,248	1,248
Authorised Limit - Other long term liabilities	179	168	179	179	179	179
<b>Authorised Limit - total external debt</b>	<b>1,125</b>	<b>1,429</b>	<b>1,440</b>	<b>1,450</b>	<b>1,427</b>	<b>1,427</b>
Operational Boundary - borrowing	822	1160.6	1161	1171	1148.1	1148.1
Operational Boundary - Other long term liabilities	179	168	179	179	179	179
<b>Operation Boundary - total external debt</b>	<b>1,001</b>	<b>1,329</b>	<b>1,340</b>	<b>1,350</b>	<b>1,327</b>	<b>1,327</b>

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.

	23-24 Actuals	2024-25 Budget	2024-25 Forecast	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate
Proportion of net revenue stream	8.17%	7.48%	7.41%	6.97%	6.61%	6.61%

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

	23-24 Actuals	2024-25 Estimate	2025-26 Estimate	2026-27 Estimate
Net income from commercial and service investments to net revenue stream (%)	0.46	0.60	0.37	0.35

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

To: Scrutiny Committee 4<sup>th</sup> December 2024

Subject: **Draft Revenue Budget 2025-26 and Medium Term Financial Plan (MTFP) 2025-28**

Classification: **Unrestricted**

**Summary:**

A report has been considered by each of the Cabinet Committees during the November round of meetings covering the key policy considerations within the administration's draft revenue budget proposals for 2025-26 (together with any full year consequences in subsequent years) for the Cabinet portfolios and directorates relevant to each committee. Unlike recent years this was a tailored report for each committee with the overall draft budget proposals contained within appendices and in particular emphasising the choices about spending growth and savings/income. The draft proposals presented to Cabinet Committees had been prepared before the Chancellor's Autumn Budget 2024 budget statement on 30<sup>th</sup> October and were based on assumptions about future spending requirements, government grant settlement, and council tax referendum levels. These assumptions are likely to change but overall it is still likely that a balanced budget can only be achieved with significant savings and income generation as spending growth is likely to continue to exceed the funding available from the government settlement and local taxation.

The Scrutiny Committee has an important role in financial monitoring across KCC, in both monitoring the budget throughout the year as well as considering the administration's draft budget proposals in November/January alongside the Cabinet Committee consideration of these. The purpose of this report is for Scrutiny Committee to receive information on and to review the next steps in the development of the 2025-26 budget process.

The Cabinet Committees have now all considered their own areas of the administration's draft budget, including the detailed policy choices available for consideration.

The report provided to Scrutiny Committee includes all the information provided to the Cabinet Committees but does not include the detailed policy choices as this role was undertaken by the Cabinet Committees. The role of Scrutiny is to review and challenge the development of the overall budget and strategic direction of the Council to ensure a financially resilient future.

**Recommendations:**

The Scrutiny Committee is asked to:

- a) NOTE the administration's overall draft revenue budgets including responses to consultation
- b) NOTE there will be further opportunity to scrutinise the final draft budget proposals at the Scrutiny Committee meeting on 29 January 2025 ahead of Cabinet endorsement on 30th January 2025 and Full County Council meeting on 13th February 2025.

## **1. Background and Context**

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

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

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

1.4 The administration's initial draft budget proposals have been prepared in advance of the government's Autumn Budget and Spending Review 2024 (announced 30th October 2024) and in the absence of a provisional local government finance settlement or detailed spending plans inherited from the previous government. This draft budget is based on an assumed grant settlement and council tax referendum limits.

1.5 The administration's draft budget 2025-26 and MTFP over the three years are not yet completely balanced. The factors causing the plans to be unbalanced are principally due to undelivered savings within Adult Social Care and the timing of the £19.8m policy savings previously agreed to replace the use of one-offs to balance 2024-25 budget. These two factors are covered in more depth in Appendix A. Other than these issues, the 2025-26 budget is broadly balanced within acceptable tolerances, given the number and range of forecasts within the plan at this stage. Other than adult social care, the MTFP is broadly balanced over the three years, but as yet not necessarily in each individual year. The Adult Social Care challenge will be covered in more depth in the report for the relevant Cabinet Committee. These factors do not preclude scrutiny of the remainder of the Administration's draft budget plans. There is a balance to be struck between planning for what is currently known (which are the factors cited above) and the likelihood of an improvement in the financial position via any additional Government support or improved tax take, with the risk being managed through reserves.

1.6 This report focuses on the process for the further development of the draft budget proposals including addressing unresolved issues in the original draft, taking account of Cabinet Committee recommendations and further developments since the original draft. These further developments will include updated estimates, provisional local government finance settlement and tax base notification for precepting purposes. The detail of these will emerge over the coming weeks and material changes affecting individual portfolios will be presented to Cabinet Committees in January. An interactive dashboard has also been provided to Members, enabling the details of all the proposals in the original draft to be examined and scrutinised – the link to the dashboard is available below, point 10 of background documents.



1.7 Separate appendices are included which set out:

- the key assumptions within the administration's overall initial draft budget (appendix A)
- how the proposals are consistent with the Council's strategic priorities and legal requirements (appendix B)
- a summary of the responses from the recent budget consultation (appendix C)
- a summary of the Administration's Draft Budget proposals (appendix D)
- a high-level summary of the overall MTFP covering 2025-28 (appendix E)
- a summary of the proposals for each directorate for 2025-26 (appendix F)
- an assessment of financial resilience (appendix G)

This provides the same level of background information as presented to Cabinet and Scrutiny committees in previous years. A more detailed report on the budget consultation, which closed on 7<sup>th</sup> August 2024, is provided as a background document.

1.8 Following the November scrutiny process, a revised draft of the administration's final budget proposals will be published in January for further consideration prior to final approval at County Council in February 2025. This will include:

- resolution of the outstanding issues in this draft
- the outcome of the Chancellor's Autumn 2024 Budget and Local Government Finance Settlement for 2025-26
- the provisional council tax base information for council tax precepts
- any other updates since this initial draft

Wherever possible, draft key decisions will be presented for consideration by Cabinet Committees in principle (pending final budget approval) in January together with the opportunity for scrutiny of the key changes arising from the above points, with those draft key decisions that cannot be considered in January reported to the March round of meetings.

## **2. Developing Budget Proposals**

2.1 The spending growth estimates in the original draft budget were based on early forecasts including previous year's trends for demand and cost drivers, Bank of England inflation forecasts based on May 2024 Monetary Policy Committee and 2024-25 quarter 1 budget monitoring. These will need to be updated for the final draft in January wherever possible based on latest current year spending trends, the Office for Budget Responsibility (OBR) inflation forecasts in the October 2024 economic and fiscal outlook report, quarter 2 monitoring, and the impact of any spending changes arising from AB24 e.g. increases employer's national insurance contributions. Any material changes in spending estimates where there is either a binary choice or degree of choice will be reported to Cabinet Committees in January.

2.2 The savings and income estimates in the original draft budget were based on planned costing and phasing from information available up to September. These will need to be updated for any developments in the ensuing months including further progress on £19.8m policy savings necessary to replace one-offs in 2024-25 budget in line with the principal set out in 2024-25 budget report. Detailed savings/income plans will still be subject to any necessary consultation and equality impact assessment before being implemented. Draft key decisions will be presented for consideration by Cabinet Committees in January (with any that cannot be prepared in draft for January presented in

March ahead of commencement of pre-election period). Any material changes in spending/income plans arising from transformation activity or policy choices will be reported to Cabinet Committees in January.

2.3 The funding estimates in the original draft were based on assumed local government finance settlement, tax base estimates, council tax referendum principles and existing policy on collection fund estimates. The estimates were based on best available information and previous custom and practice. The grant estimates and council tax referendum principles will be updated following the announcement of Provisional Local Government Finance Settlement (PLGFS) - this is expected to be announced before the Christmas Parliamentary recess. It is planned that impact of 2025-26 PLGFS on the Council's budget will be presented to Cabinet on 9<sup>th</sup> January 2025. Council taxbase estimates will be updated following notification of initial estimates from collection authorities (the deadline for final estimates is 31<sup>st</sup> January 2025 so these may not be available until County Council papers are published on 5<sup>th</sup> February 2025)

2.4 It is anticipated that the unresolved issues in the original draft can be resolved through a combination of the updated spending plans and PLGFS finance without the need for further savings or use of reserves. Should these result in a surplus then choices will be needed whether this should be available to support additional spending, reduce savings or strengthen the Council's financial resilience through reserves. At this stage the working presumption is that any additional grants in either PLGFS settlement or individual departmental settlements are used in the first instance for existing planned spending i.e. not new spending, although this will depend on any grant conditions.

2.5 Changes to the administration's original draft budget proposals arising from Cabinet Committee recommendations will be clearly identified in the final draft budget

### **3. Contact details**

Report Authors:

Dave Shipton (Head of Finance Policy, Planning and Strategy)  
03000 419418  
[dave.shipton@kent.gov.uk](mailto:dave.shipton@kent.gov.uk)

Simon Pleace (Revenue and Tax Strategy Manager)  
03000 416947  
[simon.pleace@kent.gov.uk](mailto:simon.pleace@kent.gov.uk)

Relevant Corporate Directors:

John Betts (Interim Corporate Director Finance)  
03000 410066  
[john.betts@kent.gov.uk](mailto:john.betts@kent.gov.uk)

### **Background documents**

Below are click-throughs to reports, more information, etc.

Click on the item title to be taken to the relevant webpage.

- 1 [KCC's Budget webpage](#)
- 2 [KCC's Corporate Risk Register](#) (Governance and Audit Committee 16<sup>th</sup> May 2024)
- 3 [KCC's Risk Management Strategy, Policy and Programme](#) (Governance and Audit Committee 19<sup>th</sup> March 2024)
- 4 [KCC's approved 2024-25 Budget](#)
- 5 [2025-26 Budget Consultation \(Let's Talk Kent\)](#), which includes a report summarising the responses to the recent Budget Consultation
- 6 [Summary of budget engagement exercise with KCC management cohort \(known as T200\)](#)
- 7 [2024-25 Budget Monitoring Report](#) (Cabinet 26<sup>th</sup> September 2024 – item 5)
- 8 [Securing Kent's Future – Budget Recovery Strategy](#)
- 9 [Securing Kent's Future – Budget Recovery Report](#)
- 10 [Member Budget Dashboards](#) (access restricted and available from 2pm on 30 October)

This page is intentionally left blank

## Key Budget Assumptions

1.1	Current plan includes high-level assumptions for 2025-26 and 2026-27	The 2024-27 medium term financial plan (MTFP), presented to County Council in February 2024, was based on assumptions regarding the funding settlement, spending growth, savings and income, and contributions/drawdowns from reserves. These included a combination of corporate and directorate assumptions. At the time the plan was prepared the later years (2025-26 and 2026-27) it represented a high-level balanced position, and it was acknowledged that the full detail of some elements e.g. £19.8m of policy savings necessary to replace the use of one-offs to balance 2024-25 budget, would be developed for subsequent updates.
1.2	Initial update as at 30th September 2024 in advance of Chancellor's Autumn Budget 2024	The plans have been updated based on the latest available information as at end of September 2024. The timetable for updating the plan and publishing draft 2025-26 budget proposals for scrutiny was agreed before the announcement that Chancellor of the Exchequer's Autumn Budget would be on 30 <sup>th</sup> October 2024. This date is too late to include the impact in the draft budget for scrutiny and any consequences will have to be included in the final draft budget in January. The Chancellor's Autumn statement is unlikely to have a significant impact on KCC spending or savings/income plans for 2025-26. It is more likely to impact on the funding settlement and the need to balance the budget from reserves and one-off measures.
1.3	Corporate assumptions for Business Rates, Council Tax and funding settlement	<p>On Council Tax income, the plans for each of the three MTFP years assume an increase of 5% (3% general referendum limit and 2% adult social care levy), alongside a taxbase increase of 1.5% plus an additional assumption from the introduction, from 1 April 2025, of 100% premiums on 2<sup>nd</sup> Homes. There are no assumed impacts from changes to discounts or premiums.</p> <p>On Business Rates, the plan assumes no growth in the taxbase.</p> <p>We have assumed that Government Grants which attracted an inflationary uplift in 2024-25 will continue to receive an inflationary uplift in each year, and we have based these increases on the Bank of England's forecasts.</p>
1.4	Corporate assumptions for spending growth	<p>Inflation is based on May 2024 Bank of England CPI forecasts</p> <p>Demand and cost drivers based on same methodology as 2024-25 assuming current trends continue.</p> <p>Pay costs are based on transition to the new pay strategy approved for April 2025 plus assumed pay award (which is subject to bargaining with the recognised trade unions) and maintaining the link to the Foundation Living wage for the lowest pay rate.</p>

1.5	Corporate assumptions for reserves	<p>Assumes general reserve is restored to 5% of net revenue.</p> <p>No assumed replenishment of reserves drawn down to balance 2023-24 outturn.</p> <p>Treatment of safety valve contributions is consistent with the latest external audit advice, which was received in April 2024, after the final 2024-25 budgeted position was reported to Cabinet on 21<sup>st</sup> March 2024. The advice in March was to show these contributions as spending growth within the government and legislative category. The latest advice from our external auditors is to show these as contributions to reserves rather than spending increases. The impact of this latest advice means that our core funded spending growth in 2025-26 of £117.2m has been reduced by £15.1m to remove the 2024-25 contribution, and our contributions to reserves for 2025-26 includes the safety valve planned contribution £14.6m. Had this advice been received in time for the final 2024-27 plan, the core funded spending growth for 2025-26 forecast would have been £132.2m (as opposed to the £147.3 in the published plan) and contributions to reserves would have been £33.1m (as opposed to £18.5m in the published plan). To compare like with like, the movement between the original published plan for 2025-26 and this latest draft needs to be based on these revised calculations taking account of the latest guidance e.g. core funded spending growth has reduced from £132.2m to £117.2m.</p> <p>Priority over medium term needs to be given to restoring reserves closer to average for similar authorities as % of net revenue and to better reflect enhanced risks.</p>
1.6	£19.8m policy savings	<p>The 2024-25 budget was balanced by three one-offs (£9.1m from reserves, £7.7m from capital receipts and £2.0m from New Homes Bonus grant) which was acknowledged at the time must be replaced by sustainable and ongoing savings/income in subsequent years.</p> <p>The administration's draft budget includes £5.7m of additional policy proposals as part of this replacement impacting in 2025-26. These proposals are set out in detail in the papers for the Children's Young People &amp; Education Cabinet Committee, Growth, Economic Development &amp; Communities Cabinet Committee, and Policy &amp; Resources Cabinet Committee. Some of the policy options which were originally flagged for 2025-26 are now recommended not to be pursued until 2026-27 for contractual and legal reasons.</p> <p>The savings proposed for 2025-26 relate to removing subsidies from partner organisations where there is no statutory requirement or to secure full cost recovery through charges on discretionary services.</p>

		<p>This leaves a balance of £14.1m which is still to be agreed. At this stage this has been shown in the draft plan as a temporary loan from reserves in 2025-26 which must be replaced with sustainable and ongoing savings/income in 2026-27 to replace the use of reserves. The loan must be repaid, which will require further savings or alternative solutions, which at this stage is shown as an unresolved balance in the plan for 2026-27. Potential further savings are still being assessed and we will still be exploring all avenues to reduce the amount needed to be loaned from reserves in 2025-26.</p>
1.7	Adult Social Care	<p>The Adult Social care budget in recent years has included significant transformation, efficiency and policy savings, as well as income generation from client charges and health. The 2023-24 ASC directorate budget included £22.3m of new savings and income, and the 2024-25 ASC directorate budget included a further £53.2m of savings and income.</p> <p>Delivery of savings plans of this magnitude has proved to be challenging and some savings need to be rephased into subsequent years, whilst others have been deemed irrecoverable. This has contributed to an in-year overspend and, in the case of irrecoverable savings, require the base budget to be increased in subsequent years. Rollovers increase the in-year savings that need to be achieved in subsequent years.</p> <p>Savings of this magnitude are necessary to balance the significant year on increases in costs for and demands on adult social care services. These costs largely arise from annual increases in the fees paid to providers for care services for all clients, increased costs for the fees for new clients compared to average fees for existing clients (partly due to complexity and partly due to availability of placements), increasing numbers of clients or increases in hours per week to meet client needs.</p> <p>These costs have been increasing significantly in excess of the specific funding available through social care grants in the local government finance settlement and the adult social care council tax precept, as well as a pro rata share of general grants in the settlement and general council tax precept. In recent years the pace of growth and under delivery of savings has meant adult social care has accounted for an increasing share of the council's overall budget.</p> <p>The challenge is whether, over the medium term, spending on adult social care can be contained within the available specific, and share of general, funding available. Targets have been set for each year of the MTFP based on this principle. This is shown as a savings target in the 2025-26 budget plan. The targets for subsequent years are reflected as an adult social care "challenge" (reflecting the unpredictability of forecasts into later years of the</p>

		<p>plan).</p> <p>The 2025-26 ASCH draft budget shows a net total of savings and income proposals of £24.0m. This comprises of £38.7m new savings and income proposals, netted off by realignments to reflect delays or reductions to previous years' savings. A further £12.9m of savings from 2024-25 are forecast to be rolled forward for delivery in 2025-26. This forecast roll forward together with the £38.7m of new savings and income for 2025-26 described above would mean that the adult social care directorate would need to find over £50m of savings and income in a single year.</p> <p>At this stage the forecast irrecoverable savings from 2024-25 of £8.65m are shown as the adult social care challenge for 2025-26, whilst further options to recover the original savings plans and / or identify other alternatives are explored.</p>
--	--	---



## Strategic Context

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.

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 future spending growth (price uplifts, other non-inflation related cost increases, and demand increases), delivering efficiency & transformation savings, generating income to offset cost of 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 draft budget should be assessed against these aims recognising that the draft is based on assumptions which could subsequently change.

The Council is under a legal duty to set a balanced and sustainable budget within the resources available from local taxation and central government grants and to maintain adequate reserves. An MTFP covering the entirety of the resources available to the Council is the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty. At this stage the later years of MTFP is set out as a high-level plan showing the forecast strategic trajectory for changes in funding, spending, savings and income, and reserves with a focus for scrutiny on the detail for 2025-26 together with any full year impacts in subsequent years.

This first draft budget has been prepared in advance of the government's Autumn Budget and Spending Review 2024 (announced 30th October 2024) and in the absence of provisional local government finance settlement or detailed spending plans inherited from the previous government. This draft budget is based on an assumed grant settlement and council tax referendum limits. This means that funding forecasts for the forthcoming year are speculative, consequently planning has to be sufficiently flexible to respond accordingly. Even so, it is likely that 2025-26 and medium term to 2027-28 are likely to continue to be exceptionally challenging and will require real terms reductions if forecast spending continues to grow at a faster rate than available resources. The lack of a settlement does not prevent scrutiny of spending and savings plans at this stage and it likely that any changes in the settlement following the Autumn Budget 2024 will impact on one-off measures and reserves in the final draft budget rather than materially changing spending and savings plans.

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 until the local government finance settlement is announced and multi-year settlements are reintroduced.

The administration's draft budget for 2025-26 (core funded) includes £117.2m (8.2% of 2024-25 approved budget) of forecast spending growth, funding is assumed to increase by £67.5m (4.7%). The £49.8m difference needs to be closed from savings, income and changes in reserves. At this stage the difference is not fully closed largely due to outstanding issues in adult social care which are still being resolved. Spending growth and savings/income are net and include new amounts for 2025-26 as well as some partially offsetting reversals of one-offs and realignment of current/previous plans. The vast majority of the spending growth (gross) is on adult social care (£67.3m, 10.8% increase), children's social care (£16.2m, 7.2% increase) and home to school transport (£16.9m, 17.7% increase). Spending pressures on these services are common across all upper tier councils. These services currently account for 71.0% of the 2024-25 budget (excluding non-attributable costs), the net increase in the 2025-26 draft budget for these services after savings and income (including assumed share of centrally held amounts, excluding unresolved issues) accounts for 83.3% of the overall net increase, as these three services continue to account for an ever increasing share of the Council's budget.

In the Council's submission to HM Treasury in advance of the Autumn 2024 budget we highlighted that this trend of spending growth exceeding the available funding from local taxation and central government cannot continue. We urged that either funding needs to increase to better reflect spending demands or the statutory requirements on councils need to be reduced as otherwise councils' role would be reduced to solely providing care services with no scope to provide community services which help make local places vibrant for residents and businesses. Council tax increases on their own cannot be expected to solve the shortfalls in funding.

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.

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*

In 2022, KCC published [Framing Kent's Future](#) (FKF) the council's high-level strategic statement. It 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. Since this strategy was approved there has been a significant shift in the financial and operating landscape.

KCC's Budget Recovery Strategy, [Securing Kent's Future](#), was agreed at a Cabinet meeting on 5<sup>th</sup> October 2023. This updated the Council's ambitions in light of the changed landscape and 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.

The 2024-25 budget was based on the revised strategic ambitions set out in Securing Kent's Future (SKF) approved by Cabinet in October 2023 which recognised the necessity of the ambition to deliver New Models of Care and Support which 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. All of the net growth in the 2024-25 budget went into adult social care, children's care and home to school transport consistent with the revised prioritisation of the Council's strategic objectives.

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. It also does not mean that we can ignore unavoidable spending in other areas of council activity but policy ambitions in these areas may have to be limited.

The administration's draft budget for 2025-26 continues to prioritise the objectives set out in SKF. All of the adult social care council tax precept is passed into social care spending (along with an appropriate share of the general precept and other general sources of funding). Other spending increases focus on unavoidable costs and all local choices are clearly linked to the Council's strategic objectives. All areas of discretionary spending have been explored for savings again linked to the Council's strategic objectives.

## *B) Best Value*

The Council has statutory Best Value duty to secure continuous improvement having regard to economy, efficiency and effectiveness. The latest guidance explicitly states 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. 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. 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.

### *C) Requirement to set a balanced budget*

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, 2025-26. 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 based in planning assumptions)

Setting the Council's revenue and capital budgets for the forthcoming year will be incredibly challenging due to the fiscal environment with the government's stated objective to adhere to limit the annual budget deficit (borrowing) and for overall debt both to be falling as percentage of GDP. These fiscal targets are likely to restrict the scope for increased central government funding for local government. The current year's budget was balanced through a significant level of planned savings, income and one-off use of reserves/capital receipts. Delivery of these savings is crucial to delivering a balanced outturn without further draw down from reserves. A similar scenario is predicted for 2025-26 and subsequent years with forecast spending growth exceeding the likely funding requiring further significant annual recurring savings and income to balance the budget. The scope for savings of the required magnitude is increasingly limited unless the statutory obligations are changed...

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 previous government had confirmed that the Statutory Override for the Dedicated Schools Grant deficits was extended for a further 3 years from 2023-24 to 2025-26. It is unclear at this stage whether the new government will provide a further extension. Under the Safety Valve agreement the Council has made budget provision for its contribution for 2024-25 and subsequent years in the MTFP for the duration of the agreement which together with planned actions to reduce the annual deficit and DfE contributions would see the accumulated DSG deficit cleared by 2027-28.

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.

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 savings plans are achievable, and the finances can withstand unexpected shocks.

The draft budget continues to include an assessment of financial risks. The 2025-26 budget also includes a new assessment of the financial resilience of the Council based on

latest CIPFA guidance on building financial resilience. Both of these measures show that the Council has some way to go to improve its financial resilience.

#### *D) Equalities Considerations*

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.

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.

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.

#### *E) Treasury Management Strategy*

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.

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.

This page is intentionally left blank

## Summary of Budget Consultation

The Council's 2025-26 budget public consultation ran from 13<sup>th</sup> June to 7<sup>th</sup> August 2024. It was hosted on the Council's Let's talk Kent website and can still be viewed via this link <https://letstalk.kent.gov.uk/budget-consultation-2025-26>.

In total, 2,389 people responded to the questionnaire, which is 8.8% lower than the response rate to last year's budget consultation. Responses were received from Kent residents, KCC staff, and a range of local businesses and organisations. 30% of respondents found out about the consultation via Facebook, and 25% via an email from Let's talk Kent or the Council's engagement and consultation team.

A supporting document was provided, which 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 including areas of significant spending growth in particular in providing services for the most vulnerable residents; an overview of how the Council plans to spend the 2024-25 budget and how we are funded; and the 2025-26 financial challenge. The document included information on the council tax referendum principles, the assumed increases for 2025-26, and the impact on council tax bills. The document sets out the financial outlook for the forthcoming year and that difficult decisions will be needed to balance significant forecast spending increases with the forecast resources from council tax and central government settlement.

The consultation sought views on council tax proposals for both general council tax and the adult social care levy, and asked respondents to indicate their level of support for increases in line with, above (for general council tax only), or below the referendum level, or whether they are opposed to an increase. The consultation sought views on how services should be prioritised and savings should be made, by asking for levels of comfortableness with making spending reductions across the Council's different service areas, as well as which of these service areas to prioritise if there was only £1 of investment left to make. The consultation also sought views on some specific approaches to saving the Council money or generating more income and asked for any other suggestions on ways to make savings or increase income.

A detailed report setting out the responses received from the public consultation is included as a background document to this report along with feedback from engagement with VCSE sector. An exercise with KCC management cohort is reported separately from the public consultation.

This page is intentionally left blank



## Summary of Administration's Draft Budget Proposals

The administration's initial draft budget proposals are subject to Cabinet Committee scrutiny process in November. The estimates in the draft budget at this stage are early forecasts which can, and in all likelihood will, change in the final draft budget. This includes the estimates for local government finance settlement and local taxation the details of which had not been announced in time for the initial publication.

Following the scrutiny process the administration's final draft budget for approval will be considered by Cabinet on 30<sup>th</sup> January 2025 and by full County Council on 13<sup>th</sup> February 2025. 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.

The draft proposed ten-year capital spending plans for 2025-35 are being updated to reflect the recent monitoring position and are currently work in progress. The updated plans will also include the changes as detailed below, with the comprehensive refresh scheduled to be published in January:

- Roll overs from the 2023-24 outturn position,
- Addition of two fully funded bids: Ebbsfleet Development Corporation Landscaping and Manston to Haine Link Road,
- Addition of the invest to save proposal - Project Athena,
- To include pressures identified on Essella Road Rail Bridge and Tunnels

The presentation of the administration's draft revenue budget focuses on the key policy and strategic implications of the proposals, with much greater emphasis on the choices within each portfolio presented to the relevant Cabinet Committee for scrutiny. These choices are set out in the body of the report for each cabinet committee. In response to comments expressed by members the additional spending/savings/income have been put into context of the current budget. The full details of individual proposals can be examined through the member dashboard which is published alongside the reports. The dashboard provides a much more flexible tool to scrutinise proposals and includes a number of enhancements from last year (again including contextual budgets where there are choices) although until this process becomes fully embedded there will still be some variations in quality of information within the individual entries some fields.

The same high level overall council three-year plan is presented as an appendix for each committee. A separate appendix shows the individual elements for 2025-26 for the relevant directorate and Cabinet portfolios using the same spending and saving categories as the high level plan. The definitions for these categories are set out later in this appendix. The high level three-year plan shows KCC core funded and externally funded spending saving/income separately and individual directorate/portfolio appendix for 2025-26 shows just core funded.

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 from the approved budgets for 2024-25 before more detailed delivery plans are completed and these plans will inform the key service budgets for 2025-26.

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.

The savings and income options in the tables in the reports and dashboards follow a similar pattern with amounts for the full year effect of 2024-25 plans; new savings and income for 2025-26 from the original 2024-27 MTFP (albeit updated); savings/income from the application of existing policies; new 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 be required and monitored.

The table below sets out the high-level equation for changes in forecast spending for 2025-26 (growth, savings, income and net contributions to reserves) compared to forecast changes in funding. This shows the net balance still to be resolved of £11.4m, which includes the £8.65m ASC challenge from irrecoverable savings and small £2.8m remaining balance which is considered acceptable within tolerances at this stage.

Table – Net Change in Spending and Funding

Change in Net Spending	Core Funded	External Funded	Change in Net Funding	Core Funded
Change in forecast spending	+£117.2m	+12.6m	Estimated change in Social Care grants	-£5.3m
Proposed savings from spending reductions and future cost avoidance	-£34.5m	-£0.1m	Estimated change in other government grants	+£4.7m
Proposed changes in income	-£7.1m	-	Estimated change in council tax base	+£16.0m
Assumed changes in specific government grants	-	+£7.4m	Assumed increase in general council tax charge	+£28.5m
Base transfer between core and external	-£0.8m	+£0.8m	Assumed increase in ASC council tax charge	+£19.0m
Proposed net change in reserves	+£4.1m	-£20.8m	Estimated change in retained business rates	+£2.7m
			Estimated change in CT & BR collection fund balances	+£1.8m
Sub Total - Total Change in Net Spending	+£78.9m	£0m	Sub Total – Total Change in Net Funding	+£67.5m
Balance to be resolved including ASC challenge	-£11.4m	-		
Total Change in Net Spending	+£67.5m	£0m	Total Change in Net Funding	+£67.5m

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 (up to £140m) and local authority (up to £82.3m) both provide a substantial contribution to resolve the accumulated deficit in return for improvements to the SEND system to bring annual recurring spending back to within the level of DSG high needs grant. 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. 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.

The additional assumed core funded spending growth (i.e. excluding the changes arising from external funding) of £117.2m for 2025-26 is set out in detail in the member dashboard and where there are local choices or a mixture of choice and unavoidable detailed in the tables in individual reports. It has been subdivided into the following categories:

Net base budget changes £11.2m	Changes to reflect full year effect of cost and activity spending 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. The net base changes include both increases and reductions. The net base changes do not include variations on savings delivery as these are included as positive amounts within the savings section.
Demand and Cost drivers £71.2m	Forecast estimates for future non-inflationary cost and demand increases such as increased population & eligible clients, additional care hours, increased costs for new placements (complexity and availability of placements), increased journey lengths and vehicle occupancy, etc. across a range of services most significantly in adult social care, integrated children's services, home to school transport and waste tonnage.
Price uplifts £34.0m	Obligatory and negotiated price increases on contracted services, including full year effect of planned mid-year uplifts in current year, forecast future price uplifts. Also includes provision for price uplifts on contracts due for retender.
Pay £12.1m	Additional net cost of assumed Kent Scheme pay award that is subject to local bargaining with the recognised trade unions, transition to new Kent pay structure and increase to lower pay scales in line with Foundation Living Wage after savings from appointing new staff lower in pay ranges.
Service Strategies & Improvements £4.2m	Other assumed spending increases to deliver strategic priorities and/or service improvements and outcomes including most significantly replacing grant funding that has temporarily supported maintaining bus services, investment leading to increased divided from trading companies, mobilisation costs for new contracts
Government & Legislative -£15.5m	Additional spending to meet compliance with legislative and regulatory changes and, most significantly, a change in accounting treatment for the local authority contribution to High Needs Safety Valve which needs to be treated as contribution to reserve rather than revenue spending pressure.

The proposed savings, income and future cost increase avoidance of £41.6m for 2025-26 is set out in detail in the member dashboard and where there are local policy choices or transformation detailed in the tables in individual reports. It has been subdivided into the following categories:

Policy Savings -£8.1m	Comprises of £16.0m of new savings including £5.7m policy choices towards the £19.8m requirement to replace one off savings and £10.3m from full year effect of previous policy choices or policy choices which were already identified for 2025-26 in the original 2024-27 plan. New savings are partially offset by £7.9m realignment to reflect of previous savings now deemed unachievable.
Transformation Savings -£36.9m	Savings aimed at achieving improved or the same outcomes at less cost comprising £43.6m of new, or continuing, proposals and £6.7m partially offset from removing unachieved savings from previous years (part of the £8.65m irrecoverable ASCH savings from 2024-25, with the remainder being shown as reversals in policy and efficiency savings). The new proposals include the 2025-26 target for ASCH to contain spending growth within the available share of specific and general funding available. New proposals also include £10.3m transformation from cost avoidance on home to school transport, and £2.1m staffing through the Securing Kent's Future (SKF) objectives.
Efficiency Savings +£1.4m	Comprises £2.8m of proposals which are more than offset by £4.2m realignment for unachieved savings from previous years. This includes rephasing of savings previously identified for 2025-26 in the original 2024-25 budget plan, full year effect of 2024-25 savings and new proposals for 2025-26.
Financing +£9.0m	Comprises £1.5m of savings from the review of amounts set aside for debt repayment (MRP) and reduced base budget. These are more than offset by £7.7m removal of one-off use of capital receipts to support the costs of transformation activity in 2024-25 and £2.8m reduction in investment returns
Income Generation -£7.1m	Comprises £10m increased income from fees and charges for council services from applying existing policies on fee uplifts (including contributions from other bodies), application of full cost recovery policy and new income generation proposals. Partially offset by £2.9m reversal of one-off additional divided income in 2024-25 and removal of project grant income.

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

						INDICATIVE FOR PLANNING PURPOSES						
2024-25				2025-26			2026-27			2027-28		
Core £000s	External £000s	Total £000s		Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
1,315,610.6		1,315,610.6	Original base budget	1,429,506.8	0.0	1,429,506.8	1,496,958.2	0.0	1,496,958.2	1,566,679.1	0.0	1,566,679.1
			internal base adjustments	-836.6	836.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			Revised Base	1,428,670.2	836.6	1,429,506.8	1,496,958.2	0.0	1,496,958.2	1,566,679.1	0.0	1,566,679.1
			SPENDING									
31,721.5		31,721.5	Base Budget Changes	11,242.8	-744.1	10,498.7	-100.0	0.0	-100.0	0.0	0.0	0.0
35.0		35.0	Reduction in Grant Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10,798.4	505.1	11,303.5	Pay	12,112.5	626.9	12,739.4	12,340.2	0.0	12,340.2	11,901.7	0.0	11,901.7
49,568.4	1,695.6	51,264.0	Prices	33,987.2	1,944.4	35,931.6	28,618.5	0.0	28,618.5	21,216.2	0.0	21,216.2
85,349.7	284.7	85,634.4	Demand & Cost Drivers - Cost	48,209.4	0.0	48,209.4	46,631.1	0.0	46,631.1	46,631.1	0.0	46,631.1
		0.0	Demand & Cost Drivers - Demand	22,983.5	24,150.3	47,133.8	23,014.5	-15,600.0	7,414.5	22,968.7	-14,200.0	8,768.7
16,393.1	-10,327.3	6,065.8	Government & Legislative	-15,548.0	-13,687.9	-29,235.9	192.0	0.0	192.0	3,212.0	-1,898.1	1,313.9
15,712.2	-1,538.8	14,173.4	Service Strategies & Improvements	4,217.4	269.2	4,486.6	7,187.4	-836.5	6,350.9	173.9	-4,142.2	-3,968.3
209,578.3	-9,380.7	200,197.6	TOTAL SPENDING	117,204.8	12,558.8	129,763.6	117,883.7	-16,436.5	101,447.2	106,103.6	-20,240.3	85,863.3
			MEMORANDUM:									
			Unavoidable	20,004.6	887.6	20,892.2						
			Local Choice	2,612.9	423.8	3,036.7						
			Mixture of both	95,311.1	26,273.4	121,584.5						
			Removal of temporary changes	-723.8	-15,026.0	-15,749.8						
				117,204.8	12,558.8	129,763.6						
			SAVINGS, INCOME & GRANT									
-36,454.8		-36,454.8	Transformation - Future Cost Increase Avoidance	-32,375.9	0.0	-32,375.9	-10,788.7	0.0	-10,788.7	-10,300.0	0.0	-10,300.0
2,068.7		2,068.7	Transformation - Service Transformation	-4,500.0	0.0	-4,500.0	-1,900.0	0.0	-1,900.0	-400.0	0.0	-400.0
-16,195.0		-16,195.0	Efficiency	1,412.0	-65.0	1,347.0	-3,963.5	0.0	-3,963.5	-151.0	0.0	-151.0
-15,406.6	-281.3	-15,687.9	Income	-7,097.1	0.0	-7,097.1	-5,870.6	0.0	-5,870.6	-6,052.8	0.0	-6,052.8
-10,967.6		-10,967.6	Financing	9,022.0	0.0	9,022.0	-767.7	0.0	-767.7	-2,166.3	0.0	-2,166.3
-11,910.2	-9.2	-11,919.4	Policy	-8,094.1	0.0	-8,094.1	-17,078.1	0.0	-17,078.1	-9,586.0	0.0	-9,586.0
-88,865.5	-290.5	-89,156.0	TOTAL SAVINGS & INCOME	-41,633.1	-65.0	-41,698.1	-40,368.6	0.0	-40,368.6	-28,656.1	0.0	-28,656.1
	7,210.7	7,210.7	Increases in Grants and Contributions	0.0	7,435.8	7,435.8	0.0	0.0	0.0	0.0	-8,729.7	-8,729.7
-88,865.5	6,920.2	-81,945.3	TOTAL SAVINGS, INCOME & GRANT	-41,633.1	7,370.8	-34,262.3	-40,368.6	0.0	-40,368.6	-28,656.1	-8,729.7	-37,385.8

			INDICATIVE FOR PLANNING PURPOSES								
2024-25			2025-26			2026-27			2027-28		
Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
RESERVES											
27,481.5		27,481.5	30,040.9	14,200.0	44,240.9	38,695.2	14,200.0	52,895.2	33,900.0	34,300.0	68,200.0
-24,739.6		-24,739.6	-26,524.8	-10,640.0	-37,164.8	-30,040.9	-14,200.0	-44,240.9	-38,695.2	-14,200.0	-52,895.2
-14,877.4	-1,350.5	-16,227.9	-14,255.2	-25,598.1	-39,853.3	0.0	-9,161.6	-9,161.6	0.0	-291.6	-291.6
5,318.9	3,811.0	9,129.9	14,877.4	1,271.9	16,149.3	14,255.2	25,598.1	39,853.3	0.0	9,161.6	9,161.6
-6,816.6	2,460.5	-4,356.1	4,138.3	-20,766.2	-16,627.9	22,909.5	16,436.5	39,346.0	-4,795.2	28,970.0	24,174.8
113,896.2	0.0	113,896.2	79,710.0	-836.6	78,873.4	100,424.6	0.0	100,424.6	72,652.3	0.0	72,652.3
NET CHANGE											
UNRESOLVED BALANCE											
ADULT SOCIAL CARE FUNDING UNRESOLVED BALANCE											
1,429,506.8	0.0	1,429,506.8	1,496,958.2	0.0	1,496,958.2	1,566,679.1	0.0	1,566,679.1	1,640,597.7	0.0	1,640,597.7
NET BUDGET											
MEMORANDUM:											
The net impact on our reserves balances is:											
27,481.5	0.0	27,481.5	30,040.9	14,200.0	44,240.9	38,695.2	14,200.0	52,895.2	33,900.0	34,300.0	68,200.0
-14,877.4	-1,350.5	-16,227.9	-14,255.2	-25,598.1	-39,853.3	0.0	-9,161.6	-9,161.6	0.0	-291.6	-291.6
12,604.1	-1,350.5	11,253.6	15,785.7	-11,398.1	4,387.6	38,695.2	5,038.4	43,733.6	33,900.0	34,008.4	67,908.4
Net movement in Reserves											

2024-25			2025-26			INDICATIVE FOR PLANNING PURPOSES					
Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
<b>Funding per the Local Government Finance Settlement &amp; Local Taxation</b>											
11,806.0		Revenue Support Grant			12,195.6			12,390.8			12,564.2
117,046.1		Social Care Grant			117,046.1			117,046.1			117,046.1
26,969.4		Adult Social Care Market Sustainability and Improvement Fund			21,703.9			21,703.9			21,703.9
11,686.6		Adult Social Care Discharge Fund			11,686.6			11,686.6			11,686.6
1,311.9		Services Grant			1,311.9			1,311.9			1,311.9
147,382.5		Business Rate Top-up Grant			152,092.1			154,308.4			156,468.7
50,014.7		Improved Better Care Fund (iBCF)			50,014.7			50,014.7			50,014.7
51,080.2		Business Rates Compensation Grant			52,712.5			53,480.6			54,229.4
2,058.5		New Homes Bonus			0.0			0.0			0.0
3,544.6		Other Un-ringfenced grants			3,544.6			3,544.6			3,544.6
65,740.7		Local Share of Retained Business Rates			68,463.6			69,392.1			70,297.0
2,682.8		Business Rate Collection Fund			0.0			0.0			0.0
800,320.3		Council Tax Income (including increase up to referendum limit but excluding social care levy)			842,537.0			885,560.8			931,219.7
135,347.0		Council Tax Adult Social Care Levy			156,649.6			179,238.6			203,510.9
2,515.5		Council Tax Collection Fund			7,000.0			7,000.0			7,000.0
<b>1,429,506.8</b>		<b>Total Funding</b>			<b>1,496,958.2</b>			<b>1,566,679.1</b>			<b>1,640,597.7</b>

This page is intentionally left blank



Appendix F: Summary of the proposals for each directorate for 2025-26

	TOTAL			ASCH	Public Health	CYPE			GET	CED	DCED	NAC	CHB		
	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Core £000s	External £000s	Total £000s	Core £000s	Core £000s	Core £000s	Core £000s	Core £000s	External £000s	Total £000s
MTFP Category															
Original base budget	1,429,506.8	0.0	1,429,506.8	585,946.2	0.0	429,966.5	0.0	429,966.5	201,737.2	29,540.9	81,942.6	102,759.4	-2,386.0	0.0	-2,386.0
internal base adjustments	-836.6	836.6	0.0	54.4	436.6	-203.7	400.0	196.3	-404.8	-518.8	241.9	0.0	-5.6	0.0	-5.6
Revised Base	1,428,670.2	836.6	1,429,506.8	586,000.6	436.6	429,762.8	400.0	430,162.8	201,332.4	29,022.1	82,184.5	102,759.4	-2,391.6	0.0	-2,391.6
SPENDING															
Base Budget Changes	11,242.8	-744.1	10,498.7	5,000.0	-344.1	-2,000.0	-400.0	-2,400.0	4,899.3	0.0	-805.1	4,307.0	-158.4	0.0	-158.4
Pay	12,112.5	626.9	12,739.4	-233.6	626.9	171.7	0.0	171.7	-122.6	-93.0	-75.5	65.5	12,400.0	0.0	12,400.0
Prices	33,987.2	1,944.4	35,931.6	18,100.0	1,944.4	9,445.0	0.0	9,445.0	5,709.0	9.5	638.2	85.5	0.0	0.0	0.0
Demand & Cost Drivers - Cost	48,209.4	0.0	48,209.4	30,900.0	0.0	17,309.4	0.0	17,309.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand & Cost Drivers - Demand	22,983.5	24,150.3	47,133.8	11,300.0	250.3	10,626.5	23,900.0	34,526.5	1,057.0	0.0	0.0	0.0	0.0	0.0	0.0
Government & Legislative	-15,548.0	-13,687.9	-29,235.9	0.0	709.5	0.0	-3,332.0	-3,332.0	-488.0	40.0	0.0	-15,100.0	0.0	-11,065.4	-11,065.4
Service Strategies & Improvements	4,217.4	269.2	4,486.6	1,075.0	269.2	0.0	0.0	0.0	2,302.0	226.4	1,298.1	-184.1	-500.0	0.0	-500.0
TOTAL SPENDING	117,204.8	12,558.8	129,763.6	66,141.4	3,456.2	35,552.6	20,168.0	55,720.6	13,356.7	182.9	1,055.7	-10,826.1	11,741.6	-11,065.4	676.2
SAVINGS, INCOME & GRANT															
Transformation - Future Cost Increase Avoidance	-32,375.9	0.0	-32,375.9	-21,775.9	0.0	-10,600.0	0.0	-10,600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transformation - Service Transformation	-4,500.0	0.0	-4,500.0	0.0	0.0	-2,450.0	0.0	-2,450.0	0.0	0.0	0.0	0.0	-2,050.0	0.0	-2,050.0
Efficiency	1,412.0	-65.0	1,347.0	3,304.9	-65.0	-1,928.0	0.0	-1,928.0	450.0	-105.5	-309.4	0.0	0.0	0.0	0.0
Income	-7,097.1	0.0	-7,097.1	-5,907.1	0.0	-186.0	0.0	-186.0	-2,275.0	-230.9	0.0	1,501.9	0.0	0.0	0.0
Financing	9,022.0	0.0	9,022.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9,022.0	0.0	0.0	0.0
Policy	-8,094.1	0.0	-8,094.1	361.6	0.0	-6,969.9	0.0	-6,969.9	452.5	-3,458.7	-779.6	0.0	2,300.0	0.0	2,300.0
TOTAL SAVINGS & INCOME	-41,633.1	-65.0	-41,698.1	-24,016.5	-65.0	-22,133.9	0.0	-22,133.9	-1,372.5	-3,795.1	-1,089.0	10,523.9	250.0	0.0	250.0
Increases in Grants and Contributions	0.0	7,435.8	7,435.8	0.0	-1,801.6	0.0	-1,828.0	-1,828.0	0.0	0.0	0.0	0.0	0.0	11,065.4	11,065.4
TOTAL SAVINGS, INCOME & GRANT	-41,633.1	7,370.8	-34,262.3	-24,016.5	-1,866.6	-22,133.9	-1,828.0	-23,961.9	-1,372.5	-3,795.1	-1,089.0	10,523.9	250.0	11,065.4	11,315.4
RESERVES															
Contributions to Reserves	30,040.9	14,200.0	44,240.9	0.0	0.0	0.0	14,200.0	14,200.0	0.0	0.0	90.9	29,950.0	0.0	0.0	0.0
Removal of prior year Contributions	-26,524.8	-10,640.0	-37,164.8	0.0	-1,600.0	0.0	-9,040.0	-9,040.0	0.0	0.0	-160.0	-26,364.8	0.0	0.0	0.0
Drawdowns from Reserves	-14,255.2	-25,598.1	-39,853.3	0.0	-1,698.1	0.0	-23,900.0	-23,900.0	-160.0	0.0	0.0	-14,095.2	0.0	0.0	0.0
Removal of prior year Drawdowns	14,877.4	1,271.9	16,149.3	567.2	1,271.9	0.0	0.0	0.0	475.0	262.0	0.0	13,573.2	0.0	0.0	0.0
TOTAL RESERVES	4,138.3	-20,766.2	-16,627.9	567.2	-2,026.2	0.0	-18,740.0	-18,740.0	315.0	262.0	-69.1	3,063.2	0.0	0.0	0.0
NET CHANGE (excl internal base adjustments)	79,710.0	-836.6	78,873.4	42,692.1	-436.6	13,418.7	-400.0	13,018.7	12,299.2	-3,350.2	-102.4	2,761.0	11,991.6	0.0	11,991.6
UNRESOLVED BALANCE	-2,771.5	0.0	-2,771.5					0.0					-2,771.5	0.0	-2,771.5
ADULT SOCIAL CARE FUNDING UNRESOLVED BALANCE	-8,650.5	0.0	-8,650.5	-8,650.5				0.0							0.0
NET BUDGET	1,496,958.2	0.0	1,496,958.2	620,042.2	0.0	443,181.5	0.0	443,181.5	213,631.6	25,671.9	82,082.1	105,520.4	6,828.5	0.0	6,828.5

This page is intentionally left blank

## Building Financial Resilience

Financial resilience describes the ability of the authority to remain viable, stable and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.

The following table sets out the key 'symptoms' of financial stress identified by CIPFA and assesses the current position of the County Council against each indicator. Overall, the prognosis is that there has been a recent deterioration in resilience which needs to be reversed in particular on the delivery of savings and managing spending within approved budgets.

Symptom	KCC Assessment
Running down reserves/a rapid decline in reserves	<u>Evidence</u> The council maintained a relatively stable level of usable revenue reserves between April 2016 to March 2018 of approx. £0.2bn (excluding schools and capital reserves) with small net movements between years. This comprised general reserve of around £0.037bn (3% of net revenue) and earmarked reserves of between £0.159bn to £0.166bn
Score 6/10	
Scope for Improvement - Moderate	Over the period April 2018 to March 2020 usable revenue reserves increased to £0.224bn at end of 2018-19 and £0.271bn end of 2019-20, although £0.037bn of the earmarked reserves in 2019-20 was the unspent balance of first tranche of Covid-19 emergency grant (general reserves remained around £0.037bn and all the increases were in earmarked reserves).  There was a more rapid increase in usable revenue reserves in 2020-21 (largely due to underspends during lockdown and timing differences between the receipt of Covid-19 grants and spending, and impact of business rates reliefs/compensation for local taxation losses coming through from collection authorities) Usable revenue reserves at the end of 2020-21 were £0.398bn (of which general remained £0.037bn, earmarked reserves increased to £0.272bn, and Covid-19 reserves were £0.088bn).  There was a further increase in total usable revenue reserves at end of 2021-22 up to £0.408bn. Most of the increase was in general reserve which was increased to £0.056bn (5% of net revenue) in line with agreed strategy to strengthen reserves due to heightened risks, with smaller increase in earmarked to £0.277bn, and small reduction in Covid-19 reserves to £0.075bn.  This pattern of stable then increasing reserves over the period 2016-22 was despite between £0.009bn and £0.022bn drawn down each year to smooth delivery of revenue budget savings (£0.074bn over 6 years).  In 2022-23 there was an overall reduction in usable revenue reserves to £0.391bn (£0.037bn general, £0.271bn earmarked, £0.047bn Covid-19 and £0.036bn in new partnership reserve from the excess safety valve contributions). The reductions included £0.047bn draw down from general reserves and earmarked reserves to balance 2022-23 outturn.  In 2023-24 there was a further reduction in total usable reserves to

	<p>£0.358bn (£0.043bn general, £0.268bn earmarked, £0.010bn Covid-19 and £0.036bn Safety Valve partnership reserve). The small increase in the general reserve reflected the overall increase in 2023-24 budget to maintain the reserve as % of net revenue but did not include any movement to restore the reserve to 5% of net revenue following the draw down in 2022-23. 2023-24 included a review of reserves to ensure balances in individual categories remained appropriate. This included transfer of £0.048bn from other earmarked reserves into the smoothing category which was partially drawn on by £0.012bn to balance the 2023-24 outturn.</p> <p>Quarter 1 monitoring for 2024-25 shows further forecast overspends which if not reduced or mitigated would require a third year of draw down. This would further reduce resilience from reserves.</p> <p><b><u>Conclusions</u></b></p> <p><b>Two successive years of drawdowns from reserves to balance overspends represents a reduction in financial resilience (with only a partial restoration of reserves included in future medium term financial plans).</b></p> <p><b>The Council's reserves have been deemed as adequate in the short-term by S151 officer pending those restoration plans being delivered in future budgets. In particular, the general reserve needs to be restored to 5% of net revenue within the 2025-28 MTFP.</b></p> <p><b>A small amount of smoothing within the annual revenue budget to reflect timing differences between spending and savings plans is considered acceptable provided these are replaced and replenished in future years through a balanced medium term financial plan.</b></p>
<p>A failure to plan and deliver savings in service provision to ensure the council lives within its resources</p> <p>Score 4/10</p> <p>Scope for Improvement - High</p>	<p><b><u>Evidence</u></b></p> <p>The council has planned (and largely delivered) £0.883bn of savings and income since 2011-12 (up to 2023-24). The council has delivered a balanced outturn with a small surplus each year since 2000-01 up to 2021-22 (22 years) including throughout the years when government funding was reducing and spending demands were still increasing. This demonstrated that in the past savings were sustainable.</p> <p>The approved budget for 2022-23 included £33.9m of savings and income (3% of net budget) in order to balance spending growth (£93.0m) with increase in funding from core grants and local taxation (£59.1m). Separate savings monitoring was re-introduced in 2022-23 following suspension of previous monitoring arrangements during Covid-19.</p> <p>The 2022-23 outturn was the first year in 23 years that the authority ended the year with a significant overspend (£44.4m before rollover). This overspend was partly due to under delivery of savings but more materially was due to un-forecast increases in costs compared to when the budget was set particularly in adult social care, children in care and home to school transport. These unbudgeted costs increases have been a more material factor than under delivery of savings (although if they had been forecast would have increased the savings requirement which itself may not have been deliverable).</p>

The approved budget for 2023-24 included £54.8m of savings and income (4.6% of net budget) to balance spending growth (£178.9m) and increase in funding (£124.1m). The higher spending growth included the full year effect of forecast overspend in 2022-23 and the impact of the rapid increase in inflation during 2022-23.

The 2023-24 outturn showed an overspend of £9.6m before rollover. This was significantly lower than had been forecast earlier in the year following agreement of revised strategic ambitions in Securing Kent's Future – Budget Recovery Strategy. These ambitions included reducing the 2023-24 overspend, focuses on ambitions for new models of care (addressing the unsustainable increases in sending in adults, children's and home to school transport), scope of the council's strategic ambitions and transforming the operating model of the council through Chief Executive model. Stringent spending controls were introduced in 2023-24 with the objective of reducing the overspend. As in 2023-24 the overspend arose from a combination of unbudgeted costs and under delivery/rephasing of savings.

The approved budget for 2024-25 includes £89.2m of savings and income (6.8% of net budget) to balance spending growth (£203.1m) and increased funding (£113.9m). The increased spending growth included revised approach to demand and cost drivers as well price uplifts (linked to inflation) and full year effect of 2023-24. Initial monitoring for 2024-25 shows further forecast underspends again from combination of unbudgeted spend and savings delivery. Under delivery of savings is now largest contributor to forecast overspends.

Savings planning and monitoring has been enhanced with greater emphasis on more detailed monitoring of progress on the most significant savings. Enhanced monitoring will not in itself ensure improved delivery performance, especially in the short-term.

### **Conclusions**

**The significant increase in the savings requirement over the last 3 years is cause for serious concern and is unsustainable. This savings requirement is driven by ever increasing gap between forecast spending growth and increase in available resources from core government grants and local taxation. This gap needs to be resolved either from reducing spending expectations and / or increased funding if resilience is to be improved.**

**The increased under delivery of savings indicates a lack of capacity within the organisation and that savings are put forward with over optimistic timescales (or inadequate resources to ensure delivery) and in some instances were not sustainable. This combination is weakening financial resilience.**

**As identified in Securing Kent's Future – Budget Recovery Strategy addressing these unsustainable growth increases that are leading to structural deficit are key to restoring financial resilience.**

<p>Shortening medium term financial planning horizons perhaps from three or four years to two or even one</p> <p>Score 7/10</p> <p>Scope for Improvement - Moderate</p>	<p><u>Evidence</u></p> <p>The council has traditionally produced a three year medium term financial plan (MTFP). This plan sets out forecast resources from central government and local taxation with spending forecasts balanced by savings, income generation and use of smoothing reserves.</p> <p>Generally funding forecasts have been robust (other than in 2016-17 when changes in the distribution of core grants were made with no prior consultation or notification) and tax yields have remained buoyant (other than a dip in 2021-22 due to delays in housebuilding, earnings losses leading to higher council tax reduction discounts and collection losses during Covid-19 lockdowns).</p> <p>Spending forecasts for later years of the plan have tended to be underestimated (albeit compensated through the inclusion of “emerging issues” contingency based on experience and risk assessment).</p> <p>Up until 2017 the three-year MTFP was a separate publication from the annual budget (albeit produced alongside the annual budget). Since 2018 the plan has been produced as a single slimmed down document within a single publication with the annual budget.</p> <p>A one-year plan was published in 2020-21 recognising the one-year settlement and the absence of spending plans following the December 2019 general election. The further one-year settlement for 2021-22 also impacted on the ability to produce a full three-year plan although a number of medium-term scenarios were set out based on the trajectory of the pandemic (similar to the trajectories used by Office for Budget Responsibility).</p> <p>High-level three year plans were produced in 2022-23, 2023-24 and 2024-25 although experience has proved that these have been less robust and susceptible to the un-forecast spending trends experienced in these years. Funding forecasts have continued to be speculative in the absence of multi-year settlements. Council tax base estimates have proved to be extremely reliable although business rates have been more volatile.</p> <p><u>Conclusions</u></p> <p><b>Medium term plans are still considered to be reasonable even if for forecasts for the later years are less reliable, as a broad indicator of direction of travel rather than a detailed plan. Plans should be less speculative if multi-year settlements are re-introduced.</b></p> <p><b>Draft budget proposals need to be made available for scrutiny and savings planning earlier (even if these have to be based on less up to date forecasts). The preplanning of savings needs to recognise lead-in times of 6 to 9 months from initial concept to final approval.</b></p> <p><b>Medium term plans will need to consider alternative potential scenarios for future plans reflecting the volatile and uncertain circumstances.</b></p>
---	--

<p>A lack of firm objectives for savings – greater “still to be found” gaps in savings plans</p> <p>Score 5/10</p> <p>Scope for Improvement – Good</p>	<p>It has been common that in later years of the plan there have been balancing “savings still to be found” and those savings that were identified have often lacked detailed plans, especially in later years and plans were held and maintained locally within directorates and services.</p> <p>Even where plans are detailed there have been evidence that some savings have subsequently not been implemented following further scrutiny. Greater emphasis needs to be placed on identifying consequences, risks, sensitivities, opportunities and actions in the early planning stages before plans are presented for scrutiny.</p> <p><b><u>Conclusions</u></b>  <b>Changes have been introduced to maintain a comprehensive central database of all savings plans over the three years which contain information about impacts, risks, dependencies, sensitivities as well as forecast financials, timescales and staffing. This database is backed up with detailed delivery plans.</b></p>
<p>A growing tendency for directorates to have unplanned overspends and/or carry forward undelivered savings into the following year</p> <p>Score 4/10</p> <p>Scope for Improvement - High</p>	<p><b><u>Evidence</u></b>  The Covid-19 pandemic had a significant impact on budgets in 2020-21 with savings undeliverable in the immediate aftermath albeit offset by significant underspends due to impact of lockdowns.</p> <p>2021-22 budget was delivered although there were early signs of underlying unbudgeted growth trends which were largely disguised by ongoing Covid-19 impacts and availability of additional Covid 19 grants.</p> <p>Significant and material overspends were reported in 2022-23. These had been partly anticipated and mitigated through the creation of a budget risk reserve and strengthening of general reserves in 2021-22, and the transfer of insecure funding into reserves in 2022-23 budget. The enhanced risks following the Russian invasion of Ukraine after 2022-23 budget had been set were reported to Cabinet on 31<sup>st</sup> March together with further strengthening of reserves from final local government finance settlement and final notification of retained share of business rates.</p> <p>The full consequences of global and national circumstances in 2022-23 could never have been fully foreseen when the budget was set, and it was acknowledged that reserves were only adequate and not as generous as other comparable councils. Initially work in 2022-23 focussed on verifying the forecasts rather than immediate remedial action on the basis that these were expected to be short-term temporary consequences.</p> <p>The 2023-24 budget included unprecedented levels of growth including the full year impact of 2022-23 overspends, historically high levels of inflation and other cost driver growth as best could be forecast at the time. This still proved insufficient and further unplanned overspends were reported in 2023-24 due to a combination of unbudgeted growth and under delivery of savings.</p> <p>“Securing Kent’s Future – Budget Recovery Strategy” was agreed in October 2023. This strategy includes immediate actions with the objective of bringing spending into balance in 2023-24 through spending reductions across the whole council for the remainder of the year and actions</p>

expected to have impacts in 2024-25 and over the medium term to reduce the structural deficits in the areas of overspend. The plan recognises it may take time to reduce spending in key areas in adults and children's and thus further savings from contracts coming up for renewal and other areas of activity outside adults and children's in the interim.

SKF and the imposition of spending controls on uncommitted spending resulted in a reduction in the overspend by year end 2023-24 although within this there were still significant overspends in Adult Social Care and Children and Young People due to combination of unbudgeted growth and under delivery of savings.

Early forecasts for 2024-25 identify overspends in Adult Social Care and Growth Environment and Transport Directorates. Again these arise from a combination of unbudgeted growth and increasingly under delivery or rephasing of savings. Some savings included in the budget have subsequently been challenged and not agreed following publication of detailed options (including withdrawing consultation. Budget plans did not include alternative mitigations or any contingency to allow for variations from the original plan.

### **Conclusions**

**Failure to deliver to budgets is becoming a significant concern. Failure to deliver budget has multiple impacts in that it either requires "right-sizing" in future budgets (increasing spending growth), roll forward of savings (increasing the in-year savings requirement in future years to an extent that there may be inadequate capacity) and is a drain on reserves.**

**Table: Usable Revenue Reserves Balances**

	<b>ACTUALS</b>								
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
General	-36,404	-36,671	-36,903	-37,054	-37,183	-37,075	-56,188	-36,918	-43,030
Earmarked*	-163,914	-159,357	-155,319	-180,424	-190,656	-261,165	-259,933	-254,219	-251,339
Covid	0	0	0	0	-37,307	-88,209	-75,122	-47,100	-10,000
Public Health	-1,988	-3,825	-3,634	-6,036	-5,877	-11,126	-16,817	-16,899	-16,984
Safety Valve	0	0	0	0	0	0	0	-36,263	-36,263
<b>Totals</b>	<b>-202,306</b>	<b>-199,852</b>	<b>-195,856</b>	<b>-223,514</b>	<b>-271,023</b>	<b>-397,575</b>	<b>-408,060</b>	<b>-391,398</b>	<b>-357,616</b>



By: Anna Taylor – Scrutiny Research Officer  
 To: Scrutiny Committee – 4 December 2024  
 Subject: Kent Flood Risk Management Committee Annual Report  
 Classification: Unrestricted

---

**Summary:**

To confirm the purpose and scope of Scrutiny Committee consideration of the Kent Flood Risk Management Committee (KFRMC) Annual Report.

The KFRMC operates within Kent County Council's (KCC) overview and scrutiny function, alongside the Scrutiny Committee. The Annual Report is an information item intended to highlight positive work undertaken by the KFRMC.

---

**Introduction**

1. The KFRMC is tasked with reviewing and scrutinising the exercise of flood risk management and coastal erosion functions by risk management authorities in Kent. These authorities include KCC as the lead local flood authority and highway authority; the Environment Agency; district councils; internal drainage boards; and water companies.
2. The Annual Report is presented to the Scrutiny Committee for noting, providing an opportunity for the KFRMC to raise awareness of the scrutiny activity it has undertaken, scrutiny it intends to undertake in the future and to flag up any particular points of concern where required.
3. As the KFRMC performs a scrutiny function on behalf of KCC, the Scrutiny Committee is not being asked to scrutinise their activities or scrutinise flood risk management more generally as part of this item.

**Recommendation:**

To note the Kent Flood Risk Management Committee Annual Report.

**Contact Details**

Anna Taylor  
[anna.taylor@kent.gov.uk](mailto:anna.taylor@kent.gov.uk)  
 03000 416478

This page is intentionally left blank

**From:** Tony Hills, Chairman, Kent Flood Risk and Water Management Committee

**To:** Scrutiny Committee – 4 December 2024

**Subject:** Kent Flood Risk and Water Management Committee Annual Report

**Classification:** Unrestricted

**Summary:** This report provides the Scrutiny Committee with an overview of the work of the Kent Flood Risk Management for the period November 2023 – November 2024.

**Recommendation:** The Committee is asked to note the Kent Flood Risk and Water Management Committee Annual Report.

## **1. Introduction**

1.1 This is the Kent Flood Risk and Water Management Committee's (KFRMC) third Annual Report to the Scrutiny Committee since the May 2021 election. The KFRMC has met on four occasions since the last report brought to Scrutiny Committee on 1 November 2023, with meetings in November 2023, March, July, and November 2024. Future meetings are scheduled for February 2025, April 2025 and July 2025.

1.2 The topics covered during this period were:

- Southern Water – Clean Rivers and Seas Taskforce
- South East Water – Water Resources Management Plan
- Environment Agency – Flood Wardens
- Environment Agency River Basin Management Plans
- Environment Agency and Met Office Alerts and Warnings
- The Wildlife Trusts- Coastal nature-based solutions to flooding
- Southern Gas Network – risk of flooding to gas network
- Met office review
- Water management solutions for Romney Marsh area
- Local Flood Risk Management Strategy
- Kent Flood Resilience

## **2. Committee meeting on 14 November 2023**

### **2.1 Environment Agency River Basin Management Plans**

1. The Environment Agency addressed the Committee. The contents of the presentation included:

- a. Functions of RBMPs, to set the legally binding locally specific environmental objectives that underpin water regulation, including permitting and planning activities;
- b. Investment programmes;
- c. Aims of RBMPs to enhance nature, deliver the environmental objectives that contribute towards net zero, explain what can be funded in line with the government's current policy and funding and business cases for the investment needed;
- d. An overview of the two catchments, South East and Thames, which cover Kent;
- e. Waterbody classifications across Kent, with it noted that none were classified 'Good' due to a one out all out policy;
- f. Catchment based approach and role of Catchment Coordinators;
- g. A summary of fish flow schemes delivered in Kent; and
- h. Partnership project delivery by default approach.

## 2.2 Met Office

The contents of the presentation included:

- a. Review of weather in winter 2022/23, summer 2023 and autumn 2023 to September;
- b. Storm Ciarán, with it noted that the highest wind speed (78mph) had been record in Kent at Langdon Bay and that in excess of 40mm of rainfall had been experienced in many areas;
- c. Storm preparation;
- d. Role of the Met Office in warning, informing and civil contingencies, including the National Severe Weather Warning Service (NSWWS);
- e. Weather warning criteria;
- f. Severe Weather Framework;
- g. Flood Guidance Statement (FGS), as a 5-day outlook at whether any flooding is expected across England and Wales; and
- h. November 2023 to January 2024 3-month outlook

## 3. **Committee meeting on 14 March 2024**

### 3.1 Southern Water Clean Rivers and Seas Taskforce Update

1. Southern Water updated the Committee. The contents of the presentation included:
  - a. The Ofwat Accelerated Infrastructure Delivery Project;
  - b. The Clean Rivers and Seas Taskforce Accelerated Plan, which included £9m of investment in Kent targeting five overflows, delivering 1 treatment works optimised, 2 pumping station optimisations, 8 surface water misconnection redirected, 2,000 household downpipes fitted with slow the flow measures and 10 roadside sustainable drainage schemes installed. It was stated that these measures would lead to a minimum 20% reduction in spills by April 2025;
  - c. Optimisation at the Swalecliffe Treatment Works, which had achieved a 20% reduction in long sea outfall events;
  - d. Centaur Gates and the development of a programme of works to make Whitstable the first Intelligent Catchment, utilising forecast rainfall, real time network information and AI to manage the infrastructure in a different efficient way to reduce CSO usage across the catchment and 37 pumping stations;
  - e. Completed surface water connection works in Whitstable and Deal;
  - f. Planned sustainable drainage system schemes in Whitstable, Deal and Margate;
  - g. Slow the Flow and installation of water butts and planters in Whitstable, with a future focus on targeting large industrial roof spaces;
  - h. Clean Rivers and Seas Regional Plan. It was confirmed that over 1,000 overflows would be investigated in the region between 2025-30 and that the Plan's budget had increased from £750m to £1bn;
  - i. Members were invited to use the interactive Clean Rivers and Seas Regional Plan map, which included details on when works were planned, how much had been invested and their expected impact at [www.southernwater.co.uk/water-for-life/clean-rivers-and-seas-plan/map](http://www.southernwater.co.uk/water-for-life/clean-rivers-and-seas-plan/map); and
  - j. Confirmation that a new Beachbuoy app would be released later in Spring 2024.

### 3.2 Environment Agency – Flood Wardens

The Met Office gave a presentation. The contents of the presentation included:

- a. Methods used for spreading flood awareness, including social media, local activities, direct community messaging, Flood Action Campaign and communication through partners;

- b. Key messages, including checking local flood risk, signing up for warnings and alerts, making a flood plan, preparing your home and helping your community;
- c. An overview of Flood Warden and warning take up across Kent;
- d. The role of Flood Wardens before a flood, in raising awareness, developing resilience and reporting;
- e. Their role during, in helping to coordinate the community flood plan, share information and encourage residents to take action;
- f. Their role after, in assisting with post-flood clear up, sharing messages and collecting post-flood data;
- g. Training and promotion, including the delivery of training online and use of Communities Prepared and locally produced materials, equipment provided to new Wardens and the future evolution of the role;
- h. Community resilience and flood plans and the distribution of the 29 plans in place across Kent;
- i. The Kent Resilience Team's support of the Flood Warden programme, through promotion of flood warden recruitment and training events as well as engagement with KALC, parish councils, town councils and residents' associations;
- j. Kent Prepared's Improving Community Resilience guide for parish and town councils available at: [www.kentprepared.org.uk/improving-community-resilience](http://www.kentprepared.org.uk/improving-community-resilience); and
- k. The Kent Resilience Forum community resilience working group's role in drawing together partners from the emergency services, Environment Agency, local authority emergency planning and community officers, KALC, parish and town councils to investigate collective efforts and further multi-agency approaches to community preparedness.

### 3.3 The Wildlife Trust

The Committee received a presentation. The contents of her presentation included:

- a. An overview of Kent's coastal habitats, including the distribution of sea grass and salt marsh;
- b. An explanation of nature-based solutions, as actions to protect, manage and restore natural or modified ecosystems to address societal challenges effectively and adaptively, with simultaneous benefit to people and the environment;

- c. The goal of nature-based solutions to reduce coastal flood and erosion risks through promoting natural beach, wetland, reef, and dune processes;
- d. Changing coastal erosion as well as tidal and fluvial flood risk in Kent;
- e. Medway Estuary and Swale Flood and Coastal Risk Management Strategy, which sets out the best economic, environmental and technically appropriate approach to managing flood and coastal erosion risk over the next 100 years; and
- f. The financial benefits of coastal wetlands in providing storm protection.

#### **4. Committee meeting on 16 July 2024**

##### **4.1 Southern Water Clean Rivers and Seas Taskforce Update**

The committee received a presentation. The contents of the presentation included:

- a) An overview of Combined Sewer Overflows;
- b) Rivers and Seas Watch;
- c) Optimisation at Whitstable and Deal; surface water connections at Whitstable; Sustainable drainage systems (SuDs) schemes in Whitstable, Deal and Margate; and, planters and water butts.

##### **4.2 Southern Gas Network (SGN) – risk of flooding to gas network**

SGN presented on what happens when water enters the gas network. The contents of her presentation included:

- a) What happens when there is water ingress;
- b) Communication with affected customers and incident support;
- c) How SGN finds and removed water from gas network.

#### **5. Committee meeting on 20 November 2024**

##### **5.1 South East Water – Water Resources Management Plan**

South East Water presented to the committee on their Water Resources Management Plan, outlining:

- a) Key dates leading up to the delivery of the plans from 2025;
- b) How the water management plan has been developed and who has been involved;

- c) The approach to regional water resources planning and how challenges are being addressed;
- d) KCC's role in the plan.

## **6. Future activities**

- 6.1 The Committee will maintain its two-pronged approach, continuing to receive updates on how flood risk management authorities are adapting to climate change, whilst also monitoring the responses to current severe weather events. A continued emphasis will be placed on holding partners to account for their performance and encouraging natural solutions to flood risk management. Progress has been made in engaging with the district and borough councils and the most recent meeting in November 2024 saw 4 guests, cabinet members from district councils joining the meeting and there will be continued efforts to include guests from Kent's district councils.
- 6.2 The Committee's next meeting is scheduled for 5 February 2025, with planned business including:
  - Southern Water – Investment 2025-30 and Kent initiatives
  - Environment Agency – how water quality is managed
  - Affinity Water – Water Resources Management Plan
  - Environment Agency River Basin Management Plans
  - (KCC) Drains Update
  - Role of Internal Drainage Boards (IDBs)
  - Environment Agency and Met Office Alerts and Warnings

## **7. Conclusions**

- 7.1 Kent Flood Risk and Water Management Committee maintains an important overview and scrutiny function in receiving regular reports on the work carried out by flood risk management authorities in Kent as well as climatic projections which inform its future business. There has been an ongoing focus on programming of agenda items providing information and education for Members and guests.
- 7.2 Climate change continues to have the effect of increasing the threat flooding and other severe weather events pose on the county and its communities. The Committee's role is to examine how KCC and its partner flood risk management authorities are working together to reduce the risk and respond to events.

## **8. Recommendation**

<p><b>The Committee is asked to note the Kent Flood Risk and Water Management Committee Annual Report.</b></p>
--



## **9. Background Documents**

None

## **10. Contact Details**

Tony Hills  
Chairman, Kent Flood Risk and Water Management Committee  
[tony.hills@kent.gov.uk](mailto:tony.hills@kent.gov.uk)

Emily Kennedy  
Democratic Services Officer  
03000 419625  
[emily.kennedy@kent.gov.uk](mailto:emily.kennedy@kent.gov.uk)

This page is intentionally left blank

By: Anna Taylor, Scrutiny Research Officer

To: Scrutiny Committee, 4 December 2024

Subject: Work Programme

---

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

---

## 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

Anna Taylor  
 Scrutiny Research Officer  
[anna.taylor@kent.gov.uk](mailto:anna.taylor@kent.gov.uk)  
 03000 416478

This page is intentionally left blank

## Work Programme - Scrutiny Committee December 2024

### Items identified for upcoming meetings

Date requested	Item
November 2023	Framing Kent's Future (deferred from November 2023)
06.12.23	Decision 23/00083 – Supported Accommodation Service 16-19 and transitional arrangements – Possible report back to Scrutiny December 2024.
January 2024	23/00107 Kent SEND Sufficiency Plan 2023 - Chairman request to place this decision on the Scrutiny Committee/SEND Sub-Committee agenda for discussion at an appropriate time. (This went to Cabinet Committee in November 2023 and Cabinet in January 2024)
24.01.24	Request at Scrutiny Committee for: a. a deep dive into the mainstream home to school transport budget; and b. cross examination of the Council's school admissions, home to school transport and public transport policies.
28.02.24	Discussion with ASCH Chairman, Scrutiny Ch & Spokespeople in relation to further scrutiny of ASCH contracts – potentially 6 month on review. Ensure minimal duplication in Committee.
April 2024	European Union Entry Exit System – further monitoring
18.09.24	Asset Management Strategy.

### Work Programme

29 January 2025	
Item	Item background
Draft Budget and MTFP	
Homeless Connect	Requested on 06.06.23 - report back on social and financial impacts of the decision to end funding to Homeless Connect – deferred from July meeting

### Provisional Future Items

Jan 2025 – Highways co-ordination of road closures for works (discussed at ETCC in November) TBC  
 March 2025 – SEND Quarterly Reporting (3<sup>rd</sup> report)  
 June 2025 – Budget monitoring year end  
 June 2025 – Scrutiny Committee meeting as Crime and Disorder Committee  
 November 2025 – Kent Flood Risk Management Committee Annual Report  
 November – Draft Budget

This page is intentionally left blank