Summons to and Agenda for the Budget County Council

Meeting on

Thursday, 13th February, 2025

at **9.30 am**

DEMOCRATIC SERVICES
SESSIONS HOUSE
MAIDSTONE

Wednesday, 5 February 2025

To: All Members of the County Council

A meeting of the County Council will be held in the Council Chamber, County Hall, Maidstone, Kent, ME14 1XQ on Thursday, 13th February, 2025 at **9.30 am** to deal with the following business. **The meeting is scheduled to end by 5.00 pm.**

A G E N D A

1.	Apologies for Absence	
2.	Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda	
3.	Minutes of the meetings held on 19 December 2024 and 9 January 2025 and, if in order, to be approved as a correct record	**(Pages 1 - 26)**
4.	Chairman's Announcements	
5.	Section 25 Report	**(Pages 27 - 36)**
6.	Capital Programme 2025-35 and Revenue Budget 2025-26 (including Council Tax Setting 2025/26)	**(Pages 37 - 250)**

Benjamin Watts
General Counsel
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KENT COUNTY COUNCIL

COUNTY COUNCIL

MINUTES of a meeting of the County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 19 December 2024.

PRESENT: Mr B J Sweetland (Chairman), Mr A M Ridgers (Vice-Chairman), Mr N Baker, Mr P V Barrington-King, Mr P Bartlett, Mr D Beaney, Mrs C Bell, Mrs R Binks, Mr T Bond, Mr A Booth, Mr A Brady, Mr D L Brazier, Mr C Broadley, Mr S R Campkin, Mr T Cannon, Miss S J Carey, Mrs S Chandler, Mrs P T Cole, Mr P Cole, Mr N J Collor, Mr M C Dance, Ms M Dawkins, Mrs T Dean, MBE, Mr M Dendor, Mrs L Game, Mr R W Gough, Ms K Grehan, Ms S Hamilton, Ms J Hawkins, Mr P M Hill, OBE, Mr A R Hills, Mrs S V Hohler, Mr S Holden, Mr M A J Hood, Mr A J Hook, Mrs S Hudson, Mr D Jeffrey, Mr A Kennedy, Mr J A Kite, MBE, Rich Lehmann, Mr R C Love, OBE, Mr T Mallon, Mr R A Marsh, Mrs M McArthur, Mr J P McInroy, Ms J Meade, Mr J Meade, Mr D Murphy, Mr P J Oakford, Ms L Parfitt, Mr C Passmore, Mrs S Prendergast, Mr H Rayner, Mr O Richardson, Mr D Robey, Mr A Sandhu, MBE, Mr T L Shonk, Mr M J Sole, Mr P Stepto, Mr R G Streatfeild, MBE, Dr L Sullivan, Mr R J Thomas, Mr D Watkins, Mr M Whiting, Mr J Wright and Ms L Wright

IN ATTENDANCE: Mr J Cook (Democratic Services Manager) and Mr B Watts (General Counsel)

UNRESTRICTED ITEMS

270. Apologies for Absence
(Item 1)

The Democratic Services Manager reported apologies from Mr Baldock, Mrs Bruneau, Sir Paul Carter, Mr Chard, Mr Chittenden, Ms Constantine, Mr Crow-Brown, Mr Manion, Mr Ross, Mr Simkins and Mr Webb.

The Chairman reported apologies from Mr Cooke.

271. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda
(Item 2)

1) Mrs Chandler and Mr Rayner declared a pecuniary interest in item 12 – *Motion for Time Limited Debate 3 - 'Family Farm Tax'* – and would not participate in the debate or vote.

2) Mr Lehmann declared an interest in item 6 - *Questions* - that he was a Member of Swale Borough Council.

3) Mr Streatfield declared an interest in item 6 - *Questions* - that he was a trustee of an independent special school in Sevenoaks.

4) Mr Jeffrey declared an interest in item 12 – *Motion for Time Limited Debate 2 – Electoral Reform in Kent* – that he was a retired member of the Association of Electoral Administrators.

272. Minutes of the meeting held on 7 November 2024, if in order, to be approved as a correct record
(Item 3)

Mr Stepto referred to the 7 November meeting and the debate that took place under Item 12 - *Motion for Time Limited Debate 4 – Climate and Nature Bill*. Mr Oakford clarified that there was an agreement that the Pension Fund would not invest in Kent however a formal policy was not in place.

RESOLVED that the minutes of the Council meeting held on 7 November 2024 be approved as a correct record.

273. Corporate Parenting Panel - Minutes for noting
(Item 4)

RESOLVED that the minutes of the Corporate Parenting Panel on 30 July 2024 be noted.

274. Chairman's Announcements
(Item 5)

1) With great sadness the Chairman informed Members of the death of Mr Richard Parry, former Conservative Member for Sevenoaks West from 2005 to 2017. During his time at KCC, Mr Parry served as Chairman of Scrutiny Committee from 2013 to 2017 and Vice Chairman of Governance and Audit Committee from 2012 to 2017. Mr Parry also served on Policy & Resources Committee, Superannuation Fund Committee, Governor Appointments Panel, Planning Applications Committee and Kent & Medway Fire & Rescue Authority.

2) The Chairman invited Members to speak and tributes were made by Mr Gough, Mr Rayner, Mr Holden, Mr Brady, Mr Streatfeild, and Mr Lehmann.

3) Mr Sweetland proposed, and Mr Ridgers seconded, that the Council formally record the sense of loss it feels on the sad passing of Mr Parry and extends to his family and friends its heartfelt sympathy to them in their sad bereavement.

Agreed unanimously.

4) The Chairman held a one-minute silence in memory of Mr Richard Parry.

5) The Chairman extended his warmest congratulations to Michelle Bramble, who recently won a Local Government Chronicle (LGC) Workforce Award for the category Equality, Diversity and Inclusion Champion.

6) The Chairman also congratulated Talha Ghaffar who was shortlisted for the Graduate of the Year category in the same LGC Workforce Awards.

7) The Chairman congratulated the Internal Audit and Counter Fraud team, who were the winners of the Excellence in Public Sector Audit award at this year's Public Finance Awards.

8) The Chairman said that the Council had received a royal award for its work in boosting road safety awareness with young drivers and passengers and congratulated the Kent Safer Road Users Team who had been recognised with the 2024 Prince Michael International Road Safety Award.

9) The Remembrance Festival held in November raised £5,000 for the Royal British Legion and the Army Benevolent Fund. The Chairman thanked all those who helped support the event.

10) The Chairman thanked all staff and Members who had supported this year's Corporate Parenting Christmas campaign. The Chairman highlighted the importance of the work done to raise awareness of Corporate Parenting across the Council.

275. Questions
(Item 6)

In accordance with Sections 14.15 to 14.22 of the Constitution,11 questions were submitted by the deadline and 10 questions were put to the Executive as a questioner had given apologies. 10 questions were asked and replies given. A record of all questions put and answers given at the meeting is available online with the papers for this meeting.

276. Report by Leader of the Council
(Item 7)

1) Mr Gough spoke about the recent publication of the English Devolution White Paper which set out government's plans for devolution in the form of Mayoral Strategic Authorities. He explained that whilst much of the devolution offer would build on existing proposals in areas such as economic development, skills, and infrastructure; strategic planning and public service reform were also central to it. Devolution would offer an opportunity for Kent to regain strategic powers and capacity that had been lost as a result of national policy choices and the clear geographic boundaries of Kent and Medway, which were shared with major public

services, would put the county in a strong position to bring public services closer together and deliver better services and value.

2) Mr Gough said the Kent and Medway approach to devolution had been developed, along with the 12 districts, through partnerships across a number of key areas, such as the Kent and Medway Economic Partnership, the Employment Task Force, Pathways for All in post-16 education and skills, and the Integrated Care Strategy. All of which provided a firm foundation for the future.

3) The Leader explained that the government would set out early in 2025 which areas would belong to the Devolution Priority Programme and he believed that whilst ensuring the right decision was made, it was in the Council's interests to move sooner rather than later. He highlighted that all 14 local authorities in Kent would be affected and emphasised that this was potentially the most transformational issue facing the Council in many years.

4) Mr Gough referred to the government's revised National Planning Policy Framework which was published on 12 December and followed a consultation on the role of planning committees.

5) Regarding the Local Government Financial Settlement, Mr Gough noted that whilst improvements in the position for the Council could be seen, pressures remained. He welcomed an increase to the Social Care Grant and the Children's Social Care Prevention Grant, however, he commented that the Recovery Grant was not targeted on areas of greatest spending pressures and this raised questions as to the longer term government approach to funding allocation and the consequences of this for the Council.

6) Mr Gough expressed concern at government decisions that would impact the Council's providers such as in relation to the national living wage, the national minimum wage, and employers' national insurance contributions; and about which he and the Cabinet Member would liaise with providers and government ministers.

7) Mr Gough referred to the Household Support Fund and in particular the Just Missing Out payment, which went alongside the Council's initiative to boost the take-up of pension credit.

8) The Kent and Medway Resilience Forum's implementation of Operation Brock from 15 – 22 December would cover the projected peak tourist traveller period for Eurotunnel and the Port of Dover. Mr Gough said Operation Brock, under current circumstances, remained the only available option and the Council continued to work with National Highways, the Kent and Medway Resilience Forum and the Department for Transport for a permanent solution.

9) Regarding the Entry/Exit System (EES) Mr Gough expressed his preference for the European Commission's proposed phased approach over a six

month period and highlighted that work would continue with partners to prepare contingency plans.

10) Finally, on 14 November Mr Gough welcomed, along with Mrs Chandler and Mr Brady, Dame Angela Eagle, Minister of State at the Home Office, and Janet Davey, Minister for Children and Families at the Department of Education, to see first-hand two of the Council's reception centres. He said this was an opportunity to emphasise the need for the National Transfer Scheme to work effectively and efficiently and explained that so far this year there had been 2,666 arrivals of young people, and 2,310 transfers through the National Transfer Scheme. This reflected the approach the Council had taken to take the pressure off the county, but more remained to be done and the case for which was made to Ministers.

11) The Leader of the Labour Group, Mr Brady, spoke about devolution and said he understood there had been meetings between the Kent leaders but as yet Kent residents had not been consulted. Mr Brady stressed the importance of working with Kent residents and asked for clarification regarding the deadline for initial proposals whilst questioning what the Administration would decide in relation to the Devolution Priority Programme and whether the elections in May would be cancelled.

12) Mr Brady turned to the Local Government Finance Settlement which he said was better than expected with the Labour government estimating an additional £20.1million for adults and an additional £6.2 million for children, which was more than was allocated last year. He said although adult social care needed more funding, it was a step in the right direction. Mr Brady asked the Leader how he proposed to provide more money for local services and whether this would come from unfunded tax cuts and unfunded spending pledges, or by introducing a wealth tax. Mr Brady commented that national insurance increases for the Council's staff would be funded by government and questioned whether it was right that commissioned services should be moved in-house.

13) Mr Brady hoped sufficient communication was in place regarding pension credit applications, and encouraged Kent residents, who were eligible, to apply before it closed on 21 December. He welcomed the joined-up approach from government regarding unaccompanied asylum-seeking children (UASC).

14) Mr Lehmann, the Leader of the Green and Independents Group, welcomed Mr Mallon to the Council and Mr Lewis to the Green and Independents Group. He commented on the recent government announcement regarding local government reorganisation and how quickly developments had progressed in recent weeks. He referred to Labour's election manifesto which he said did not include reference to unitarisation and a government letter sent to council leaders in July about devolution which stated that government would not force areas to take on a mayor. Mr Lehmann commented that the government's budget Red Book published in October stated that the English Devolution White Paper would set out more detail on

the government's devolution plans including simpler structures but Mr Lehmann questioned whether this was appropriate for a county as large and diverse as Kent.

15) Mr Lehmann spoke about the cost of replacing a county council with three unitary authorities and suggested, instead, that the government acknowledge that the Council was an outlier, fund it properly, and work with it to come up with a solution which would allow the districts to remain in place under a county-wide strategic authority or assembly.

16) Mr Lehmann said the decision to delay elections if devolution was progressed quickly would come from the Leader and he feared this may indicate how much power would be concentrated in the hands of directly elected mayors. Mr Lehmann said this decision would diminish the democratic power of Kent's residents and he questioned where the transparency and accountability was in making it. Mr Lehmann asked whether the Leader would feel able to share with the Council whether or not he is planning to request the suspension of next May's elections.

17) Mr Hook, Leader of the Liberal Democrat Group, also welcomed Mr Mallon to the Council and wished Members a restful and Merry Christmas.

18) Turning to the White Paper, he said his group considered there were serious defects with the proposals and content of the paper and said it was not necessary to create a new authority or a mayor to regain strategic powers. He commented that the word ‘democracy’ or ‘democratic’ did not appear once in the White Paper, the word ‘people’ only appeared a few items and there was no reference to citizens leading the process. He stressed that the process should involve all who wanted a say in designing local government, including parishes, small businesses, charities, trade unions, universities, and private citizens.

19) Mr Hook referred to Scottish devolution which brought together all of civil society in Scotland to discuss and design what devolution should look like. He suggested that a conference on the future of democracy in Kent was needed to bring together all of Kent's civil society to listen to each other and share ideas. He commented that the White Paper offered no new powers for councils, only to strategic authorities, and that ought not to be acceptable. Mr Hook reminded Members of his view that it was much better to elect a team rather than one individual.

20) Mr Hook said a mayor would not belong to the people but would follow the government’s agenda, would be in power for four years and impossible to remove if things started to go wrong. He commented on the lack of diversity currently amongst mayors across the county and the budget a candidate would need to run a competitive campaign. He said it was an idea which was elitist and oligarchic.

21) The Leader responded to some of the points made by the Group Leaders. He said it was clear what the direction of travel from government was and

the question was how the Council would achieve the best outcome for Kent residents. Mr Gough referred to some mayoral authorities within the country and said on the whole the experience of mayors had been a positive one. He said it was important that the local government element of a mayoral strategic authority was a partner with the mayor within it, and its role was strategic.

22) Mr Gough said there were decisions to be made quickly in January on the Devolution Priority Programme and he stressed the importance of the Council engaging with this sooner rather than later. He highlighted that it was a case of pulling down strategic powers from national government and there were a number of elements of a Mayoral Strategic Authority that would make a huge difference including being eligible for single block transfers of funds and the opportunity to bring together public services within the geography of Kent and Medway.

23) Mr Gough welcomed that, as in previous years, the finance settlement had been better than expected but noted that it would not solve all of the Council's problems.

24) Finally, the Leader welcomed Mr Mallon to the Council, wished staff and Members a very happy Christmas, and thanked staff for the work they did in delivering to Kent residents.

25) RESOLVED that the Leader's report be noted.

277. Corporate Parenting Panel - Annual Report
(Item 8)

1) Caroline Smith, Assistant Director for Corporate Parenting and apprentices from Virtual School Kent, Nathan Moody, Jack Phelps, Kiron Bullen and Connor Cruickshank introduced the item.

2) Mrs Chandler proposed, and Mrs Prendergast seconded the motion that

"The County Council notes the report and associated Member responsibilities as corporate parents"

3) Following the debate, the Chairman put the motion set out in paragraph 2.

4) RESOLVED that the County Council notes the report and associated Member responsibilities as corporate parents.

278. Local Transport Plan
(Item 9)

1) Mr Baker proposed, and Mr Robey seconded the motion that

“County Council is asked to approve and adopt Local Transport Plan 5: Striking the Balance.

2) Following the debate, the Chairman put the motion set out in paragraph 1 to the vote and the voting was as follows.

For (51)

Mr Baker, Mr Barrington-King, Mr Brady, Mr Bartlett, Mr Beaney, Mrs Bell, Mrs Binks, Mr Booth, Mr Bond, Mr Brazier, Mr Broadley, Mr Campkin, Mr Cannon, Miss Carey, Mrs Chandler, Mr Cole, Mrs Cole, Mr Collor, Mr Dance, Ms Dawkins, Mr Dendor, Mrs Game, Mr Gough, Ms Grehan, Ms Hamilton, Mr Hill, Mr Hills, Mrs Hohler, Mr Holden, Mr Hood, Mr Jeffrey, Mr Kite, Mr Lehmann, Mr Love, Mr Mallon, Mr Marsh, Mrs McArthur, Mr McInroy, Ms Meade, Mr Meade, Mr Murphy, Mr Oakford, Ms Parfitt, Mr Richardson, Mr Ridgers, Mr Robey, Mr Sandhu, Mr Thomas, Mr Watkins, Mr Whiting, Mr Wright

Against (6)

Mrs Dean, Mr Hook, Mr Passmore, Mr Shonk, Mr Sole, Mr Streatfeild

Abstain (2)

Mr Stepto, Ms Wright

Motion carried.

3) RESOLVED that the County Council approves and adopts Local Transport Plan 5: Striking the Balance.

279. Governance Working Party Update
(Item 10)

This item was deferred to the next appropriate meeting of Full Council.

280. Proportionality Update
(Item 11)

This item was deferred to the next appropriate meeting of Full Council.

281. Motions for Time Limited Debate
(Item 12)

Motion for Time Limited Debate 1 – Integrated Care Strategy

1) Mr Brady proposed, and Ms Meade seconded the motion that

"This County Council resolves to:

- Agree that all decisions, where relevant, must align with the Integrated Care Strategy objectives and request that decision making documentation demonstrates this.
- Request that decision-making documentation, where relevant, will evidence how a decision is working towards achieving the Integrated Care Strategy's progress indicators.
- Request that if a decision is made which does none of the above, then a reason for this must be cited within the decision-making documentation."

2) Following the debate, the Chairman put the motion set out in paragraph 1 to the vote and the voting was as follows.

For (15)

Mr Brady, Mr Campkin, Ms Dawkins, Mrs Dean, Ms Grehan, Ms Hawkins, Mr Hood, Mr Hook, Mr Lehmann, Ms Meade, Mr Passmore, Mr Sole, Mr Stepto, Mr Streatfeild, Ms Wright

Against (35)

Mr Baker, Mr Beaney, Mrs Bell, Mrs Binks, Mr Booth, Mr Bond, Mr Brazier, Miss Carey, Mr Cannon, Mrs Chandler, Mr Cole, Mrs Cole, Mr Dance, Mr Dendor, Mrs Game, Mr Gough, Mr Hill, Mr Hills, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr Marsh, Mr McInroy, Mr Meade, Mr Murphy, Mr Oakford, Ms Parfitt, Mr Richardson, Mr Ridgers, Mr Robey, Mr Sandhu, Mr Shonk, Mr Thomas, Mr Watkins

Abstain (1)

Mr Mallon

Motion lost.

Motion for Time Limited Debate 2 – Electoral Reform in Kent

3) Mr Streatfeild proposed, and Mr Hook seconded the motion that

"This Council notes:

a. Public trust in the UK Government and local government has sunk to its lowest-ever recorded level. In 2023, the Office for National Statistics published data from a survey of UK adults with 34% saying they trusted local government, and 27% the UK Government.
b. The 2024 UK General Election was the most disproportionate ever, with the new Government winning 411 of the 650 available seats in the House of Commons, whilst only receiving 33.7% of the total number of votes.

c. A majority of votes cast in the 2024 General Election were for candidates who were not elected – at 58%, the highest in seventy years.
d. Turnout at the 2024 General Election in the South East was 64%, the lowest since 2001.
e. Many Kent citizens have not registered to vote.
f. In the previous Parliament, the former Conservative Government weakened the independence of the Electoral Commission, removed the right of people to express a 2nd preference for the vote systems for mayoral elections in England, and introduced the Voter ID scheme.
g. The work of organisations like Make Votes Matter, Unlock Democracy and the Electoral Reform Society, amongst others, in building the case for electoral reform.
h. The new Government has not committed to reform of the voting system.
i. Other parts of the UK, use the Single Transferable Vote (STV) system, and have done so for many years. In Northern Ireland, STV has been used in local elections since 1973, and in Scotland STV has been used for council elections since 2007.

This Council believes that:

a. The current electoral system used in English local elections, referred to as ‘first past the post’ underpins the adversarial and divisive nature of Kent politics, and feeds public disillusion.
b. Kent’s electoral system leaves thousands of people feeling that their votes are irrelevant and their views unrepresented.
c. It is undemocratic that, under the electoral system in Kent, not all votes count the same, which leaves thousands of people feeling disempowered and without a proper say in how the county is run.
d. Improving our democracy is an important end in itself, but also a necessary step to building a better county with good schools and hospitals, affordable housing and safe communities.

This Council resolves to:

Request that the Leader writes to the Prime Minister, and the Secretary of State for Housing, Communities and Local Government, requesting the following:

1. Replace the ‘first past the post’ system for Kent County Council elections, with proportional representation by the Single Transferable Vote (STV) system.
2. Implement a system for elections for single positions such as directly elected mayors that enables voters to express an order of preference and require a winning candidate to achieve more than 50% of the vote after lower placed candidates are eliminated.
3. The UK adopts an automatic system of inclusion on the electoral register.
4. Scrap the Voter ID requirement.

5. Lower the age of universal suffrage to 16.
6. Extend the right to full participation in civic life, including the ability to stand for office or vote in UK referendums, local elections and general elections, to all EU citizens with settled status, and to anyone else who has lived in the UK for at least five years and has the right to stay permanently.
7. Extend political education in Kent secondary schools, to prepare future citizens to participate in public life.

4) Following the debate the Chairman put the motion set out in paragraph 3 to the vote and the voting was as follows:

For (14)

Mr Brady, Mr Campkin, Ms Dawkins, Mrs Dean, Ms Grehan, Ms Hawkins, Mr Hood, Mr Hook, Mr Lehmann, Ms Meade, Mr Passmore, Mr Sole, Mr Stepto, Mr Streatfeild

Against (37)

Mr Baker, Mr Beaney, Mrs Bell, Mrs Binks, Mr Booth, Mr Bond, Mr Brazier, Miss Carey, Mr Cannon, Mrs Chandler, Mr Cole, Mrs Cole, Mr Dance, Mr Dendor, Mrs Game, Mr Gough, Mr Hill, Mr Hills, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr Mallon, Mr McInroy, Mr Meade, Mr Murphy, Mr Oakford, Ms Parfitt, Mr Rayner, Mr Richardson, Mr Ridgers, Mr Robey, Mr Sandhu, Mr Shonk, Mr Thomas, Mr Watkins, Ms Wright

Abstain (0)

Motion lost.

Motion for Time Limited Debate 3 – ‘Family Farm Tax’

5) Mr Meade proposed, and Mr Cannon seconded the motion that

“The County Council resolves;

1. To declare our complete solidarity with the farmers of Kent in opposing the Government’s decision to change the long-established Inheritance Tax Relief for Agricultural Land as announced in the Government’s October Budget.
2. To recognise the monumental importance of farming to the local economy of Kent, which contributes in excess of £405m annually to our local economy and supports over 13,250 jobs across the County.
3. To commend the hard work and resilience of Kent’s farmers and to acknowledge the important contribution that Kent farms make to the overall food security of the United Kingdom.
4. To request that the Leader of the Council writes to the Chancellor of the Exchequer and the Secretary of State for the Environment, Food and Rural Affairs to outline the Council’s dismay at this decision, and further to call on the Government to reverse this decision, noting the

detrimental impact that the Family Farm Tax will have on Kent's farmers and our local economy.

5. To request that the Executive calls upon all Kent MPs to protect the Kentish rural way of life by supporting their farming constituents, and more widely the residents and businesses of Kent, by proactively opposing the Government's decision to tax family farms in this way.
6. To request that the Cabinet Member for Economic Development engages with Kent's farmers and community representatives to better understand the difficulties faced by the farming sector at this time and to explore what further written support the County Council can provide to assist their campaigns."

6) Following points raised during the debate in relation to paragraphs 4 and 5 of the motion, the General Counsel advised that the drafting of the letter to government could incorporate the points raised and be agreed by the Leader outside of the meeting.

7) Following the debate, the Chairman put the motion set out in paragraph 5 to the vote and the voting was as follows.

For (35)

Mr Baker, Mrs Bell, Mrs Binks, Mr Booth, Mr Bond, Miss Carey, Mr Cannon, Mr Cole, Mr Dance, Mrs Dean, Mr Dendor, Mrs Game, Mr Gough, Mr Hill, Mr Hills, Mr Hook, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr Mallon, Mr McInroy, Mr Meade, Mr Murphy, Mr Oakford, Ms Parfitt, Mr Passmore, Mr Robey, Mr Sandhu, Mr Sole, Mr Shonk, Mr Streatfeild, Mr Thomas, Mr Watkins, Ms Wright

Against (0)

Abstain (9)

Mr Brady, Mr Campkin, Ms Dawkins, Ms Grehan, Ms Hawkins, Mr Hood, Mr Lehmann, Ms Meade, Mr Stepto

Motion carried.

8) RESOLVED that the County Council resolves:

1. To declare our complete solidarity with the farmers of Kent in opposing the Government's decision to change the long-established Inheritance Tax Relief for Agricultural Land as announced in the Government's October Budget.
2. To recognise the monumental importance of farming to the local economy of Kent, which contributes in excess of £405m annually to our local economy and supports over 13,250 jobs across the County.
3. To commend the hard work and resilience of Kent's farmers and to acknowledge the important contribution that Kent farms make to the overall food security of the United Kingdom.

4. To request that the Leader of the Council writes to the Chancellor of the Exchequer and the Secretary of State for the Environment, Food and Rural Affairs to outline the Council's dismay at this decision, and further to call on the Government to reverse this decision, noting the detrimental impact that the Family Farm Tax will have on Kent's farmers and our local economy.
5. To request that the Executive calls upon all Kent MPs to protect the Kentish rural way of life by supporting their farming constituents, and more widely the residents and businesses of Kent, by proactively opposing the Government's decision to tax family farms in this way.
6. To request that the Cabinet Member for Economic Development engages with Kent's farmers and community representatives to better understand the difficulties faced by the farming sector at this time and to explore what further written support the County Council can provide to assist their campaigns.

9) The Chairman proposed that Council resolve to extend the meeting beyond 4.30pm and it was agreed unanimously.

<u>Motion for Time Limited Debate 4 – Climate and Nature Bill</u>

10) Jenni Hawkins proposed, and Mr Stepto seconded the motion that

"County Council notes that:

The Climate and Nature Bill (formerly, the Climate and Ecology Bill) has been introduced in the UK Parliament on four occasions since 2020, including most recently in the House of Commons on 16 October 2024 by Dr Roz Savage MP. Its second reading will take place on 24 January 2025, and it is now progressing through the UK Parliament with cross-party support. The Bill is backed by [250] cross-party MPs and Peers; [372] local authorities and the London Assembly; [1,240] scientists, such as Prof Sir Partha Dasgupta and Prof Sir David King; NGOs, like The Wildlife Trusts, Doctors' Association UK, Friends of the Earth, The W.I., The Climate Coalition and CPRE; businesses, including The Co-operative Bank, Arup, JLL, SUEZ UK and Ecotricity; and 53,000 members of the public. The Bill would require the UK Government to develop and deliver an integrated climate and nature strategy, as part of:

1. Tackling the intertwined crises in climate and nature in a joined-up way;
2. Reducing emissions fairly and rapidly for the highest chance of meeting the UK's obligation to limiting global warming to 1.5°C;
3. Halting and reversing the decline in biodiversity by setting nature measurably on the path to recovery by 2030;
4. Taking responsibility for the UK's overseas emissions and ecological footprints;

5. Prioritising nature in decision-making, and ending fossil fuel imports and production as rapidly as possible;
6. Ensuring that no-one and no community is left behind in the just transition by providing retraining for those currently working in fossil fuel industries; and
7. Involving citizens in finding a fair way forward via an independent, representative and temporary 'Climate and Nature Assembly', in order to bring public opinion along with the pace of change required.

This Council resolves to request that the Cabinet Member for Environment:

1. Ensures that its policies align with the relevant sections of the Climate and Nature Bill;
2. Inform local residents, and local press/media, of our motion;
3. Write to all elected MPs in Kent to inform them that our motion has been passed, urging them to sign up to support the Bill, and requesting that they vote for the Bill at its second reading on 24 January 2025.
4. Write to Zero Hour, the organisers of the cross-party campaign for the Bill, expressing our official support (councils@zerohour.uk)."

11) Following the debate, the Chairman put the motion set out in paragraph 10 to the vote and the voting was as follows.

For (15)

Mr Booth, Mr Brady, Mr Campkin, Ms Dawkins, Mrs Dean, Ms Grehan, Ms Hawkins, Mr Hood, Mr Hook, Mr Lehmann, Ms Meade, Mr Passmore, Mr Sole, Mr Stepto, Mr Streatfeild

Against (23)

Mr Baker, Mrs Bell, Mr Bond, Mr Cannon, Mrs Chandler, Mr Cole, Mr Dance, Mr Dendor, Mr Gough, Mr Hills, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr McInroy, Mr Meade, Mr Murphy, Mr Oakford, Mr Rayner, Mr Robey, Mr Sandhu, Mr Shonk, Mr Thomas

Abstain (0)

Motion lost.

282. Remote meetings and proxy voting consultation
(Item 13)

This item was taken after item 9.

1) Mr Jeffrey proposed, and Mr Kite seconded the motion that

"County Council is asked to:

a) Note the report;
b) Comment on the key points for a response to the government consultation;
c) Delegate to the Monitoring Officer the submission of the response to the Consultation in consultation with the Leader of the Council."

2) Following the debate, the Chairman put the motion set out in paragraph 1.

3) RESOLVED that the County Council:

a) Notes the report;
b) Comments on the key points for a response to the government consultation;
c) Delegates to the Monitoring Officer the submission of the response to the Consultation in consultation with the Leader of the Council.

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COUNTY COUNCIL

MINUTES of a meeting of the County Council held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 9 January 2025.

PRESENT: Mr N Baker, Mr M Baldock, Mr P V Barrington-King, Mr P Bartlett, Mrs C Bell, Mrs R Binks, Mr T Bond, Mr A Booth, Mr A Brady, Mr D L Brazier, Mr C Broadley, Mrs B Bruneau, Mr T Cannon, Sir Paul Carter, CBE, Mrs S Chandler, Mr N J D Chard, Mr I S Chittenden, Mrs P T Cole, Mr P Cole, Ms K Constantine, Mr G Cooke, Mr D Crow-Brown, Mr M C Dance, Mrs T Dean, MBE, Mr M Dendor, Mr R W Gough, Ms S Hamilton, Ms J Hawkins, Mr P M Hill, OBE, Mr A R Hills, Mrs S V Hohler, Mr S Holden, Mr M A J Hood, Mr A J Hook, Mrs S Hudson, Mr D Jeffrey, Mr J A Kite, MBE, Rich Lehmann, Mr B H Lewis, Mr R C Love, OBE, Mr T Mallon, Mr S C Manion, Mr R A Marsh, Mrs M McArthur, Mr J P McInroy, Ms J Meade, Mr D Murphy, Mr P J Oakford, Mr J M Ozog, Ms L Parfitt, Mr C Passmore, Mr H Rayner, Mr O Richardson, Mr D Robey, Mr A Sandhu, MBE, Mr T L Shonk, Mr C Simkins, Mr M J Sole, Mr P Stepto, Mr R G Streatfeild, MBE, Dr L Sullivan, Mr R J Thomas, Mr D Watkins, Mr S Webb, Mr M Whiting, Mr J Wright and Ms L Wright

IN ATTENDANCE: Mr J Cook (Democratic Services Manager) and Mr B Watts (General Counsel)

UNRESTRICTED ITEMS

Election of Chair

1. Mr Gough proposed, and Mr Brady seconded that Mr G Cooke be elected to Chair the meeting. No other nominations were received.

Agreed unanimously.

2. RESOLVED that Mr Cooke be elected to Chair the meeting.

283. Apologies for Absence
(Item 1)

The Democratic Services Manager reported apologies from Mr Beaney, Mr Campkin, Miss Carey, Mr Collor, Mr Cooper, Ms Dawkins, Mrs Game, Mr Kennedy, Mr Meade, Mrs Prendergast, Mr Ridgers, Mr Sweetland and Mr Wright.

Ms Grehan had given her formal apologies but was attending the meeting virtually.

284. Declarations of Disclosable Pecuniary Interests or Other Significant Interests in items on the agenda

(Item 2)

Members who were district or borough councillors declared an interest.

285. English Devolution White Paper
(Item 3)

1) The Leader introduced the item which he said was the most momentous decision for the Council in many years. He acknowledged the importance of it being considered at Full Council and referred to a strong partnership with Medway Council and an inclusive approach to working with district and borough councils across Kent.

2) Mr Gough said he believed that the Council, along with Medway Council, should apply to join the Devolution Priority Programme (DPP) and create a Mayoral Combined Authority. He stressed the importance of seizing the opportunities that devolution would bring to the county and Kent residents. He referred to the Local Government Association Conference where Mr Jim McMahon MP made it clear that this was a structured policy for England as a whole; as a result the remaining two-tier areas were expected to submit initial unitary proposals by March 2025. He said change was coming and the sooner the Council engaged with it, the sooner it could shape it and provide clarity to residents, staff and organisations. Mr Gough explained that over the last decade mayoral authorities had become part of the national landscape, particularly in the north, with local authorities across the south now applying to join the DPP.

3) The Leader noted the potential implications of being accepted on the programme for the Council elections due in May 2025. He explained that the decision to postpone the elections would be made by central government following a request from councils. He recognised and shared the unease felt by Members but said there were many precedents for postponed elections during profound structural change and commented that it was hard to see how a government-led consultation so close to the pre-election period could be carried out successfully. Mr Gough stated his intention, if the Council applied to join the DPP, to submit a request to government to postpone the elections.

4) Mr Gough stressed the importance of establishing the right relationship between a strong mayor and strong unitary authorities and noted the risks and challenges in relation to reorganisation. He said the present situation of the Council was financially unsustainable due to national policy decisions and the Council did not have the funding or the capacity to be the strategic authority that Kent needed. The Leader said that a mayoral strategic authority, on the building blocks of an elected mayor and strong unitary authorities, could deliver a strategic role in transport, planning, economic development and public service reform. He said Kent and Medway were perfectly placed to maximise the benefits of public service reform by joining

up services and building a partnership involving greater democratic input with the NHS. He said devolution would bring dedicated investment funds and a decisive move away from competitive funding pots. Central government and mayoral authorities would shape the future development of devolution and the Leader expressed his wish that Kent, through a mayoral strategic authority, be part of that debate through membership of the Mayoral Council and the Council of the Nations and Regions. The Leader reiterated the fundamental decision that was before the Council and asked Members to recognise that the Council could not go on as it was and to seize the opportunity to shape the future of something different and better.

5) Mr Gough proposed, and Mr Oakford seconded the motion that

"County Council is asked to:

(1) **Endorse** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond the English Devolution White Paper
(2) **Endorse** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme
(3) **Note** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028
(4) **Note** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision"

6) The Leader of the Labour Group, Mr Brady, commented on the growth of the UK economy over the last 14 years, stagnating living standards for working people and the decline of local councils. He noted that something new was required and referred positively to a focus within the English Devolution White Paper on growth, joined up delivery of public services, service delivery costs, and value for money for residents.

7) Mr Brady spoke about the proposals in the White Paper and how unitary councils could deliver better outcomes for residents. He mentioned skills and employment support, local decision making on transport and clean energy, a leading role in local nature recovery strategies, and a focus on the visitor economy and supporting businesses. He said there was a focus in the White Paper to strengthen communities with greater rights to be involved in local issues, as well as a new right to buy valued community assets. He stressed the need to reform public services with a focus on prevention and programs built more closely around people and the places they live. Although Mr Brady felt there was agreement for these provisions, he believed that local government reform should take precedence. He stressed the importance for residents to know how services and improvements would be delivered and commented that getting it right was a priority over how quickly it could be achieved.

8) Mr Brady said it was clear in the White Paper that the Government wanted to work with local authorities and that the decision to postpone an election should come from the Council before it would be considered by government. He stressed the importance of clarity for residents over a decision to postpone the elections and said his group was interested to hear the views, arguments and recommendations from Members during the debate that would follow.

9) The Leader of the Green & Independents Group, Mr Lehmann, referred to the government letter sent to council leaders in July 2024 asking for expressions of interest in devolution which stated that they would not force areas to take on a mayor. He questioned the keenness of the leaders of the Council and Medway Council for the proposals and whether the financial circumstances of the councils had weakened their ability to push for a more beneficial deal. He commented that in the autumn of 2024 he was advised that unitarisation would take years but in early December there were rumours of cancelled elections and a fast-track program.

10) Mr Lehmann commended the Leader for involving district and borough council leaders across Kent in discussions, but commented that the vast majority of Kent's county and district councillors, and in turn Kent residents, were not aware of what had been discussed. He said the future of Kent, should it be placed on the Devolution Priority Programme, would be made in the space of just 25 days and would include the risk of elections in May being cancelled.

11) Mr Lehmann spoke about the content of the White Paper and said mentions of devolution meant little when the passing of power from government was to a newly created and undetermined level. Mr Lehmann said the process felt rushed, secretive, constructed as it went along, and lacked democracy. Too much power would be in the hands of a single person who could be subject to low levels of oversight and scrutiny, and this year's elections may need to be cancelled to achieve this. Mr Lehmann questioned what the process could look like if it was slowed down and done properly.

12) Mr Hook, Leader of the Liberal Democrat Group, explained that the Council had existed since 1889 during which time it had gained and lost powers and territory, but it had been continuously elected without break except for two world wars. He said if local government reorganisation was to proceed there was no reason why the six week election period should disrupt that, technical work by officers could continue and political decisions and leadership could resume after the short break. He noted that there was a risk that it would not be a postponement of just one year but may roll on for two or three years.

13) Mr Hook commented on whether a Kent-wide authority should have a leader who was subject to permanent scrutiny by their peers or a mayor who could not be removed for four years unless under specific circumstances. He said Kent and other parts of England should demand the same representative

devolution seen in Wales, Scotland, Northern Ireland, and London where there was an assembly in addition to a Mayor and his group had much more faith in a group of people elected by the public with a diversity of life experience and perspectives.

14) Mr Hook said there had been a lack of transparency and consultation with the public over the decision to apply for the Devolution Priority Programme and commented on the tight timeframe. He said elections were needed in May 2025 along with transparency and extensive public involvement. He emphasised that important work must continue in areas such as social care and SEND, and stated that a mayor was not needed, the process should not be rushed, and the people of Kent should be given what they want and would benefit from.

15) Mr Streatfeild proposed and Mr Sole seconded the following amendment to the motion set out in paragraph 5:

"County Council is asked to:

(1) **Endorse** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond the English Devolution White Paper
(2) **Endorse** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme
(3) **Note** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028
(4) **Note** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision
(5) **Expects** there to be as much transparency as possible in this process."

Amendment carried.

16) Following the debate, the Chairman put the amendment set out at paragraph 15 to the vote and it was agreed.

17) Mr Hood proposed and Mr Baldock seconded the following amendment to the substantive motion set out in paragraph 15:

"County Council is asked to:

(1) **Endorse** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond the English Devolution White Paper
(2) **Comment** that the Council does not support the proposal for Kent and Medway to be included in the Devolution Priority Programme and that

it would prefer to commence the Foundation Strategic Authority route in the fastest possible timeframe

~~(2) **Endorse** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme~~

~~(3) **Note** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028~~

~~(4) **Note** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision~~

~~(5)~~ **(3) Expects** there to be as much transparency as possible in this process."

18) Following the debate, the Chairman put the amendment set out in paragraph 17 to the vote and the voting was as follows:

For (14)

Mr Baldock, Mr Brady, Ms Constantine, Ms Hawkins, Mr Holden, Mr Hood, Mr Hook, Mr R Lehmann, Mr Lewis, Ms Meade, Mr Passmore, Mr Sole, Mr Streatfeild, Dr Sullivan

Against (45)

Mr Baker, Mr Barrington-King, Mr Bartlett, Mrs Bell, Mrs Binks, Mr Bond, Mr Booth, Mr Brazier, Mr Cannon, Mr Carter, Mrs Chandler, Mr Chard, Mr Cole, Mrs Cole, Mr Crow-Brown, Mr Dance, Mr Dendor, Mr Gough, Ms Hamilton, Mr Hill, Mr Hills, Mrs Hohler, Mrs Hudson, Mr Jeffrey, Mr Kite, Mr Love, Mr Mallon, Mr Manion, Mr Marsh, Mrs McArthur, Mr McInroy, Mr Murphy, Mr Oakford, Mr Ozog, Ms Parfitt, Mr Rayner, Mr Richardson, Mr Robey, Mr Sandhu, Mr Shonk, Mr Simkins, Mr Thomas, Mr Watkins, Mr Whiting, Ms Wright

Abstain (4)

Mrs Bruneau, Mr Chittenden, Mrs Dean, Mr Webb

Amendment lost.

19) Mr Brady proposed and Ms Constantine seconded the following amendment to the substantive motion set out in paragraph 15:

"County Council is asked to:

(1) **Endorse** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond the English Devolution White Paper

(2) **Endorse** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme

(3) **Comment** that the priority should be Local Government Reorganisation to ensure the best outcomes for Kent residents before proceeding to a new Mayoral Strategic Authority.

~~(3) **Note** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028~~

(4) **Recommend** that the council put forward an argument not to postpone the County Council elections in May 2025 and that it should state that this Council's preferred position is for the elections to proceed as scheduled to uphold democracy.

~~(4) **Note** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision~~

(5) **Expects** there to be as much transparency as possible in this process."

20) Following the debate, the Chairman put the amendment set out in paragraph 19 to the vote and the voting was as follows:

For (17)

Mr Baldock, Mr Brady, Mrs Bruneau, Mr Chittenden, Ms Constantine, Mrs Dean, Ms Hawkins, Mr Holden, Mr Hood, Mr Hook, Mr R Lehmann, Mr Lewis, Mr Mallon, Ms Meade, Mr Passmore, Mr Streatfeild, Dr Sullivan

Against (43)

Mr Baker, Mr Barrington-King, Mr Bartlett, Mrs Bell, Mrs Binks, Mr Bond, Mr Booth, Mr Brazier, Mr Cannon, Mr Carter, Mrs Chandler, Mr Chard, Mr Cole, Mrs Cole, Mr Crow-Brown, Mr Dance, Mr Dendor, Mr Gough, Ms Hamilton, Mr Hill, Mr Hills, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr Manion, Mr Marsh, Mrs McArthur, Mr McInroy, Mr Murphy, Mr Oakford, Mr Ozog, Ms Parfitt, Mr Rayner, Mr Richardson, Mr Robey, Mr Sandhu, Mr Shonk, Mr Simkins, Mr Thomas, Mr Watkins, Mr Webb, Ms Wright

Abstain (3)

Mrs Hudson, Mr Sole, Mr Whiting

Amendment lost.

21) Mr Passmore proposed and Mr Hook seconded the following amendment to the substantive motion set out in paragraph 15:

"County Council is asked to:

(1) **Endorse** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond the English Devolution White Paper

(2) **Recommend** expressing an interest in devolution of powers, while making clear that:

i. Kent prioritises getting the right outcome even if that takes longer than the quickest outcome.

ii. The views of the public should be central and consultation should begin before KCC commits itself to any particular outcome.

~~(2) **Endorse** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme~~

(3) **Note** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028

(4) **Note** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision

(5) **Expects** there to be as much transparency as possible in this process."

22) Following the debate, the Chairman put the amendment set out in paragraph 21 to the vote and the voting was as follows:

For (13)

Mr Baldock, Mrs Bruneau, Mr Chittenden, Mrs Dean, Ms Hawkins, Mr Holden, Mr Hood, Mr Hook, Mr R Lehmann, Mr Lewis, Mr Passmore, Mr Sole, Mr Streatfeild

Against (45)

Mr Baker, Mr Barrington-King, Mr Bartlett, Mrs Bell, Mrs Binks, Mr Bond, Mr Booth, Mr Brazier, Mr Carter, Mrs Chandler, Mr Chard, Mr Cole, Mrs Cole, Mr Crow-Brown, Mr Dance, Mr Dendor, Mr Gough, Ms Hamilton, Mr Hill, Mr Hills, Mrs Hohler, Mrs Hudson, Mr Jeffrey, Mr Kite, Mr Love, Mr Mallon, Mr Manion, Mr Marsh, Mrs McArthur, Mr McInroy, Mr Murphy, Mr Oakford, Mr Ozog, Ms Parfitt, Mr Rayner, Mr Richardson, Mr Robey, Mr Sandhu, Mr Shonk, Mr Simkins, Mr Thomas, Mr Watkins, Mr Webb, Mr Whiting, Ms Wright

Abstain (4)

Mr Brady, Ms Constantine, Ms Meade, Dr Sullivan

Amendment lost.

23) Mr Lehmann proposed and Mr Streatfeild seconded the following amendment to the substantive motion set out in paragraph 15:

"County Council is asked to:

(1) **Endorse** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond the English Devolution White Paper
(2) **Endorse** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme
(3) **Note** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028
(4) **Recommend** to the Executive, that while the decision on postponement of KCC elections would be for the Minister, the request to join the Devolution Priority Programme should express a strong preference that elections happen as planned in May 2025, recognising the widely expressed concerns at the democratic deficit created by any cancellation of the planned elections.
~~(4) **Note** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision~~
(5) **Expects** there to be as much transparency as possible in this process."

24) Following the debate, the Chairman put the amendment set out in paragraph 23 to the vote and the voting was as follows:

For (14)

Mr Baldock, Mrs Bruneau, Mr Chittenden, Mrs Dean, Ms Hawkins, Mr Holden, Mr Hood, Mr Hook, Mrs Hudson, Mr R Lehmann, Mr Lewis, Mr Mallon, Mr Passmore, Mr Streatfeild

Against (40)

Mr Baker, Mr Barrington-King, Mr Bartlett, Mrs Binks, Mr Bond, Mr Booth, Mr Brazier, Mr Carter, Mrs Chandler, Mr Chard, Mr Cole, Mrs Cole, Mr Crow-Brown, Mr Dance, Mr Dendor, Mr Gough, Ms Hamilton, Mr Hill, Mr Hills, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr Marsh, Mrs McArthur, Mr McInroy, Mr Murphy, Mr Oakford, Mr Ozog, Ms Parfitt, Mr Rayner, Mr Richardson, Mr Robey, Mr Sandhu, Mr Shonk, Mr Simkins, Mr Thomas, Mr Watkins, Mr Webb, Ms Wright

Abstain (7)

Mrs Bell, Mr Brady, Ms Constantine, Ms Meade, Mr Sole, Dr Sullivan, Mr Whiting

Amendment lost.

25) The Chairman put the substantive motion set out in paragraph 15 to the vote and the voting was as follows:

For (39)

Mr Baker, Mr Bartlett, Mrs Bell, Mrs Binks, Mr Bond, Mr Booth, Mr Brazier, Mr Carter, Mrs Chandler, Mr Chard, Mr Cole, Mrs Cole, Mr Crow-Brown, Mr Dance, Mr Dendor, Mr Gough, Ms Hamilton, Mr Hill, Mr Hills, Mrs Hohler, Mr Jeffrey, Mr Kite, Mr Love, Mr Marsh, Mrs McArthur, Mr McInroy, Mr Murphy, Mr Oakford, Ms Parfitt, Mr Rayner, Mr Richardson, Mr Robey, Mr Sandhu, Mr Simkins, Mr Thomas, Mr Watkins, Mr Webb, Mr Whiting, Ms Wright

Against (19)

Mr Baldock, Mr Barrington-King, Mr Brady, Mrs Bruneau, Mr Chittenden, Mrs Dean, Ms Hawkins, Mr Holden, Mr Hood, Mr Hook, Mrs Hudson, Mr R Lehmann, Mr Lewis, Mr Mallon, Ms Meade, Mr Passmore, Mr Shonk, Mr Streatfeild, Dr Sullivan

Abstain (1)

Ms Constantine

Substantive Motion carried.

26) RESOLVED that the County Council:

(1) **Endorses** the ongoing joint work between KCC, Medway Council and District and Borough Council Leaders to respond to the English Devolution White Paper

(2) **Endorses** the proposed decision by the Leader of the Council [Cabinet] to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme

(3) **Notes** that acceptance onto the Devolution Priority Programme will commit Kent and Medway to elections to a new Mayoral Strategic Authority (MSA) in May 2026 and implementation of local government reorganisation by either April 2027 or April 2028

(4) **Notes** that acceptance onto the Devolution Priority Programme may lead to the County Council elections scheduled for May 2025 being postponed subject to ministerial decision

(5) **Expects** there to be as much transparency as possible in this process.

From: John Betts, Interim Corporate Director, Finance

To: County Council

Subject: Section 25 Assurance Statement

Classification: Unrestricted

Summary:

This report sets out an assessment of the robustness of the financial estimates for the proposed budget for 2025-26, the medium-term financial plan (MTFP), and the adequacy of reserves. It covers the Administration's proposal and all amendments to this proposal. It includes an evaluation of the background to budget preparations for 2025-26, including the impact of the forecast position for 2024-25, the evaluation of the most significant budget variances and necessary changes in spending forecasts and savings income plans identified under "*Securing Kent's Future – Budget Recovery Strategy*" (SKF).

It is acknowledged that setting a balanced budget for 2025-26 has been challenging, due to the ongoing and escalating cost pressures the Council faces, alongside insufficient funding in the local government finance settlement. Together, these mean that the Council can only set a balanced budget with further and significant savings.

The combination of drawdowns and transfers at the end of 2023-24 and the use of reserves to balance the 2024-25 budget, have reduced the level of reserves, which now pose a more significant risk to the Council's medium to long term sustainability than levels of capital debt. It is important the rebuilding of reserves has formed a key aspect of the 2025-26 budget and subsequent MTFP,

Setting a robust revenue budget for 2025-26 means reflecting:

- forecast future cost increases from price uplifts and other cost/demand drivers affecting spending in the forthcoming year
- provision for Kent Scheme pay award 2025-26
- the full year, recurring effect of higher than budgeted costs and demand in the current year
- building in the impact of the under delivery and rephasing of savings plans
- rebuilding reserves, including replenishment of previous drawdowns for overspends
- the revenue consequences of the borrowing required for the capital programme.

These cost increases amount to a significant additional revenue spending requirement on core funded activities of £151.2m (10.6%) of net revenue budget in 2024-25). This is more than the government forecast increase in core spending power of 6.3%[1].

To safeguard the Council's financial resilience and sustainability, it is essential that for 2025-26 there is a relentless focus on financial management, cost avoidance, demand management, timely delivery of the agreed savings, with all the necessary key decisions taken in a timely manner. This is the only way to strengthen the Council's financial resilience and sustainability.

Provided the measures set out in the draft budget and medium-term plan are implemented, including:

- the delivery of the proposed revenue savings and income
- resisting future spending growth
- minimising the level of borrowing for the capital programme
- implementing the proposed council tax increases and precepts maintaining general reserves between minimum to acceptable range of 5% to 10%

then the Council will continue to demonstrate financial sustainability, although there remains considerable uncertainty over the medium to long term.

Recommendation:

Pursuant to section 25 of the Local Government Act, County Council is asked to CONSIDER and NOTE this report and AGREE to have due regard to the contents when making decisions about the proposed budget.

Background and Introduction

The 2003 Local Government Act places specific responsibilities on the Chief Financial Officer to report on the robustness of the budget and the adequacy of proposed financial reserves, when the authority is considering its budget requirement. The Council is required to have regard to this report when it sets the budget. There are a range of other safeguards that the Chief Finance Officer must also consider, including:

- the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)

[1] This excludes the grant for employer national insurance cost increases, on the grounds this is an additional burden placed by central government policy

- the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs (section 151 of the Local Government Act 1972); and
- Best Value responsibilities (section 3 of Local Government Act 1999)

The report includes an evaluation of the background to budget preparations for 2025-26, including the forecast for 2024-25, the evaluation of the most significant budget variances and necessary changes in spending forecasts and savings income plans identified under "*Securing Kent's Future – Budget Recovery Strategy*" (SKF).

It is acknowledged that setting a balanced budget for 2025-26 has been challenging, due to the ongoing increases in costs the Council continues to face and insufficient funding in the local government finance settlement to fully fund these inescapable cost pressures. Together these mean that the Council can only set a balanced budget using significant savings and additional income.

Assessment Criteria
In carrying out the assessment there has been consideration of:

The Council's governance and control environment, including:

- The Constitution and the Financial Regulations that govern and control the financial position of the Council.
- The financial control environment, alongside Internal Audit findings.
- The Council's Annual Governance Statement (AGS).

External guidance and advice:

- Including the Chartered Institute of Public Finance and Accountancy (CIPFA) standards and guidance/bulletins.
- External audit reporting.

The Council's risk management, including:

- the Corporate Risk Register
- The risks facing the Council in running its day-to-day operations which could impact on the robustness of estimates, as well as the need to deliver legacy savings.

The Council's financial health:

- The 2024/25 forecast outturn and controls in place to mitigate and strengthen the control environment through existing spending controls
- The robustness of budget proposals being considered
- The Council's business and medium-term financial plans beyond 2025/26 and the ability to manage change to control future costs
- The Council's capital programme.
- The effectiveness of the Council's treasury management

Upcoming proposals or events surrounding the local government structure and funding nationally and locally.

Commentary
The Financial Regulations of the Authority have been updated over the past year and provide an appropriate framework for financial control, alongside the well established financial procedures established in the Constitution itself (in Section 13). The Annual Governance Statement (AGS) was considered by Governance & Audit committee in December 2024 and pointed to continued positive trends around improving trends around governance structures, clearer accountabilities and recommendation tracking. There are still areas for improvement around areas such as savings delivery and that is dealt with elsewhere in this statement. The Head of Internal Audit is required to provide an annual opinion to inform the AGS and an opinion has been provided, indicating that adequate assurance could be provided, as detailed in the Annual Internal Audit Report. All this indicates that there are good foundations in place regarding the Council's overall financial governance and financial control environment.

In producing this statement, consideration has been given to external guidance and advice. Specifically, including the Chartered Institute of Public Finance and Accountancy (CIPFA) standards, such as a positive compliance assessment against CIPFA's Financial Management Code of Practice, which was considered in October 2024. The External Auditors indicated in December 2024 their intention to issue an unqualified opinion on the Council's financial statements and as part of that identified the high quality of the financial statements and accompanying supporting working papers. It identified the need to identify and build into financial plans all significant financial pressures and to balance this with achievable savings. This statement takes that into account, in that the budget reflects both spending pressures and the delivery of savings plan in the risk sections below.

The Council has a well-established approach towards risk management and key risks (including those with financial implications) are captured and mitigating actions are in place to minimise those risks. In addition, the corporate risk register specifically identifies a number of key financial risks around the future financial and operating environment for Local Government; the affordability of the capital programme and its impacts on assets, performance and statutory duties; and, the risk of any significant failure to bring any forecast budget overspend under control within the assumed budget level. These all have specific mitigating actions and controls. The 2025-26 budget includes additional contributions to rebuild the amount of reserves, using a slightly broader measure to include those earmarked reserves that are not held for tightly defined specific purposes, alongside general reserves, to between a 5% to 10%, a range considered the minimal that is acceptable to improve resilience and provide some capacity for investing in essential improvements to improve value for money.

The Council's financial standing has improved, relative to its peers, in terms of the provision of reserves, but this still remains on the edge of an acceptable minimum (acknowledging that the 2025-26 budget goes some way to restoring the level of general reserves). The 2024-25 forecast outturn remains an issue for concern, but the implications for the 2025-26 budget are built into either higher growth estimates or a reprofiling of spending plans into 2025-26 (where they have only been partially delivered in 2024-25). The financial control environment continues to be managed through existing spending controls, either through reviews of requisitions prior to Purchase Orders being raised or service specific controls (such as the review of sourcing packages of social care).

Analysis of Risks
Taking into account the contextual financial situation outlines above, the key risks associated with the proposed budget and how they can be managed are outlined below, so that Members are clear on the risks associated with these budget proposals when making their budget decision. A fuller assessment of financial resilience is included in Appendix I of the budget report together with a register of budget risks in Appendix J. It is worth noting that the maximum exposure from these budget risks is now higher than the total usable revenue reserves, due to a combination of recent reductions in the council's reserves and increased risks. The risk register includes revenue and capital risks, and it is highly unlikely that the maximum exposure would occur in the forthcoming year.

Although the council's draft revenue budget for 2025-26 includes one-off use of reserves, there are also planned contributions to reserves, so the draft budget does assume a modest increase in reserves in 2025-26. However, the risk remains of further unplanned drawdowns in 2024-25 and beyond, should the forecast overspend for 2024-25 materialise and savings/income planned for 2025-26and 2025-28 MTFP not be delivered in full. The main risks are as follows and are explored in more detail below:

- Delivery of the Savings Plans / Income Targets
- Impact of Forecast Overspend
- Spending Pressures
- Sustainability of key markets, especially social care
- Dedicated Schools Grant Deficit
- National Funding Position & Local Government Funding Reform
- Impact on the Medium Term Financial Strategy
- Tax Collection Rates
- Local Government reorganisation

Risk 1 – Delivery of the Savings Plans / Income Targets

The proposed 2025-26 draft budget requires the delivery of a package of net £61.5m of planned savings and income on core funded services. This comprises £72.6m of savings from full year effect of existing savings plans and new plans, £23.5m of increased income partially offset by £34.6m removal of one-offs and reversals/rephasing on unachieved savings from previous years' budgets. The net £61.5m savings expected from core funded activities (grant funding in the core spending power for local government in the provisional spending power, council tax and retained business rates) are shown separately from the £29.0m external income from specific governmental departmental grants.

The planned budget reductions need to be fully implemented to ensure the Council's 2025-26 budget remains balanced and sustainable into the future. The Council does not have the capacity within its reserves to fund the impact of delays to difficult policy decisions by Members, nor a failure to deliver on savings within services. that impact on the reduction or cessation of services. In an environment of rapidly increasing cost/demand pressures, together with market and workforce challenges, delivery of the savings will be more challenging than ever.

To mitigate this risk:

- Key policy changes associated with major savings proposals in 2025-26 have been identified;
- Corporate Directors, Directors and Portfolio Holders must ensure that processes are in place to ensure that the planned savings are delivered to the required timetable;
- If the planned savings are not delivered, Corporate Directors, Directors and Portfolio Holders must identify alternative ways of balancing the Service and/or Directorate budgets; and
- Monitoring of the delivery of the planned savings will include the monitoring of project delivery milestones to ensure decisions are taken in a timely manner and implementation timescales are met.

Risk 2 - Impact of Forecast Overspend

The latest budget monitoring for 2024-25 as at the end of Quarter 3, was reported to Cabinet on 30th January 2025. This showed a forecast overspend of £23m. The most significant forecast overspend is in adult social care and continues to be older persons residential and nursing care.

The level of forecast overspend for 2024-25 poses a significant risk to the council's reserves and financial sustainability. This assurance statement is based on the presumption that the overall 2024-25 revenue outturn does not deteriorate further.

To mitigate the risks and pressures noted above:

- The Council is maintaining its spending controls to reduce and minimise discretionary spending for the remainder of the current year
- The impact of forecast service overspends has been considered when developing budget allocations for 2025-26

Risk 3 – Spending Pressures

Setting a robust revenue budget for 2025-26 means the budgets with forecast overspends in 2024-25 need to reflect the full year effect of higher than budgeted costs and demand in the current year, as well as under delivery and rephasing of savings plans and the revenue consequences of the borrowing required for the capital programme. It is critical that budgets are not simply increased to reflect increased spending, without a rigorous approach to demand and financial management. So, the proposed 2025-26 budget also includes estimates for future demand and price, based on a rigorous assessment of current and forecast trends. The budget includes sensitivity analysis of the budgeted spending growth in 2024-25 and 2025-26 for the key demand and cost drivers.

These cost increases amount to a significant additional revenue spending requirement on core funded activities of £151.2m (10.6%). This is significantly more than the 6.3% increase in funding.

This mix of revising budgets for known variances and forecast spending growth is a robust approach and provides a sound basis for financial planning. However, there inevitably remains considerable uncertainty about these forecasts, given the precarious economic position, both nationally and internationally. So, although the risk has been mitigated through the allocations in this budget resolution, the risk cannot be completely removed. To mitigate this risk:

- Increases in spending pressures through price increases and other cost drivers have been updated to reflect the latest forecasts and trends.
- Growth based on future estimates will be held in a way that ensures it is separately identifiable so that it can be revised once the actual incidence has been evidenced.
- Enhanced budget monitoring arrangements are implemented as soon as any areas of overspending begin to emerge.
- Other provisions will be held centrally and allocated during the year.

Risk 4 – Market Sustainability

Commissioned providers of key council services have been under substantial sustainability pressures for several years, particularly in adult social care. These pressures include imposed increases in costs through National Living/National Minimum wage (and for 2025-26 unfunded increases in employer National Insurance), labour supply shortages and recommendations from inspections. The risk to the council arises from provider closures with the need to reprocure services from a depleted market, potentially increasing costs (alongside potentially changing services for vulnerable clients). This has been mitigated as far as possible by providing above average inflation allocations to adult social care budgets.

Risk 5 – Dedicated Schools Grant Deficit

For several years, the single greatest financial risk to the Council was the substantial and growing deficit on High Needs spending from the Dedicated Schools Grant (DSG). This risk has been substantially mitigated by a Safety Valve agreement with Department for Education (DfE), which includes £140m of DfE funding, contingent on keeping spend to an agreed trajectory, alongside £82m of Council funding (over a 5 year period). Currently, the Council is off track to meet the cumulative deficit targets set by DfE, largely because of the delayed opening of two special schools that DfE is building. There is a risk that if the Council strays further off trajectory then DfE may withhold their future contributions and the deficit will be larger than currently planned. This underscores the continued importance of implementing local SEND reforms, so that scarce resources can be most effectively targeted to those who most need it, rather than being spent on having to repay historic and accumulating deficits.

To mitigate this risk, formal regular monitoring and reporting of the local deficit recovery action plan, highlighting any corrective action, remains critical to ensure the deficit is being tackled effectively. Members will need to support changes to SEND policy and services that help delivery this financial sustainability.

There is currently a statutory override in place, which means that DSG deficits do not have to be covered from the General Fund i.e. they are not cash backed up to 31 March 2026. The Provisional Settlement announcement by the current Government has delayed any update on the override until proposed reforms of the SEND system are announced. A lack of clarity regarding an extension of the override, and/or clarity on the reforms and future funding of SEND, creates considerable financial risk

If the override is not continued and the existing debt crystallises in the financial year 2025-26, the Council would have insufficient reserves to cover the deficit (c£77m). This would likely be the case for the majority of upper tier authorities in England. If the override is not extended, but reforms are sufficient to resolve the ongoing in-year overspends, then the Authority would still be faced with a considerable deficit to be funded. If the statutory override is extended then there would be no need to consider a Section 114 notice or seek Exceptional Financial Support from Government.

At this stage it is assumed that the final scenario is the one which will materialise, As such, this statement is drafted on the presumption that Government will find a solution towards dealing with (and accounting for) the accumulated deficit prior to the end of 2025-26, when the current statutory override is due to end. That is a considerable financial risk, and if a resolution to this is not forthcoming (in the financial year 2025-26) then the financial position of the Council would need to be reconsidered.

Risk 6– National Funding Position & Local Government Funding Reform

The 2025-26 financial settlement was, once again, a one-year settlement. This makes is difficult to make any medium or long term plans with any degree of certainty. However, the Government has promised multi-year settlements for 2026-27, which will be helpful. The distribution of resources within the settlement is a matter of concern. The Council received none of the new £600m Recovery Grant and below average for the additional social care and children's prevention grants.

The provisional settlement also deferred any fundamental changes on how the relative need to spend and the level of Government support needed by authorities is calculated. However, there was an announcement that a new review of local government funding would be launched. The results of this review may result in the level of our government funding increasing or decreasing, compared to 2025-26 levels. This places greater importance on the need to maintain reserves to manage this volatility risk.

To mitigate the risks associated with a lack of long-term certainty we continue to produce a medium term financial plan alongside the annual budget and a ten year capital strategy. To mitigate the considerable risk of ongoing reduced funding from Government, we need to rebuild a higher level of overall reserves (see also the section on reserves below). The budget includes a sensitivity analysis setting possible alternative funding scenarios..

Risk 7 – Impact on the Medium-Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) outlines the significant additional financial challenge to the authority in future years. The indicative future spending allocations and planned reductions deliver a balanced MTFS over the 3 year period, but is dependent on maximising council tax increases. Without this level of increase in council tax, or if future spending needs exceeds the indicative levels, or if future grant settlement are less than the assumptions included in the MTFS, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable, or else the Authority would need to seek Exceptional Financial Support from central Government

In the medium to longer term the Council needs a sustainable plan, where spending growth is more closely aligned to Council priorities and available funding, as the scope for savings without significant changes to legislative requirements is limited.

The commitment of Members to meet the financial challenges ahead and take the decisions needed to ensure the finances of the authority remain robust into the future is welcomed.

Risk 8 – Tax Collection Rates

As the largest element of the Council's funding, there is a risk that less council tax or business rates is collected by the district councils in Kent than anticipated, which could adversely affect the County Council's financial standing and its ability to deliver vital services. There is currently sufficient smoothing reserves to cover the disappointing increase in the overall taxbase as well as the below average estimate of the in-year Collection Fund surplus. However, if this becomes a sustained pattern, then the availability of resources within the medium-term financial plan will need to be revised downwards.

Risk 9 – Local Government reorganisation

In December the Government published its White Paper on English Devolution. Reforms in the White Paper could have a significant impact on the County Council, the District Councils and the neighbouring unitary authority, irrespective of the Government's decision on the national Devolution Priority Programme. Any future local government reorganisation involving the County Council will need to ensure that the assessment and due diligence of such a process places a strong focus on financial stability for as long as the authority continue to exist, alongside the financial resilience of all successor authorities. At this stage it is too soon to assess the impact on the Council's reserves, rather this will be kept under continued review.

Reserves

The administration's final draft budget for 2025-26 includes an assumed net impact on the MTFP from the use of reserves of +£12.6m in 2025-26 and of +£32.3m over the medium term 2025-26 to 2027-28 on the core funded budget. The externally funded element includes a net impact of -£20.8m in 2025-26 and net impact of +£24.6m over the medium term 2025-26 to 2027-28. The movement in reserves includes new contributions, drawdowns and removing previous year's drawdowns and contributions.

This includes £15.8m contribution towards general reserves, including £11.1m repayment of the remaining 50% of the amount drawn down to balance the 2022-23 budget and £4.7m for the additional annual contribution to reflect the increase in net revenue budget to maintain general reserves at 5%. It also includes £14.6m DSG reserve for the planned 2025-26 Council contribution to the safety valve programme and £12.0m for the establishment of new corporate reserves from Extended Producer Responsibility (EPR) income.

There are also drawdowns from reserves (-£10.6m) and the removal of Prior Year Drawdown and Contributions (-£19.7m), but overall there is still a net increase in contribution to reserves to improve the overall financial resilience of the Authority.

As a result of the above, I have also undertaken a risk analysis of the adequacy of financial reserves, taking account the financial risks above. This resolution makes provision for this level of reserves. I am therefore of the view that this budget does provide for an adequate level of reserves.

Conclusions

The external auditor's latest assessment of the arrangements in place to assure value for money highlighted considerable improvements that have already been implemented in improving economy, efficiency and effectiveness, whilst noting that the Council needs to focus on the drivers of its forecast overspends (including High Needs spend), if it is to protect its reserves position in future years. This budget addresses those concerns and this assessment identifies appropriate mitigations.

So, to safeguard the Council's financial resilience and sustainability, in 2025-26 there will need to be a relentless focus on financial management, cost avoidance, demand management and the delivery of the agreed savings, with all the necessary key decisions taken in a timely manner, and that there are no additional spending requests that would add to costs over and above budgeted levels, or repurposing of budget variances, without following due governance processes.

The budget information used in preparing this budget resolution has undergone extensive scrutiny by Corporate Directors, Directors and their staff, alongside staff within the Finance Service and the Corporate Management Team collectively. In addition, there has been close working with Members in preparing this budget resolution.

This revenue budget has been prepared on realistic assumptions in an uncertain environment and as such it represents a robust, albeit challenging, budget.

Provided all the measures set out in the draft budget and medium term plan are implemented, including:

- the delivery of the proposed revenue savings and income
- resisting future spending growth
- minimising the level of borrowing for the capital programme
- implementing council tax increases and precepts

then the Council will continue to demonstrate financial sustainability over the medium term (defined here as over the following two years), although there remains considerable uncertainty over the longer term.

From:	Roger Gough, Leader Peter Oakford, Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services
To:	County Council 13th February 2025
Subject:	**Draft Revenue Budget 2025-26, 2025-28 MTFP and Draft Capital Programme 2025-35**
Classification:	**Unrestricted**

Summary:
The administration's balanced draft budget proposals for 2025-26 were published from 6th January 2025 to support the scrutiny and democratic process through Cabinet Committees and the Scrutiny Committee. The reports for individual Cabinet Committees for both November and January cycle of meetings were tailored for each committee focussing on the key policy considerations within the administration's draft budget proposals for the Cabinet portfolios and directors relevant to each committee. The reports included a high-level summary of the whole council budget proposals. The draft for Scrutiny Committee included the draft Treasury Management Strategy.

There were no proposed changes to the administration's proposals during this scrutiny process. An updated draft including the latest provisional council tax base and collection estimates was published on 23rd January and endorsed by Cabinet on 30th January to be presented to full Council budget meeting on 13th February.

There were only minor changes to the Local Government Finance Settlement in the final announcement on 3rd February 2025 with updated and increased Children's Social Care Prevention Grant and conformation of the compensation through Employer National Insurance Contribution Grant. This report represents the final draft budget proposals to be presented to the annual County Council budget setting meeting on 13th February 2025. Other than the updated council tax estimates in the report to Cabinet the only other material changes are the inclusion of additional departmental specific grant income and associated spending (balancing to net nil) which were not available in time for previous drafts for scrutiny..

The final share of retained business rates and collection fund balances have not been received in time to include in this report and will be reported to Cabinet in March as has become common practice in recent years. The report to March Cabinet will include any other material issues affecting the budget that have arisen since full Council approval.

This final draft budget replaces the previous drafts and represents the administration's final proposals and amounts for Council consideration and approval. The attached budget report is set out in 12 separate sections, these are designed to make it easier to reference individual aspects of the key components of the budget proposals.

Appendices A, B, D, E, and F of the final draft budget report set out the numerical presentation administration's updated final budget plans and are published in a format recommended by the Interim Corporate Director of Finance and agreed by the Leader as required under the Council's constitution and Financial Regulations. These are produced in the same format as previous drafts published for scrutiny. Appendix G (key service analysis) can only be produced as part of the final budget proposals. The other appendices include other vital information for approval of the budget.

Members are asked to refer to the final updated draft 2025-26 budget report published on 5th February for this meeting and not previous drafts.

Recommendations:

County Council, having given due regard to the s25 Report (published for consideration and noting as agenda item 5 of this meeting), is asked to agree the following:

2025-35 Capital Programme

(a) The 10-year Capital programme and investment proposals of £1,419m over the years from 2025-26 to 2034-35 together with the necessary funding and subject to approval to spend arrangements.

(b) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 5th February 2025.

2025-26 Revenue Budget and Medium Term Financial Plan

(c) The net revenue budget requirement of £1,530.9m for 2025-26.

(d) The directorate revenue budget proposals for 2025-26 and the medium term financial plan as set out in appendices D (high level county 3 year plan) E (high level 2025-26 plan by directorate), appendix F (individual spending, savings, income and reserves variations for 2025-26) and G (2025-26 key services) of the final draft budget report published on 5th February 2025.

2024-25 Council Tax

(e) To increase Council Tax band rates up to the maximum permitted without a referendum as set out in section 6.4 (table 6.1) of the final draft report published on 5th February 2025.

(f) The total Council Tax requirement of £994,287,655 to be raised through precepts on districts as set out in section 6.6 (table 6.2) in the final draft report published on 5th February 2025.

Kent Pay Scheme 2025-26

(g) Note the transition of all Kent Scheme staff to the new pay structure agreed by County Council in May 2024

(h) Agree to the recommendations on the uplift to Kent Pay Scheme as set out in section 7.9 of the final draft budget published on 5th February 2025

Key Policies and Strategies

(i) Fees and charges to continue to be reviewed in line with the policy agreed in the 2023-24 budget approval

(j) The Capital Strategy as set out in appendix O of the final draft report published on 5th February 2025 including the Prudential Indicators.
(k) The Treasury Management Strategy as set out in appendix M of the final draft report published on 5th February 2025
(l) The Minimum Revenue Provision (MRP) Statement as set out in appendix P of the final draft report published on 5th February 2025
(m) The Flexible Use of Capital Receipts Strategy as set out in appendix Q of the final draft report published on 5th February 2025.
(n) The Reserves Policy as set out in appendix H of the final draft budget report published on 5th February 2025.

In addition:
(o) To delegate authority to the Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Finance, Corporate and Traded Services, to agree any other non-pay related changes to the Kent Scheme through the conclusion of pay bargaining.
(p) To delegate authority to the Corporate Director of Finance (after consultation with the Leader, the Deputy Leader and Cabinet Member for Finance, Corporate & Traded Services and the political Group Leaders) to resolve any minor technical issues and structural changes for the final budget publication which do not materially alter the approved budget or change the net budget requirement and for any changes made to be reflected in the final version of the Budget Book (blue combed) due to be published in March 2025.
(q) To note the information on the impact of the County Council's share of retained business rates, business rate pool and business rate collection fund balances on the revenue budget will be reported to Cabinet once it has all been received.
(r) To note the ongoing and escalating cost pressures on the Council's budget alongside insufficient funding in the local government finance settlement and knock on requirement for savings and income in the final draft 2025-26 budget and medium term financial plan.
(s) To note potential changes to local authority funding system from 2026-27 onwards and consequential uncertain financial outlook for later years until a multi-year settlement from government is reintroduced.
(t) To note that fundamental changes to social care are unlikely until after Baroness Casey enquiry concludes.
(u) To note that the planned use of reserves still ensures sufficient reserves are available in the short term with no immediate concerns triggering a S114 notice provided the use of these reserves is replaced with sustainable savings over the medium term.
(v) To note the rate of recent drawdown from reserves and potential drawdown to balance 2024-25 outturn is still cause for serious concern and reserves will still need to be maintained ahead of changes under Devolution White Paper. Further unplanned drawdowns would weaken resilience and should only be considered as a last resort with an agreed strategy to replenish reserves at earliest opportunity

All Members of the County Council are respectfully reminded that Section 106 of the Local Government Finance Act 1992 applies to any meeting where consideration is given to a matter relating to, or which might affect, the calculation of council tax.

Any Member of a Local Authority who is <u>liable</u> to pay council tax, and who has any <u>unpaid</u> council tax amount <u>overdue</u> for at least two months, even if there is an arrangement to pay off the arrears, must declare the fact that he/she is in arrears and must <u>not</u> cast their vote on anything related to KCC's Budget or council tax.

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Draft Revenue Budget 2025-26 and 2025-28 MTFP, and Draft Capital Programme 2025-35

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

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

1.1 This report sets out the administration's draft revenue budget 2025-26, three-year medium term financial plan (MTFP) 2025-28 and ten-year capital programme 2025-35. The report pulls together information from the reports for each portfolio presented to Cabinet Committees in November 2024 and significant material changes reported to committees in January 2025 which included the provisional Local Government Finance Settlement (pLGFS) announcement on 18th December 2024 and provisional council tax collection fund and tax base estimates from districts. An updated draft was endorsed by Cabinet on 30th January 2025 which included the latest council tax base and collection fund balances. Any further changes since Cabinet have been kept to a minimum and are highlighted in this report to full Council in February, including the minor changes in the final settlement announced on 3rd February 2025, Personnel Committee recommendations on Kent pay scheme for 2025-26, and other minor presentational changes since the previous draft was prepared. The final report and appendices will provide all the essential information for County Council approval on 13th February 2024.

1.2 The administration's final draft revenue budget and MTFP sets out planned spending on day-to-day services based on variations in spending from the approved budget for 2024-25. The variations include known and forecast impacts for both spending growth and reductions from savings and income plans, the removal of one-off or unachieved savings in 2024-25 and changes in reserves. The variations show the impact on net spending. The separate appendix showing gross spending, income and net spend on individual key service lines has been produced for the final draft for approval by full Council. The separate interactive dashboard made available with previous drafts to provide more information on individual spending growth and savings/income proposals continues to be available and where relevant includes contextual total budget information relating to the individual proposals.

1.3 The administration's final draft 2025-26 revenue budget includes £150.3m of core funded spending growth (including -£0.8m internal base adjustment between core and externally funded spend). This is £33.9m more than the original draft published for the November cycle of Cabinet Committee meetings but only marginally different from the amount endorsed by Cabinet on 30th January 2025 to include the final Local Government Finance Settlement (fLGFS) announced on 3rd February 2025. The increase in the earlier drafts was largely due to spending from additional grants in the settlement but also includes full year effect of latest forecasts costs/activity from current year and Office for Budget Responsibility (OBR) inflation forecasts.

1.4 Funding from Council Tax (including proposed increase in household charge up to 5% referendum level and final tax base and collection fund estimates) and grants in the fLGFS is £1,530.9m (an increase of £101.4m, 7.1%, on 2024-25), this is £33.9m more than the original draft for the November cycle of Cabinet Committees but only £1.2m more than the draft endorsed by Cabinet on 30th January 2025 following announcement of fLGFS. This is mainly due to the additional social care grants, compensation grant for increases on payroll costs for employers National Insurance Contributions (NICs), and lower than forecast estimated Council Tax base and collection fund balance. The £48.9m difference between spending and available funding is resolved through -£61.5m net from savings/income (including a separate presentation for full year effect of current plans/new proposals and removal of one-offs/unachieved savings in 2024-25) and net +£12.6m changes in contributions to and drawdowns from reserves.

1.5 A reconciliation of the main movements in revenue spending plans is set out in section 7 of this report. As with earlier drafts the revenue spending growth largely derives from forecasts for increased costs/demands in adult social care and children's social care arising from inflationary contract price uplifts; cost/demand increases from changes in age demographics, increased client needs/complexity, market factors and placement patterns); and the full year effect of current year variances.

1.6 The final draft revenue budget and MTFP continue to be based on the latest estimates from the actions in Securing Kent's Future, which recognises that establishing new models of care in a sustainable way will take time. For transparency and on-going monitoring, the spending growth is shown as a gross amount in the cost forecasts before any mitigating action, and the reductions in planned spending from these actions are shown as savings. Even with these actions, the net spending in these key care service areas is still forecast to grow by more than the funding available in the 2025-26 settlement with consequential net spending reductions in other services. The draft budget includes increased financial resilience through strengthening the Council's reserves.

1.7 The revenue spending growth pressures impacting the Council are being experienced by most other councils and the financial sustainability of councils in general is a concern. Whilst this Council will seek to take all the necessary steps to manage future spending within resources available through savings, income and future cost avoidance, this will not necessarily fully secure the Council's financial resilience and sustainability if future spending growth continues at unsustainable levels. If the structural deficits in key spending areas in adults and children's services are not addressed there will come a point within the medium-term plan period where the Council is unable to balance the budget on a sustainable basis from savings in other spending areas.

1.8 The draft capital programme for 2025-26 to 2034-35 is £1,419m (from £1,665m in the 2024-34 programme). The core principles of rolling forward the previous programme, avoiding any additional borrowing over and above that already identified in the existing programme and reducing wherever possible the need to borrow in the existing programme still apply. The flexible use of capital receipts to fund revenue costs in 2025-26 from asset sale proceeds reduces the level of receipts available to fund future capital expenditure. The updated draft budget includes appendices on investment strategy, capital strategy and annual Minimum Revenue Provision (MRP) statement.

1.9 The draft budget includes the updated Treasury Management Strategy for 2025-26.

1.10 As well as the impacts of current year overspends and future forecast costs and demand, inflation is still forecast above the government 2% target over the MTFP period and Council spending remains exposed to economic consequences of national and global instability. Inflation impacts on the costs of goods and services in revenue budgets and costs of labour, fees and materials on capital projects as well as base interest rates. The impact of inflation built into the draft budget is based on the November 2024 forecasts from the Office of Budget Responsibility (OBR). The November 2024 OBR economic and fiscal outlook noted that forecasts represent a central case, and ongoing uncertainties make forecasting less predictable.

1.11 The administration's draft budget includes a 4.99% proposed increase in Council Tax. This would increase the County Council share of the bill for a typical band D household by £1.54 per week (£80.37 per year). Council Tax is the Council's most significant source of income to fund essential services (65% of net revenue budget), and whilst the administration seeks to keep increases to a minimum, the proposed increase is in line with the government's Council Tax referendum principles for 2025-26. The latest estimated tax base (the number of dwellings liable for Council Tax after discounts, exemptions and assumed collection rates) has increased by 1.22% on the base for 2024-25. Council Tax precepts are based on a combination of the Council Tax band D charge and the band D equivalent tax base for 2025-26.

1.12 The total usable revenue reserves at the end of 2023-24 were £357.6m (30.3% of net revenue outturn), comprising of £43.0m general reserve, £297.6m earmarked reserves (including £36.2m from Safety Valve contributions which over time will offset the Dedicated Schools Grant (DSG) deficit), and £17.0m public health reserve. The Council's strategy is to have general reserves of between 5% and 10% of its annual net revenue budget. The total level of revenue reserves at the end of 2023-24 represents a reduction of £33.8m (-8.6%) on the previous year. The 2025-26 budget includes £42.9m additional contributions to reserves (including £15.8m replenishment of general reserves towards restoring 5% general reserve target, £12.0m into new Extended Producer Responsibility (EPR) reserve, and £14.6m local authority contribution to DSG deficit) and £10.6m drawdown from smoothing reserves (largely related to smoothing Council Tax). The use of short-term usable reserves to support revenue spending significantly reduces the council's ability to withstand unexpected circumstances and costs and reduces the scope to smooth timing differences between spending and savings plans. A considerable risk to short-term reserves remains from forecast revenue overspend for 2024-25. The overall levels of reserves now pose a more significant risk to the council's financial resilience than levels of debt. Reserves will continue to need to be replenished at the earliest opportunity and will need to be factored into future revenue budget plans.

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

2.2 The first draft of the administration's budget was published for the November cycle of Cabinet Committees. The dates for these meetings were set before it was confirmed that the Chancellor's Autumn Budget 2024 would be announced on 30th October. The committee agenda publication deadlines meant the first report was published the day before the Autumn Budget announcement and the reports for all committees were based on assumptions on council tax referendum limits and grant settlements before the details of the Autumn Budget were known.

2.3 Material changes including details from the provisional Local Government Finance Settlement (pLGFS), provisional council tax base and collection fund estimates, impacts from quarter 2 budget monitoring 2024-25, and latest projections were presented to Cabinet Committees for the January cycle of meetings. For both meeting cycles the reports were tailored to focus on the key policy considerations within the administration's draft budget proposals for the relevant Cabinet portfolio(s) for each committee. The reports included an appendix with the overall high level three-year revenue plan for the whole council, and a separate appendix with the one-year plan for relevant Cabinet portfolio(s)/directorates using the same classification for spending growth and savings/income as the three-year plan. An interactive dashboard was also provided to all members to support detailed scrutiny of individual proposals. The draft capital programme was included in the January reports.

2.4 There were no changes to the administration's draft proposals recommended by Cabinet Committees or Scrutiny Committee. This final draft includes final notification of council tax base and collection fund estimates from districts and minor changes following the final Local Government Finance Settlement (fLGFS) announced on 3rd February 2025.

2.5 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 and 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.

2.6 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. 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. At this stage the later years of the MTFP is set out as a high-level plan showing the forecast trajectory for changes in funding, spending, savings and income, and reserves and consequently is indicative for illustrative strategic planning purposes. This report includes a new section with sensitivity analysis of the key assumptions for 2025-26 and medium term as recommended by the Council's external auditors Grant Thornton.

2.7 The government has announced its intention to restore multi-year settlements and has launched a consultation on objectives and principles for reforms to local authority funding intended to be implemented from 2026-27 alongside the multi-year settlement. This should provide a greater degree of certainty over funding forecasts for 2026-29 plan, although the settlement for 2025-26 remains a one-year announcement. However, even with greater certainty it is likely that the fiscal environment for local government will continue to be exceptionally challenging and will require real terms reductions if spending continues to grow at a faster rate than available resources.

2.8 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 multi-year settlements are reintroduced and funding reforms confirmed.

2.9 The administration's draft revenue budget for 2025-26 includes £200.1m (14.0% of 2024-25 approved budget) of forecast spending growth (£150.3m core funded, £49.8m externally funded, both including £0.8m internal base adjustment between core and external). Funding is increasing by £101.4m (7.1%) based on fLGFS and final tax base/collection fund. The £98.7m difference (£48.9m core funded, £49.8m externally funded) is balanced from savings and income, and changes in reserves contributions and drawdowns.

2.10 Just under 80% of the £151.2m core spending growth (not including the -£0.8m internal base adjustment) is on adult social care (£81.9m, 13.2% increase, of which £80.3m is in ASCH and £1.6m for 18-25 year olds in CYPE), children's social care (£24.3m, 10.7% increase) and home to school transport (£13.7m, 14.3% increase). These exclude shares of amounts currently in centrally held budgets (CHB) pending allocation. Spending pressures on these services are common across all upper tier councils. These services currently account for 70.9% of the 2024-25 budget (excluding non-attributable costs [NAC] and CHB). As a result of planned spending, these services will continue to account for an ever greater share of the Council's overall budget.

2.11 The trend of spending growth exceeding the available funding from local taxation and central government cannot continue indefinitely. Either funding needs to increase to better reflect spending demands or the statutory requirements on councils need to be reduced as otherwise the Council's role would be reduced to solely providing care services, with no scope to provide community and place-based 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 for statutory functions which predominantly provide support for a small minority of the most vulnerable residents.

2.12 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. The administration's draft capital programme continues to be based on the principle of no new borrowing to fund new schemes. The 2025-35 programme includes the rephasing of projects as a result of 2023-24 outturn as well as new fully funded schemes, invest to save projects, resolution of outstanding funding on essential commitments arising since the original programme was published and inclusion of spending on rolling programmes in the 10th year (2034-35). In recent years capital grants have not kept pace with inflation (with in some cases no inflationary uplifts) with the consequence that spending in real terms has reduced. This has resulted in increased maintenance backlogs. The policy of prioritising emergency works which avoid risk to life and limb on essential assets remains. This is a short-term necessity while review and reduction of the Council's estate can be implemented over the medium-term.

2.13 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 approval gives delegated authority to manage the budget to Corporate Directors and Directors within the parameters set out in the Council's Constitution and Financial Regulations. Corporate Directors and Directors are accountable for spending decisions within delegated powers, reporting to the Chief Executive, and these are monitored through the Council's budget monitoring arrangements regularly reported to Cabinet. The draft budget is developed, scrutinised and ultimately approved in compliance with the following six key considerations:

A) Strategic Priorities – Strategic Statement

2.14 In 2022, KCC published **Framing Kent's Future** (FKF) the council's high-level strategic statement. It set out the challenges and opportunities Kent is faced with and the actions the Council will prioritise to address them a four year period, focussing on four key priorities. Since this strategy was approved there has been a significant shift in the financial and operating landscape.

2.15 KCC's Budget Recovery Strategy, **Securing Kent's Future**, was agreed at a Cabinet meeting on 5th 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 overwhelmingly (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.

2.16 The draft 2025-26 revenue budget continues to be 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 other priorities. This creates an expectation that council services across all directorates must prioritise delivering the new models of care and support objective as a collective enterprise. The net growth in core funded spending (growth less savings and income) on adult and children's social care is £77.3m (+9.1%) compared to overall net growth in core funded spending for the whole council (excluding NAC and CHB) of £71.0m (+5.3%), this shows that collectively other services have seen a net reduction of £6.3m (-1.3%). This distribution reflects the strategic priority for new models of care under the revised prioritisation of the Council's strategic objectives. Net spending in non-attributable costs (NAC) has increased due to additional reserves contributions to meet the objective of improving financial resilience, and removal of one-off income/projected lower returns on treasury investments.

2.17 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 alongside reduced expectations and outcomes. 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.

2.18 In recognition of the revised priority in SKF and continued pressures on social care the administration's draft budget for 2025-26 includes passporting all the Adult Social Care council tax levy and all the additional Social Care Grant in the fLGFS into the adult social care budget as well as a pro rata share of general funding, and passporting the new Children's Social Care Prevention Grant (including increased amount in fLGFS) into children's services. This prioritisation, particularly Social Care Grant into adult social care reflects the significant and sustained pressures on adult services. The requirement to deliver £19.8m policy savings to replace one-offs used to balance 2024-25 budget has focussed on reviewing areas of discretionary spending in line with the SKF objective to focus on policy choices and the scope of the Council's ambitions.

B) Best Value

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

2.20 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. 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 on planning assumptions)

2.21 Setting the Council's revenue and capital budgets for the forthcoming year continues to be incredibly challenging due to the fiscal environment with the government's fiscal rules set out in Autumn Budget 2024 with a stability rule to balance day to day spending (with borrowing only to fund investment); and an investment rule that ensures net public sector debt on a sustainable falling path as proportion of Gross Domestic Product (GDP). These rules need to be met by 2029-30. These fiscal targets are likely to restrict the scope for increased central government funding for local government. The Council's 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 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.

2.22 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.

2.23 The previous government had confirmed that the Statutory Override for the Dedicated Schools Grant (DSG) deficits was extended for a further 3 years from 2023-24 to 2025-26. The current override expires on 31st March 2026. The pLGFS included the government's intentions to set out plans next year for reforms to the SEND system which will include how the government will support authorities to deal with historic and accruing DSG deficits which in turn will inform any future decision on the override. This uncertainty presents a considerable obstacle to providing a medium-term assurance on the Council's financial viability. In accordance with the current Safety Valve agreement, and in compliance with audit requirements, the draft budget includes the Council's contribution to a specific reserve which is intended to progressively offset the accumulated DSG deficit over the lifetime of the agreement, but this reserve would not be sufficient if the override is not renewed after March 2026. This continues to pose a significant risk to the Council's financial sustainability.

2.24 The pLGFS proposes that the current statutory override which disapplies part of International Financial Reporting Standard 9 (IFRS9) is not extended beyond March 2025. IFRS9 requires provision is made in budgets for unrealised gains and losses on pooled investment funds. The override allowed authorities to record the impacts of fair value movements of pooled investment funds in an unusable reserve. Changing the accounting mechanisms so that gains and losses are recognised in the revenue account could have large (and unpredictable) variances at year end impacting on medium term financial planning.

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

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

2.26 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.

2.27 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 the 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

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

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

2.30 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

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

2.32 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.

F) Budget Consultation

2.33 The Council's 2025-26 budget public consultation ran from 13th June to 7th 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.

2.34 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.

2.35 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.

2.36 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 where 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.

2.37 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 the VCSE sector. An exercise with the KCC management cohort is reported separately from the public consultation.

3.1 The final LGFS (fLGFS) for 2025-25 was published on 3rd February 2025. The fLGFS replaces the provisional LGFS which was published on 18th December 2024 and provides an updated and increased allocation for the new Children's Social Care Prevention Grant and confirmation of our share of compensation through Employer National Insurance Contributions Grant. As has been the case since 2013-14 the settlement included a core spending power setting out a standard calculation of change in each authority's funding through council tax and general (non-specific) grants.

3.2 Table 3.1 sets out the core spending power for KCC and England for 2025-26 compared to adjusted amount for 2024-25. Where cells are shaded out this reflects either new grants (for which there is no comparison) or where grants have ceased or have been subsumed within broader grants.

Table 3.1	2025-26 Final		2024-25 Final	
	Kent £'m	England £'m	Kent £'m	England £'m
Council Tax	**993.9**	**38,311.8**	**935.7**	**36,153.5**
Grants				
Settlement Funding Assessment (incl. RSG)	222.0	16,841.0	215.8	16,562.7
Social Care Grant	137.1	5,924.0	117.0	5,044.0
Market Sustainability & Improvement Fund	27.0	1,050.0	27.0	1,050.0
Local Authority Better Care Grant	61.7	2,639.8	61.7	2,639.8
Recovery Grant	0.0	600.0		
Children's Social Care Prevention Grant	6.8	269.7		
Business Rate Compensation (under-indexation only)	40.5	2,695.9	38.8	2,581.3
New Homes Bonus	1.9	290.5	2.1	290.8
Services Grant			1.3	87.4
Rural Services Delivery Grant			0.0	110.0
Funding Floor/Minimum Funding Guarantee	0.0	121.2	0.0	268.6
Domestic Abuse Safe Accommodation Grant	4.0	160.0	3.2	129.7
Rolled in Grants (inc. Extended Rights to Home to School Transport)			3.6	64.3
Sub Total - Grants	**501.1**	**30,592.1**	**470.5**	**28,828.6**
Employer National Insurance Contributions Grant (new burdens)	10.1	502.0		
Total Grants	**511.2**	**31,094.1**	**470.5**	**28,828.6**
Total Core Spending Power	**1,505.1**	**69,405.9**	**1,406.1**	**64,982.1**

3.3 The overall increase in KCC's core spending power over 2024-25 is 7.04% (6.31% excluding National Insurance grant). This is less than the average of 7.35% (6.58% excluding National Insurance grant) for social care authorities which have the flexibility to increase council tax up to 5% (single and upper tiers). The targeting of new grants (particularly Recovery Grant and Children's Social Care Prevention Grants) using deprivation and Council Tax equalisation results in larger increases for some authorities.

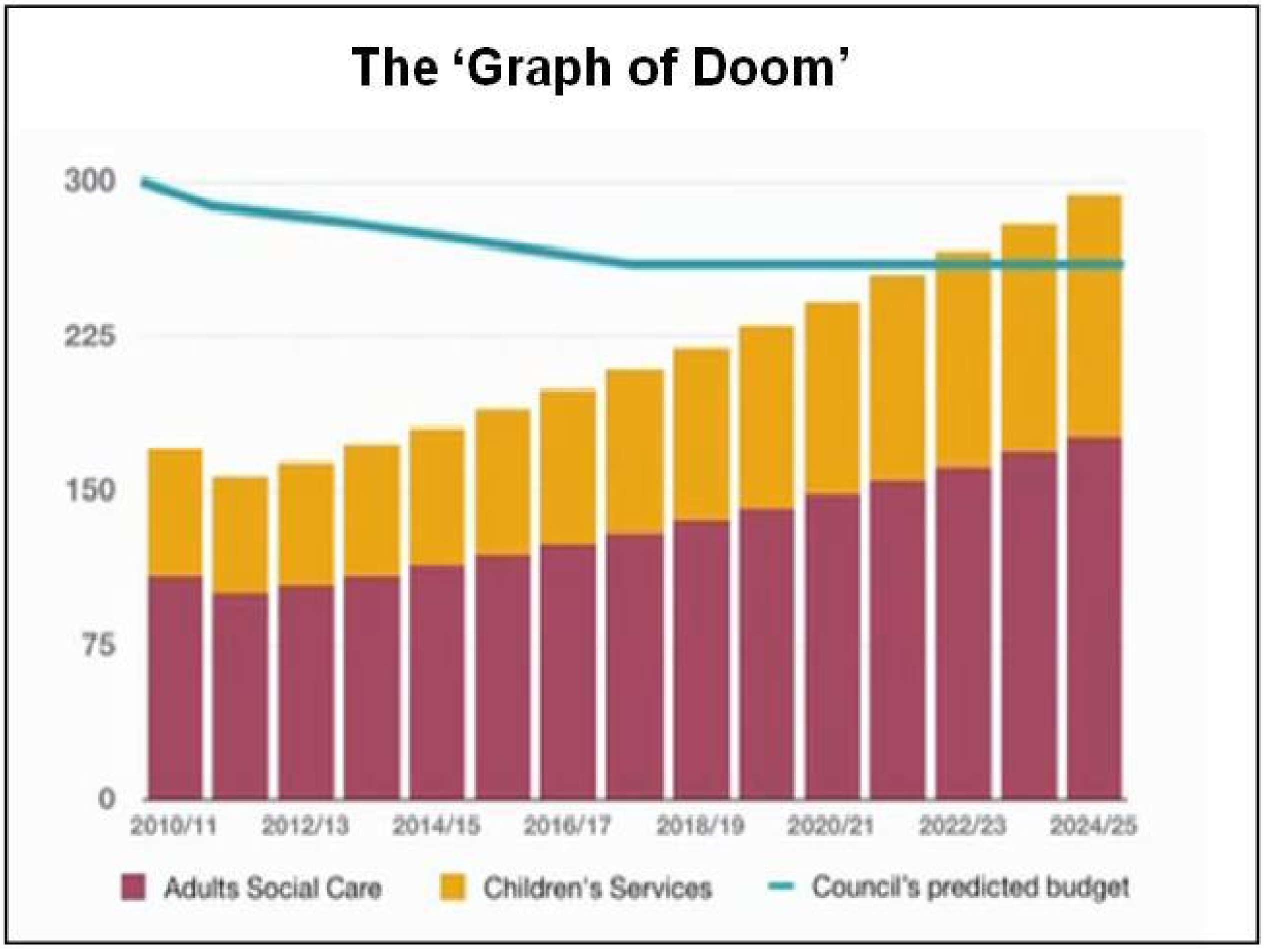
3.4 The largest single element of the overall KCC increase (58.9% of the total increase, 65.5% of increase excluding National Insurance grant) comes from Council Tax. The CSP assumes 6.2% increase in KCC council tax comprising an increase in the household charge up to 5% referendum level and assumed increase in tax base. The next largest elements come through Social Care Grant, National Insurance grant, and Children's Social Care Prevention Grant. KCC does not receive any of the Recovery Grant. The detail of these new grants was included in the report to Cabinet on 9th January 2025, this report is available as background document and the main grants are set out in appendix K of this report.

3.5 The administration's draft budget includes a proposed increase in Council Tax up to the maximum permitted without a referendum. If agreed the Council Tax precept raised on individual district councils will be based on this rate and the band D equivalent tax base estimate supplied by each district, and thus slightly different to the amount in CSP. The draft budget proposes that all of the increase in Social Care Grant is passported into adult social care (along with the ASC council tax levy and pro rata share of other general funding). The new grant for Children's Social Care Prevention Grant is passported into children's budget with associated increased spending. The increase in the Domestic Abuse Safe Accommodation Grant is proposed to be used to fund the existing core funded community support for domestic abuse victims (pending confirmation of the grant conditions). The changes in other grants are incorporated into the overall draft budget proposals without any specific targeting.

Historical Social Care Spending

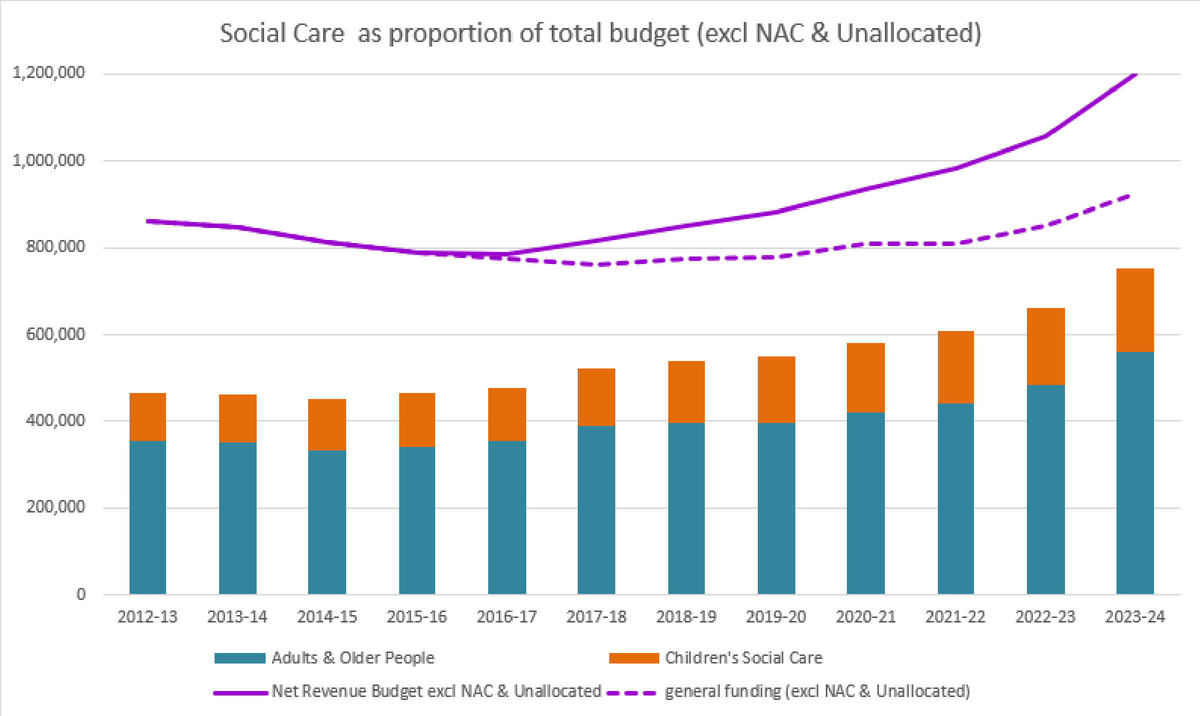
4.1 In the early years of austerity the Barnet "graph of doom" received a lot of attention, partly due to its evident simplicity. The graph showed a prediction of how dramatic the impact would be if spending and adult and children's social care was rising at the same time overall budget of the Council was reducing. The graph is repeated as chart 4.1.

Chart 4.1 – Barnet Graph of Doom



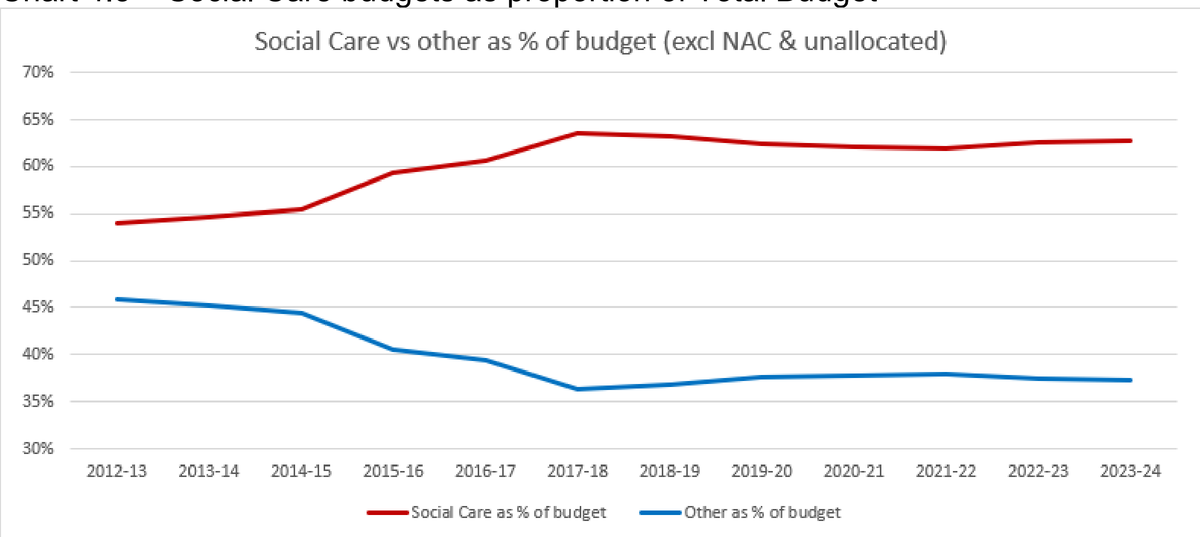
4.2 The reality has been somewhat different, particularly following the change in emphasis from 2016 which allowed councils to raise a specific adult social care Council Tax charge and greater recognition of adult social care in grant settlements since 2016. KCC's budgeted expenditure on adult's and children's social care is presented over a similar period in the same format as the original Barnet graph of doom compared to the total budget (excluding non-attributable and centrally held costs for consistency). This shows a similar picture to the Barnet prediction in the early years but a marked shift since around 2016 as the increases in funding for social care from Council Tax and grants was passported into social care budgets. Had this additional funding not been available (dotted line on chart 4.2), the Barnet prediction would have been a more accurate portrayal although not as stark.

Chart 4.2 – KCC Approved Budgets on Social Care



4.3 Chart 4.2 shows that the Council's social care budgets initially increased as a proportion of the total budget in the early years (when overall budget was falling) and have subsequently plateaued with the passporting of specific funding. However, what this does not adequately show is the recent trends with significant cost and demand increases to fulfil the Council's statutory obligations in both adults and children's social care. If the graph was plotted on actual spend it would show adults and children's rising more sharply in recent years consuming an ever increasing proportion of overall Council spending. Chart 4.3 shows a simpler presentation as the same information as chart 4.2 plotting social care and other budgets as proportion of total budget (although again if this were based on actual spend it would show an increasing proportion on social care).

Chart 4.3 – Social Care budgets as proportion of Total Budget



Social Care Funding 2025-26

4.4 The vast majority of the Council's funding is not hypothecated for individual services. This includes the general Council Tax precept, the settlement funding assessment (comprising the retained business rate baseline and revenue support grant), business rate compensation grant, New Homes Bonus Grant and assumed level of compensation for changes in employer's national insurance contributions. In total this un-hypothecated funding amounts to just over £1.1bn of the £1.5bn proposed net budget for 2025-26 (74.4% of total funding).

4.5 Since 2016-17 the Council has had the ability to raise a specific adult social care Council Tax precept, now raising approx. £156m in 2025-26 (10.2% of total funding) and additional social care related grants have been included in the settlement, now amounting to over £232m in 2025-26 (15.5% of CSP). The 2025-26 final draft budget includes an overall increase in funding of £101.4m (7.1%). Of this £20.5m is from the adult social Council Tax precept, £20.1m from the Social Care Grant and £6.8m Children's Social Care Prevention Grant.

4.6 The draft budget includes significant spending increases in adults and children's social care spending. These increases exceed passported funding and pro rata share of general funding as show in table 4.1.

Table 4.1 – Spending and Funding for Adult Social Care

	Total	ASCH	CYPE
	Adults	Adults (26+)	Adults (18-25)
Base Budget 2024-25	£620.3m	£564.5m	£55.7m
Spending growth (note 1)	£78.1m	£76.6m	£1.6m
Net Savings/Income (note 2)	-£23.0m	-£22.2m	-£0.8m
Net growth in service budgets 2025-26	+£55.1m	+£54.4m	+£0.7m
Est. share of centrally held pay	+£3.8m	+£3.8m	£0.0m
Total Net growth	**+£59.0m**	**+£58.2m**	**+£0.7m**
Passported Council Tax	£20.5m	£18.7m	£1.8m
Passported Social Care Grant	£20.1m	£17.2m	£2.9m
Pro rata share of general funds (note 1)	£12.8m	£11.5m	£1.3m
Total Net Funding	**£53.4m**	**£47.4m**	**£6.0m**
Excess share included in budget	**+£5.5m**	**+£10.8m**	**-£5.2m**

Note 1 = excludes domestic abuse
Note 2 = excludes savings towards £19.8m policy savings target

5.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support the education of pupils The Local Authority is responsible for distributing and spend these grants in accordance with the Department of Education (DfE) guidance. The Local Authority receives its DSG allocation gross (including allocations relating to academies and post 16 provision), and then the Education & Skills Funding Agency (ESFA) recoups the actual budget for Academies to pay them directly, based on the same formula as the funding allocations made to local authority-maintained schools.

5.2 The DSG is allocated through four blocks: The Schools Block, Central School Services Block, High Needs Block and Early Years Block. All elements of the DSG are calculated based on a national funding formula, however these are calculated using historic funding as a baseline. In addition, the Council receives, and passports fully to schools, other specific grants such as pupil premium funding or the Core Schools Budget Grant for Special Schools & Alternative Provision (relating to 2023 & 2024 teachers pay & pensions increases).

5.3 The table below sets out the latest DSG allocation over the funding blocks for 2025-26.

Table 5.1 - Dedicated Schools Grant 2025-26 and Latest DSG 2024-25

Block	**2025-26 £m**	**2024-25 £m**	**Change £m**
Schools Block (*)	1,384.1	1,275.7	108.5
CSSB	12.2	12.3	-0.1
High Needs Block	345.5	322.7	22.8
Early Years Block	226.1	158.6	67.4
Total	**1,967.9**	**1,769.3**	**198.5**

* includes £72.4m (2023 & 2024 teachers pay & pension grants rolled in) and £33.8m (new monies)

5.4 The early years block is used to fund the free entitlements for under-fives and has been increased in 25-26 for inflationary increases of between 2.7% & 3.6%. Further funding has also been allocated to fund the continual rollout of the extension of the free entitlement for working age parents down to 2 years from April 2024 and, to 9 months from September 2024. The Council is required to plan to pass on at least 96% of the funding to early years providers.

5.5 The primary and secondary pupil funding rate in the Schools Block, used to fund School Budgets, has increased by 2.6% in 25-26 (after 2024-25 grants have been rolled in). The total schools block for Kent (before deductions for academies) has increased by £108.5m (7.8%) to £1.4bn on the comparable figure for 2024-25, of which £33.8m (2.6%) is new monies. Approximately 1.3% of this relates to the full year effect of funding to support the cost of teachers pay award in September 2024, whilst the remaining 1.3% is fund pupil demographic changes and inflationary increases.

5.6 The High Needs Block is funding to support costs of pupils with additional educational needs, across mainstream and special schools & colleges as well as the associated support costs. The allocation of the high needs block for 2025-26 has increased by £22.8m (7%) on the comparable figure for 2024-25.

5.7 The increase in funding for schools is lower than in recent years and whilst the increase in the high needs block is slightly higher than last year it is still significantly lower than in recent years and is required to fund ongoing demand challenges. At the same time Central Government has confirmed the National Living Wage (NLW) will rise by a further 6.7% from April 2025. The School Teachers Review Body (STRB) have not published their formal recommendations on teacher's pay rises, the DfE have set out in their evidence to the STRB that a rise of 2.8% would be acceptable from September 2025, however this will not be fully funded, and schools will be expected to make efficiencies. The continual disparity between funding and staff cost rises will have a financial impact on schools, where the salaries of most support staff track close to NLW, with the most significant impact on schools supporting high numbers of children with special education needs (where there is greater requirement for support staff), including special schools and pupil referral units. Community and Voluntary Controlled maintained schools are required to implement the Personnel Committee recommendations on Kent Scheme pay, whilst other schools (voluntary aided and foundation-maintained schools, academy trusts & free schools) can make their own pay decisions, many still mirror the KCC pay structure to remain competitive in the County.

5.8 A significant financial risk for the Council is the continuing and increasing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG), a forecast total of £227m as at 31st March 2025 (excluding contributions from KCC and DfE). Since the introduction of the Children and Families Act 2014, the Council has seen an unprecedented rise in the number of children and young people assessed for Education Health and Care Plans (EHCPs) and the increasing proportion of children being educated in special and independent schools and a smaller proportion educated in mainstream schools. The high needs funding within the DSG has not kept pace, resulting in in-year overspends and an accumulated deficit on the unallocated DSG reserve. Whilst this is recognised as a national problem it has been particularly acute in Kent with numbers significantly higher than the national and nearest neighbours' average.

5.9 Since March 2023, KCC has been part of the Safety Valve Programme where the DfE and the Council are contributing towards the historic deficit on the understanding that plans will be put in place to bring the Council to a breakeven position by 2027-28. As a result of this, the deficit on the High Needs Block has been reduced by contributions to an estimated £96m at the end of 2024-25.

5.10 The Council recognises it needs to take further actions to ensure children with SEN are supported and that this is sustainable within the funding provided, and significant work is being undertaken to identify efficiencies and improvements in high needs provision, these are set out in the Safety Valve Agreement and include:

- Reviewing the commissioning strategy to ensure greater consistency in offer of SEN provision across the county including reviewing both special schools and Specialist Resource Provision (SRP) to reduce the increasing reliance on independent schools
- Reviewing commissioning arrangements with independent providers.
- Improving parental confidence through supporting inclusive practice and capacity building in mainstream schools including development of the locality model
- Further collaborative working with Health and Social Care partners

5.11 The Schools' Funding Forum have also agreed a 1.2% transfer from Schools Block to the High Needs Block to help to support the system of SEN support in mainstream schools across the county including ensuring sufficient funding for the County Approaches to Inclusive Education. This has been approved by the Secretary of State.

5.12 The Central School Services Block (CSSB) was introduced in 2018-19 to fund councils for their statutory duties relating to maintained schools and academies including for retained statutory duties and ongoing central functions i.e. admissions, and historic commitments including items previously agreed locally such as termination of employment costs. The element of the CSSB that funds ongoing services has increased by 6.2%, this is to help fund rises in school licences. Funding for schools historic pension commitments has been reduced in 2025-26, we are awaiting the outcome of an application to the DfE for continuation of this funding at the previous year's level.

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

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

6.3 The Council currently can, subject to legislative constraints, increase its Council Tax rate through two mechanisms, the Adult Social Care (ASC) precept and general tax rate increases. Each 1% increase in the Council Tax rate generates circa £9.5m per annum in 2025-26, which equates to an extra 31 pence per week for a band D property.

6.4 The Council Tax referendum principles for 2025-26 allow for up to but not exceeding 3% general tax rate increases without a referendum plus an additional Adult Social Care levy of up to 2%. These increases are based on the total County Council share of the household charge for 2024-25 (£1,610.82 for band D household). The administration's draft budget 2025-26 includes a proposed 2.995% increase for the general precept (up to but not exceeding the referendum level) and a further 1.995% increase for the adult social care levy (ASCL). The proposed Council Tax increases and overall charge by individual bands are shown in tables 6.1. The ASCL will no longer been shown separately on council tax bills.

Table 6.1 – Proposed Council Tax Increases by Band

Band	Proportion of Band D Tax Rate	2024-25 (incl. ASCL) £p	2025-26 (incl. increase in ASCL) £p	Increase £p
A	6/9	1,073.88	1,127.46	53.58
B	7/9	1,252.86	1,315.37	65.21
C	8/9	1,431.84	1,503.28	71.44
D	9/9	1,610.82	1,691.19	80.37
E	11/9	1,968.78	2,067.01	98.23
F	13/9	2,326.74	2,442.83	116.09
G	15/9	2,684.70	2,818.65	133.95
H	18/9	3,221.64	3,382.38	160.74

6.5 The County Council's 2024-25 Council Tax charge (including Fire and Rescue Authority to ensure valid like for like comparison) is currently mid-range at 10th highest of the 21 counties in England and 5th of the 7 south east region counties. We will not know the Council's relative position on Council Tax for 2025-26 until all county councils have agreed their precept and Council Tax charge for the forthcoming year.

6.6 The final Council Tax precept and Council Tax funding levels are based on tax base estimates notified by the 12 district and borough councils as shown in table 6.2. The total tax base increase of 1.22% (slightly lower than the provisional figure of +1.24%) is significantly less than our initial estimate of 1.7% and results in an increase in Council Tax funding of £11.4m (£4.9m less than estimated in the November draft budget). The tax base estimates include changes in the number of dwellings, changes in discounts and premiums, assumed collection rates and the introduction of premiums on second homes.

Table 6.2 – Tax base changes and 2025-26 Precept

District	2024-25 Final Band D Equivalent Taxbase	2025-26 Final Band D Equivalent Taxbase	2025-26 Precept @ £1,691.19 (incl. ASCL) £000s	% change
Ashford	49,832.00	49,332.00	83,429.8	-1.00%
Canterbury	53,348.27	55,053.98	93,106.7	+3.20%
Dartford	41,029.46	41,702.34	70,526.6	+1.64%
Dover	40,874.50	42,119.72	71,232.4	+3.05%
Folkestone & Hythe	40,466.09	41,413.64	70,038.3	+2.34%
Gravesham	35,994.62	35,442.89	59,940.7	-1.53%
Maidstone	68,263.60	68,085.50	115,145.5	-0.26%
Sevenoaks	52,394.75	53,008.33	89,647.2	+1.17%
Swale	50,367.85	50,518.20	85,435.9	+0.30%
Thanet	46,454.06	48,260.89	81,618.3	+3.89%
Tonbridge & Malling	53,477.93	53,849.82	91,070.3	+0.70%
Tunbridge Wells	48,360.90	49,134.60	83,095.9	+1.60%
Total	**580,864.03**	**587,921.91**	**994,287.65**	**+1.22%**

ASCL = Adult Social Care Levy

6.7 The district and borough councils also have to notify us of their estimated collection fund balance for over/under collection in the current year (including any balance brought forward). This must also be reflected in the draft budget as over/under collection has to be taken into account as part of the decision on the Council Tax charge for 2025-26. The draft budget includes a £3.2m collection surplus balance (compared to a £0.6m provisional collection deficit balance), this is £3.8m less than the £7m assumed surplus balance in the November draft and in accordance with established policy and practice the difference from the assumption is drawn from the local taxation equalisation reserve, which avoids any impact on the overall revenue budget and savings/income requirement. Table 6.3 shows the changes in collection fund balances in 2024-25 and 2025-26 for each collection authority.

Table 6.3 – Collection Fund Estimated Balances

District / Borough Council	Collection fund surplus/ (deficit) in 2024-25 Budget	Collection fund surplus/ (deficit) in 2025-26 Draft Budget	Difference
Ashford	-£1,290,972	-£213,723	£1,077,249
Canterbury	£1,091,180	£2,578,646	£1,487,466
Dartford	£1,584,612	£1,509,970	-£74,642
Dover	£487,573	£172,772	-£314,801
Folkestone & Hythe	£1,070,000	-£515,661	-£1,585,661
Gravesham	-£218,780	-£1,424,350	-£1,205,570
Maidstone	-£1,425,915	-£744,024	£681,891
Sevenoaks	-£58,283	£1,625,143	£1,683,426
Swale	-£207,649	-£294,838	-£87,189
Thanet	£568,715	£805,939	£237,224
Tonbridge & Malling	£412,048	-£289,929	-£701,977
Tunbridge Wells	£502,950	£0	-£502,950
Total	**£2,515,480**	**£3,209,945**	**£694,466**

7.1 The administration's updated draft revenue budget and draft capital programme was published on 6th January 2025 for consideration of material changes through the January cycle of Cabinet Committees. As with the earlier draft for the November cycle of Cabinet Committees this was a tailored report for each committee focussing on the key policy considerations within the administration's draft budget proposals for the relevant Cabinet portfolio(s) for each committee. The reports included an appendix with the overall high level three-year revenue plan for the whole council, and separate appendix with the one-year plan for relevant Cabinet portfolio(s)/directorates using the same classification for spending growth and savings/income as the three-year plan.

7.2 A report setting out the full draft to the administration's proposed budget was considered by Scrutiny Committee on 29th January ahead of being presented to Cabinet on 30th January for formal endorsement. The administration's final draft budget will be considered by County Council on 13th February for approval. The final draft includes the minor changes arising from final settlement (updated and increased Children's Social Care Prevention Grant and conformation of the compensation through Employer National Insurance Contributions Grant), final tax base and collection fund notifications, recommendations from Personnel Committee on Kent Scheme pay award for 2025-26 and other minor presentational changes as necessary. As required by the Council's Constitution and Financial Regulations, the final draft budget for County Council approval will be proposed by the Deputy Leader/Cabinet Member for Finance Corporate and Traded Services (under delegated powers from the Leader) and published in a format recommended by the Interim Corporate Director, Finance and agreed by the Leader.

7.3 The administration's final draft capital programme 2025-35 is set out in appendices A and B of this report. Appendix A provides a high-level summary of planned capital spending and financing over the 10-year period. The financing is a combination of government departmental capital grants, anticipated developer contributions and capital receipts, external funding and borrowing. In many cases funding has not been increased for inflation and consequently inflation has had to be absorbed, reducing the real terms values within the programme. Appendix B contains planned spending on individual projects and rolling programmes by directorate. Appendix C is not part of the approved programme and is only included for reference, providing information on indicative spending on potential projects in the pipeline where funding has not yet been secured.

7.4 The capital strategy recognises that the capital programme must align with the Council's strategic priorities and support the priorities and principles in other key strategies such as Kent and Medway Growth and Infrastructure Framework, Local Transport Plan, Commissioning Plan for Education Provision, Asset Management Strategy etc. It is equally important that these key strategies are regularly reviewed and updated to take into account legislative requirements and the financial operating environment including both capital and revenue funding settlements The review and updating of these strategies also needs to reflect the objectives set out in Securing Kent's Future and contribute to the delivery of the budget recovery plan.

7.5 The revenue proposals are summarised in appendices D to G of this report. These appendices show the spending, income and savings changes from the current year's approved budget (2024-25) and the financing requirements. Appendix D provides a high-level summary of the proposed three-year plan for the whole Council, showing the spending growth, savings & income, changes in reserves for core Council funded activity (funding from the fLGFS and local taxation) separately from changes in externally funded activities (largely specific grant funded). The presentation of appendices D and E have been enhanced to show the rephased savings form 2024-25 which would need to be rolled forward based on the quarter 3 monitoring report presented to Cabinet on 30th January 2025. There have been minor changes in planned 2025-26 core spending and funding from the draft endorsed by Cabinet on 30th January 2025 as result of the fLGFS (updated and increased Children's Social Care Prevention Grant and confirmation of compensation through Employer National Insurance Contributions Grant). The changes are summarised in table 7.1 and reflect the now balanced position for 2025-26.

Table 7.1 - Changes in core funded spending, savings and funding in Appendix D from November draft

	Initial Draft (Nov 2024)	Cabinet Draft (Jan 2025)	Final Draft (Feb 2025)
Spending Growth	+£117.2m	+£150.4m	+£151.2m
Internal base budget adjustment	-£0.8m	-£0.8m	-£0.8m
Income	-£10.0m	-£23.5m	-£23.5m
FYE of current year and new savings	-£64.0m	-£70.8m	-£72.6m
Removal of one-off and reversal of unachieved savings	+£32.3m	+£32.8m	+£34.6m
Reserves	+£4.1m	+£12.1m	+£12.6m
Funding	-£67.5m	-£100.2m	-£101.4m
Balance (+ve = unresolved)	**+£11.4m**	**£0m**	**£0m**
of which Adult Social Care	+£8.6m	-	-
of which Other	+£2.8m	-	-

7.6 The final draft does not include the compensation for the freeze in the Business Rate multiplier and additional reliefs, as this was not fully reflected in the fLGFS announcement. The final draft does not include the retained Business Rate precept or estimated collection fund balances as these were not notified in time for publication of Council papers. The final draft budget includes final Council Tax base and collection fund balance estimates from district council. The changes in funding from the January draft budget endorsed by Cabinet are listed in table 7.1.

Table 7.1 List of Funding changes since January draft endorsed by Cabinet

Category	Description	Amount	Change
Grant	Children's Social Care Prevention Grant	+£6.8m	+£0.6m
Grant	Employer National Insurance Contributions Grant	£10.1m	+£0.7m

7.7 Appendix E provides a directorate high level summary of the proposed plan for 2025-26, separately showing spending growth, savings & income, changes in reserves and funding for core Council funded activity (funding from the local government settlement and local taxation) from changes in externally funded activities (largely specific grant funded). Throughout this report the focus is on core funded spending, savings, income and reserves as changes on externally funded spend are financially neutral. Table 7.2 shows the net increases in core funded spending for each directorate as a result of spending growth, and savings/income. The adult social care Council Tax levy and social care grants are passported into social care spending in ASCH and CYPE. In total these passporting amounts are £40.6m into adults services and £6.8m into children's services. The increases across Adult Social Care and Integrated Children's Services exceed these passported amounts and pro rata share of general funding increases reflecting the priority for New Models of Care.

Table 7.2 – Year on Year changes in net budget by directorate

	ASCH	CYPE	GET	CED & DCED	NAC & CHB	Total
Approved Base Budget 2024-25	£585.9m	£430.0m	£201.7m	£111.5m	£100.4m	£1,429.5m
Base Adjustment	+£0.3m	-£0.4m	-£0.4m	-£0.3m	-	-£0.8m
Spending Growth	+£80.3m	+£40.9m	+£14.3m	+£9.2m	+£6.5m	+£151.2m
FYE of current and new savings	-£34.3m	-£21.0m	-£0.7m	-£13.9m	-£2.7m	-£72.6m
Income	-£6.2m	-£0.1m	-£15.6m	-£0.2m	-£1.3m	-£23.5m
Removal of one-off and unachieved savings	+£16.7m	-	+£1.6m	+£0.2m	+£16.1m	+£34.6m
Reserves	+£0.6m	-	+£0.7m	+£0.2m	+£11.1m	+£12.6m
Net Budget 2025-26	£643.2m	£449.2m	£201.6m	£106.8m	£130.1m	£1,530.9m
Net Change	+£57.3m	+£19.2m	-£0.2m	-£4.7m	+£29.8m	+£101.4m
Net Change (%)	+9.8%	+4.5%	-0.1%	-4.2%	+29.6%	+7.1%

7.8 Appendix F provides a full list of individual spending, savings & income, and reserves items. This appendix shows the spending forecasts, savings and income proposals, and changes in reserves for all the three years 2025-28. New savings and income for later years are included to highlight the areas that will need to deliver the forecast level of recurring savings in 2026-27 and 2027-28 although inevitably these savings proposals will need to be developed in more detail and be subject to consultation and scrutiny as part of development of future revenue budgets as the full detail for the subsequent years is not essential for the approval of 2025-26 budget and the MTFP at this stage amounts are considered to be indicative for planning purposes.

7.9 The draft budget includes provision for Kent Scheme pay sufficient to fund the transition to the new pay points under the pay strategy agreed by full Council in May 2024 and the following uplifts to be applied from April 2025 (consistent with the pay strategy agreed in May 2024):

- Increase the minimum rate for grade KSA to £12.71 per hour (5% increase) to maintain the current positive differential from Living Wage Foundation's Living Wage (11 pence). This will exceed the minimum requirement for the National Minimum Wage of £12.21 per hour for employees aged over 21.
- Increase all points within grades KSB to KSD by 5%.
- Increase the bottom of KSE by 4.1% with tapered increases for rest of KSE
- Increase all the points in KSF to KSR by 3.0%

7.10 The County Council agreed the Members' Allowances Scheme for 2021-2025 on 4th November 2021. This included agreement to an updated annual indexation formula linked to national and Kent scheme pay awards. A new or extended scheme will need to be agreed for 2025-26. The Member Remuneration Panel is currently working on recommendations for 2025-26 but will not report before the start of the next financial year. At this stage the draft budget includes an estimated provision, and the estimate for employer National Insurance Contributions includes impact on member allowances. Any variance from these estimates once the 2025-26 scheme is approved will need to be managed in the short term as a reported budget variance.

7.11 The high-level equation for changes in planned revenue spending for 2025-26 (growth and savings), income and net budget, together with the balancing changes in funding is shown in table 7.3 below. This summarises how the requirement to set a balanced budget will be met. To improve transparency the spending, savings and reserves from core Council funds are shown separately from externally funded changes (consistent with the revised presentation of appendices D and E).

Table 7.3 – Net Year on Year Change in Spending and Funding

Change in Net Spending	Core Funded	External Funded	**Change in Net Funding**	Core Funded
Base adjustment	-£0.8m	+£0.8m	Council Tax (incl. collection fund)	+£59.3m
Estimated additional spending	+£151.2m	+£49.0m	Increase in social care grants	+£26.9m
Savings (new and FYE of existing plans)	-£72.6m	-	Increase in SFA (net of grants rolled in)	+£2.7m
Income (new and FYE of existing plans)	-£23.5m	-	Net Increase in other grants in fLGFS	+£1.1m
Assumed changes in specific government grants		-£29.0m	Domestic Abuse grant	+£3.2m
Removal of one-off and unachieved savings	+£34.6m	-	Employer NICs grant	+£10.1m
Proposed net change to in year reserves	+£32.3m	-£11.4m	Retained business rates pool and collection fund	-£1.8m
Removal of previous year contributions & drawdown	-£19.7m	-£9.4m		
Total Change in Net Spending	**+£101.4m**	**£0.0m**	**Total Change in Net Funding**	**+£101.4m**

7.12 The Council continues to operate its policy of full cost recovery through fees and charges that can be determined locally, other than where Cabinet/County Council has agreed to provide services at a subsidy or concession e.g. Kent Travel Saver. Under this policy fees and charges are subject to an annual uplift with periodic review to ensure that uplifts ensure full cost recovery continues to apply. The uplifts and full cost reviews are reflected in the 2025-26 budget proposals and form part of the budget recovery plan within Securing Kent's Future.

7.13 In addition to the spending pressures in core Council services, pressures arising from Special Education Needs & Disabilities (SEND) impact upon both the ring-fenced Dedicated Schools Grant (DSG) and the General Fund revenue budget. Pressures on DSG are being addressed primarily through the Safety Valve mechanism, whereby the Department for Education provides a substantial contribution (up to £140m), in return for improvements to the SEND system and a contribution (£82.3m) from the Council. SEND pressures on the General Fund are reflected primarily through 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.

7.14 There is already substantial work being undertaken to manage down this financial pressure on SEND 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 reasonably met by other means.

7.15 Consultation and Equality Impact Assessments (EQIA) will need to be undertaken on individual new savings and income proposals where required. The final planned amounts can only be confirmed following consideration of consultation responses and EQIAs. Any variances between the approved budget and final planned amounts will be included in the budget monitoring reports to Cabinet, together with progress on delivery and any additional measures that may be required.

Spending Estimates

8.1 The most significant spending growth derives from demand and cost drivers. In 2024-25 £85.3m out of £209.6m (40.7%) of core funded spending growth was through demand and cost drivers. The other major components of spending growth were contractual and negotiated price increase (23.7% of core funded growth) and base budget changes for full year effect of previous budget variances (15%). The demand and cost drivers were included in the 2024-25 budget to replace previous calculations for demography. The demand and cost drivers were developed jointly with performance analytics and finance in response to the significant variances that arose in 2022-23 budgets.

8.2 The draft 2025-26 budget has an even greater proportion of core funded spending growth (47.1%) although the overall amount (£71.2m) is less. This is partly due to significantly lower base budget changes reflecting the relative success of the revised approach resulting in fewer spending variances within 2024-25 budget monitoring. Table 1 shows comparisons between demand and cost drivers in 2024-27 and 2025-28 MTFP by main service/directorate.

Table 8.1 – Comparison of Demand and Cost Drivers 2024-27 to 2025-28

	2025-28 Draft MTFP			2024-27 Final MTFP		
	2025-26	2026-27	2027-28	2024-25	2025-26	2026-27
Adults & Older Persons - ASCH	£42.2m	£42.2m	£42.2m	£54.0m	£54.0m	£54.0m
Adults & Older Persons – CYPE	£2.5m	£2.5m	£2.5m	£3.4m	£3.4m	£3.4m
Children's Social Care – CYPE	£10.3m	£10.2m	£10.2m	£8.9m	£10.4m	£10.2m
Home to School Transport – CYPE	£15.1m	£13.6m	£13.6m	£17.9m	£15.1m	£13.6m
Waste Disposal & Recycling GET	£1.1m	£1.1m	£1.0m	£1.0m	£1.0m	£1.0m
Total	£71.2m	£69.7m	£69.6m	£85.3m	£83.8m	£82.3m
% of Core Funded Growth	47.1%	61.7%	60.3%	40.7%	56.9%	62.2%

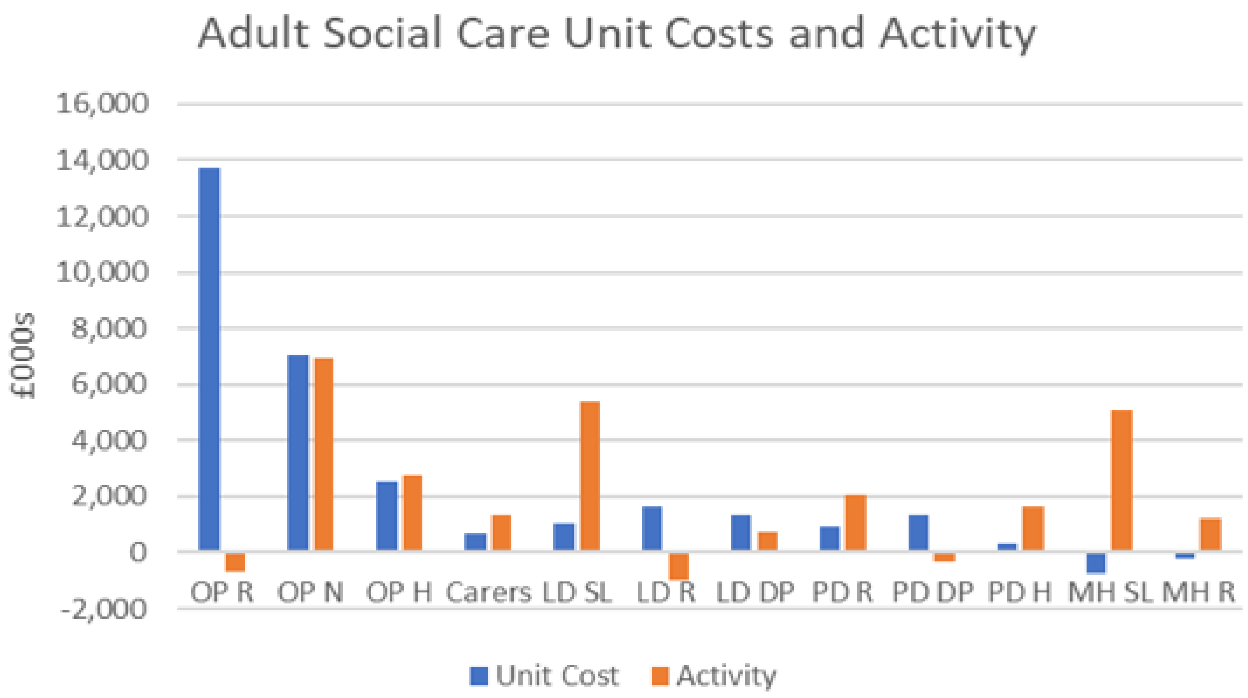
8.3 The % of spending growth for demand and cost drivers will always be a proportionately larger share of growth in the latter two years of the plan as there are no base budget changes in these later years and projections for price uplifts also tend to be lower as rate of inflation is forecast to fall. The calculation of demand and cost drivers for later years currently produces the same amount in each year as the current year as it is based upon the same most recent performance/activity data. As the forecasts become more refined it is intended to be able to input alternative performance/activity variables to reflect different scenarios in different years. It is intended that this should be introduced alongside the restoration of multi settlements. The latter two years of the 2025-28 plan is still indicative for illustrative purposes in the absence of multi-year settlements so alternative scenarios would not add much value at this stage. The forecasts for home to school transport could not be updated for updated for this version of the draft plan as the impact of activity changes from the start of the school year in September 2024 are still being evaluated.

8.4 The demand and cost drivers for adults and older persons include separate calculations for increased costs and increased demand. The demand drivers take account of predicted changes in number/needs of new clients including those disabled clients transitioning from children's services to adults, and those transferring from continuing health care and those transferring from self-funders as personal wealth is depleted below the qualification threshold. Demand drivers include forecasts for new assessments and annual review. This includes those in homecare or community care placements where complexity is increasing as evidenced by average hours per week.

8.5 The cost driver element for adults and older persons reflects that cost of packages for new clients in recent years have been significantly higher that existing clients. This is largely in older persons residential and nursing care and includes an element of complexity although this cannot be separated out in the same way through average hours per week for home care and community care packages. The higher cost for new packages also reflects placement decisions and availability.

8.6 The calculation of demand and cost drivers is determined for individual client groups and different care settings including older persons (residential [R)], nursing [N], home care [H)]), learning disability (supported living [SL], residential [R], direct payments [DP]), physical disability (residential [R], direct payment [DP], home care [H]), mental health (supported living [SL], residential [R]). The breakdown for each client group/setting for 2024-25 cost drivers is shown in chart 8.1. The breakdown of 2025-26 in a similar way can only be done following budget approval and the allocation of budgets to key services. A separate sensitivity analysis of actual changes in costs and activity for the 2024-25 amounts can only be completed after year end when a full year of data is available. Performance monitoring reports are considered on a regular basis by ASCH management team to monitor progress. Generally, the observed trends are not significantly different to the forecast trends when the budget was set. The vast majority of budget variances in adult social care in 2024-25 are from savings delivery (see subsequent section in this sensitivity analysis).

Chart 8.1 – Adult Social Unit Cost and Activity Demand and Cost Drivers 2024-25



8.7 The demand and cost drivers for children's social care include separate calculations for increased costs and increased demand. The demand drivers take account of increases in child population and increasing complexity of need. The overall proportion of children in care is fairly static. The cost drivers reflect the rising cost of and availability of placements between different settings such as Foster care, residential, etc. over and above contractual fee uplifts., As with adult social care are the cost drivers influenced by complex market factors. The demand and cost drivers are calculated separately for disabled and non-disabled children. In year budget monitoring shows that budget estimates for demand and cost drivers for non-disabled children were robust with only very small variance (less than 0.1% variance on budget of over £100m). The budget estimates for disabled children in care show a much larger variance (20%). Work continues to better predict spending drivers in this area.

8.8 The demand and cost drivers for home to school transport include impact of rising school age population, the proportion of the school age population eligible for transport assistance, cost factors such as journey distance and vehicle occupancy and market availability. Such has been the increased demand for SEND home to school transport that this itself creates a market availability pressure pushing up unit costs through tender prices over and above expected increase due to rising labour, fuel and vehicle maintenance costs. In year budget monitoring is showing significant underspend on home to school transport, this is not as a result of lower numbers within the demand calculation but lower cost increases and changed pattern of transport packages including higher numbers of Personal Transport Budgets (PTBs). These changing patterns are still under evaluation and consequently the demand and cost driver estimate for 2025-26 and 2026-27 is unchanged from 2024-27 MTFP at this stage.

8.9 The demand driver for waste recycling and disposal cost driver is based on forecast growth in the number of households as a reasonable proxy for increases in tonnage. Waste recycling and disposal costs are complex to forecast due to influence outside the Council's direct control such as behaviour patterns towards segregating waste for kerbside collection, market prices for non-residual waste, collection patterns, etc. The most significant variances on waste recycling and disposal costs in the current year arise from policy choices around number and location of Household Waste Recycling Centres (HWRCs) and contract retenders.

Savings and Income Estimates
8.10 Savings and income delivery plans have been subject to significant additional rigour in the current year. The most significant savings (28 out of 111 individual plans) amounting to a total of £56.7m out of a total planned savings on core funded activities for 2024-25 of £88.9m are subject to the most rigour through regular budget monitoring and progress updates to Strategic Reset Programme Board. Delivery plans are categorised into the following traffic light system:

- Blue – delivered
- Green – key milestones on track
- Amber – key milestones not on track but remedial strategies have been identified
- Dark Amber – key milestone not on track and remedial strategies yet to be identified
- Red – savings now considered unachievable in the current year

8.11 A further 15 out of 111 savings plans (amounting to £5.9m out of total planned savings of £88.9m) are deemed less significant corporately but still material enough to require enhanced directorate monitoring through business plans. The remaining 68 out 111 savings plans (£26.2m out of £88.9m total planned savings) are monitored through the normal monthly finance monitoring with managers and quarterly reports to Cabinet.

8.12 The savings monitoring report to Cabinet includes all savings in the budget plan together with any that have been rolled forward from under delivered savings in previous years. The report also identifies separately any savings that have been over delivered as well as the traffic light rating for the overall savings in the budget plan (including those rolled forward). The draft budget plan for 2025-26 identifies separately the negative amounts for full year effect of current savings/new savings & income in the budget plan from the positive amount needed for realignment of budgets to reflect under delivered savings not being rolled forward and removal of one-offs. This distinction has not been necessary in previous budget presentation as the amounts under delivered and not rolled forward have been insignificant.

8.13 The delivery of savings and income within Adult Social Care are of the most significant concern. Out of total planned saving of £55m (including roll forward) over 50% (£29.6m) are now rated red with a further 13% (£7.4m) rated amber or dark amber in the latest Quarter 3 monitoring report. This represents a deterioration from quarter 2 where £25.8m of ASCH savings were deemed red, and £9.4m amber or dark amber. The draft budget is based on the quarter 2 monitoring in terms of £14m savings deemed irrecoverable savings not being rolled forward.

Funding Scenarios

Source	Current Basis	Sensitivity over medium term		
		Most Likely	Best Case	Worst Case
Council Tax Base	The current working assumption is 1.5% annual increase due to new dwellings and changes in discounts, exemptions. Current collection assumption is average of 98%.	Tax base continues to grow at a largely steady state albeit with some local differences	Local collection authorities maximise collection. 100% collection would increase KCC share of Council by net c. +£10m through tax base with no collection surplus	Local collection authorities reinstate discretionary empty property discounts & premiums and/or revert to default schemes for working age CTRS. Maximum exposure to KCC share of council tax c. -£30m
Council Tax Rate	The current working assumption is that council tax referendum limits	Referendum levels remain at 5% for foreseeable future	Referendum limits are increased or removed together. Each additional 1% amounts to c. +£9.5m for KCC	Referendum limits are reduced to more common 3%. Exposure risk to KCC c.-£19m
Retained Business Rates	The current arrangements allow KCC to retain 9% of business rate growth. BR taxbase is volatile and budget assumes no growth with only increase from annual index linked uplifts	Business rates retention remains at 9% with relatively low or static changes in tax base	Business Rate retention is increased stimulating business rate growth. Doubling of retained business rate growth would amount to c.+£10m for KCC share	Major business closure in the county lead to share of business rates reducing below safety net threshold. Current threshold would allow -£15m before safety would apply (note being in a pool means safety net is not currently applicable)
Govt SFA	Funding baselines are based on relative needs and resources formula. The methodology for this was established in 2006-07 and the	Any reform is broadly neutral for a diverse county like Kent	A 10% improved distribution from reforms would increase KCC allocation by c. +£22m	A 10% reduced distribution from reforms would increase KCC allocation by c. -£22m

	parameters in the calculations have not been updated since 2013-14			
Govt social care grants	The 2025-26 final local government settlement includes just over £232m in social care grants. These have been progressively increasing since 2016-17 and now represent 15% of the Council's net budget. These grants are allocated on same outdated RNF as the funding baseline.	Grants are transferred into reformed funding system at current levels with relative needs updated. KCC is likely to benefit from a small increase from updating	The RNF and area cost adjustment take better account of councils serving large, diverse and dispersed population. The tax equalisation element is more beneficial. Changes in this direction would increase county council share	The RNF is based more reliant on measures of deprivation and tax equalisation element is increased. Changes in this direction would reduce county council share as more funding is targeted to poorer urban areas

Proposed Revised Draft 2025-26 Revenue Budget – key numbers

£1,530.9m	Assumed net revenue budget for 2025-26. This represents a £101.4m increase on the final approved budget for 2024-25 of £1,429.5m.
£151.2m	Additional estimated core funded spending growth – see paragraph 9.1 below for more detail.
-£61.5m	Assumed net savings, income and future cost increase avoidance. Of this £72.6m relates to proposed new and full year effect of existing savings, £23.5m additional income generation (mainly fees and charges), offset by £34.6m from the removal/rephasing of undelivered savings in previous budgets and temporary savings from prior years – see paragraph 9.2 for more detail.
£12.6m	Estimated net impact on the budget of changes in the use of reserves including new contributions and removing previous years drawdown and contributions – see section 12 for more detail.
£997.5m	Estimated to be raised from Council Tax precept. An increase of £59.3m on 2024-25. £11.4m is due to a 1.22% estimated increase in the tax base due to additional dwellings, changes in discounts and exemptions and assumed collection rates. £47.3m is from the estimated increase in the household charge up to but not exceeding 5% (including £18.9m from the adult social care levy).
£40.7m	Net increases as announced in the final LGFS. This comprises of the following changes: • £20.1m increase in Social Care Grant • £10.1m new Employer National Insurance Contribution Grant • £6.8m new Children's Social Care Prevention Grant • £6.2m increase in the Settlement Funding Assessment (Revenue Support Grant and Business Rate baseline grant funding) • -£3.6m reduction in grants now rolled into the Settlement Funding Assessment e.g. Extended Rights to Free Travel • -£1.3m reduction in funding from the cessation of the Services Grant • £0.8m increase in the Domestic Abuse Safe Accommodation grant • -£0.2m continuation of New Homes Bonus Grant but at a lower value than 2024-25 • £1.7m net increase in business rates compensation

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

9.1 The additional estimated core funded spending growth (i.e. excluding changes arising from external funding) of £151.2m for 2025-26 is summarised in appendices D and E and set out in more detail in appendix F. It has been subdivided into the following categories:

Net base budget changes £10.3m	Changes to reflect full year effect of variations in the current year's monitoring forecast compared to approved budget. These adjustments are necessary to ensure the draft budget for the next financial year is based on a robust and sustainable basis.
Demand and future cost increase drivers £71.2m	Forecast estimates for future non-inflationary cost and demand increases such as additional care hours, increased journey lengths, etc. across a range of services including adult social care, integrated children's services, home to school transport and waste tonnage.
Price uplifts £41.4m	Contractual and negotiated price increases on contracted services, including full year effect of planned mid-year uplifts in current year and forecast future price uplifts.
Pay £21.8m	Additional net cost of proposed pay award and transition to new pay structure and change in employer's national insurance contributions. Lowest pay rate increased to £12.71/hour, other pay rates by 3% to 5%. Also allows for increases in agency rates, non-kent scheme pay and apprenticeship levy.
Service Strategies & Improvements £17.8m	Other estimated spending increases to deliver strategic priorities and/or service improvements and outcomes including financing the capital programme.
Government & Legislative -£14.7m	Additional spending to meet compliance with legislative and regulatory changes, including the change in treatment of KCC's contribution to the Safety Valve agreement with the Department for Education (now shown in reserves).
Reduction in Grant income £3.2m	Removal of Domestic Abuse specific grant funding as this grant has now transferred into core spending power as part of the fLGFS.

9.2 The proposed savings and income proposals of £61.5m net for 2025-26 (comprising of £96.1m of additional savings/income partly offset by £34.6m removal of one-offs and reversal/rephasing of unachieved savings from previous budgets) are summarised in appendices D and E and set out in more detail in appendix F. They have been subdivided into the following categories:

Policy Savings £8.5m (net saving)	£16.7m savings arising from proposed changes in Council policies including full year effect of 2024-25 savings and new proposals for 2025-26 (full year effect in later years shown in summary). Partly offset by £8.1m for removal of one-off savings and removal/rephasing of unachieved savings)
Transformation - Future Cost Avoidance £30.8m (net saving)	£39.3m savings aimed at avoiding future cost increases in adult social care and home to school transport. Partly offset by £8.5m removal/rephasing of unachieved savings in this category for 2024-25 in adult social care
Transformation – Service Transformation £3.6m (net saving)	Savings arising from service transformation initiatives within integrated children's services and across the wider council as part of Securing Kent's Future objective to transform the operating model of the Council.
Efficiency Savings -£0.6m (net growth)	£3.5m savings aimed at achieving improved or the same outcomes at less cost including full year effect of 2024-25 savings and new proposals for 2025-26 (full year effect in later years shown in summary). More than offset by £4.0m removal/rephasing of unachieved savings in this category for previous years in adult social care.
Financing Savings -£1.0 (net growth)	£9.5m saving from flexible use of capital receipts to support 2025-26 revenue budget and review of amounts set aside for debt repayment (MRP) based on asset life. More than offset by £10.5m removal of previous use of capital receipts and reduced investment income returns.
Income Generation £20.1m (net income)	£23.5m from increases in fees and charges for council services from applying existing policies on fee uplifts (including contributions from other bodies) and new income generation proposals. Existing policies include increases in client contributions in line with estimated 2025-26 benefits and other personal income increases and increases in contributions to Kent Travel Saver and 16+ pass linked to fare increases. Also includes the guaranteed New Extended Producer Responsibility (EPR) income in 2025-26, estimated increased income from Better Care Fund and additional income from company dividends. Partly offset by £3.4m removal of one-offs in 2024-25 budget.

Proposed Draft 2025-35 Capital Programme – key numbers

£1,419m	Total planned capital spending over the ten years 2025-26 to 2034-35
£766m	Confirmed or indicative government grants to fund capital expenditure
£366m	Total proposed borrowing to fund the programme
£287m	Funding from other sources (capital receipts, developer contributions, external funding and revenue)

10.1 The ten-year Capital Programme 2024-34 was approved by County Council in February 2024. This took into account the need to set a realistic and deliverable programme and avoid the significant over-programming and subsequent underspending against capital that has been a feature for several years. The ten-year horizon allows for a longer-term plan for capital investment, taking into consideration an updated assessment of the capital financing requirements and the consequent impact on the revenue budget and borrowing strategy.

10.2 The capital programme is under significant pressure due to the backlog of maintenance on highways and buildings. These backlogs cannot be addressed within the current financial constraints, and with the existing asset base. The current ten-year capital programme does not include any additional borrowing therefore avoiding increased pressure on the revenue budget through increased financing costs. The current approach of no new borrowing will be reviewed and considered in advance of the 2026-27 budget. In the short-term however, this approach does not come without increased risks.

10.3 The increased risks which include danger to life and limb if repair works are not completed, an increase in maintenance backlogs which in turn could lead to additional revenue costs for reactive works, increased future costs of works due to inflation, and costs relating to climate change resilience/adaptation will be mitigated as far as possible. For example, prioritising emergency works that would avoid risk of death or serious harm, prioritising maintenance on essential assets (although this means non-essential assets would not be maintained leading to possible closures on safety grounds) and doing the minimum to meet statutory requirements at lowest cost. This is only a short-term necessity while the Council reviews and reduces its estate over the medium term which in turn will reduce future maintenance and modernisation requirements. The programme will continue to be regularly reviewed and re-prioritised within the funding available.

10.4 Appendix A of this report sets out a summary of the administration’s final draft 2025-35 programme and associated financing requirements for each year. The summary provides a high-level overview for the whole Council. The individual directorate pages in appendix B provide more detail of rolling programmes and individual projects.

Capital spending: a reminder of what it is

Capital spending is expenditure on the purchase or enhancement of physical assets where the benefit will last longer than the year in which it is incurred e.g. school buildings, roads, economic development schemes, information technology systems, etc. It includes the cost of purchasing land, construction costs, professional fees, plant and equipment and grants for capital expenditure to third parties. Capital spending plans are determined according to the Council's statutory responsibilities and local priorities as set out in the MTFP, with the aim of delivering the vision set out in the Strategic Plan.

Capital spending is funded via a variety of sources including government grants, capital receipts, external contributions and borrowing. Borrowing has to be affordable as the cost of interest and setting aside sufficient provision to cover the loan repayments are borne by the revenue budget each year based on the life of the asset.

11.1 The Council's treasury management takes account of the medium-term interest rate forecasts from Link Group, the Council's appointed treasury advisors. Link estimate that Bank Rate (currently at 4.75%) has likely peaked and expect both short term and long-term rates to decline over the medium term.

11.2 The most pertinent internal factor, and the key driver of the treasury strategy, is the Council's capital expenditure and financing plans, which determines the Council's borrowing requirement. The capital financing requirement is not forecast to grow substantially over the medium term. Most of this existing borrowing requirement has already been met through external borrowing, though debt balances themselves are expected to decline over the medium term, as existing loans mature and are not replaced. The Council is expected to have ample capacity to continue supporting internal borrowing over the medium term to meet the residual borrowing requirement not fulfilled by external debt. Given that interest rates are forecast to decline and that the Council does not necessarily require new external debt at this stage, officers are not recommending that new external borrowing is undertaken in 2025/26. The proposed strategy retains the flexibility to depart from this central expectation should circumstances change during the next financial year.

11.3 The investment strategy has been reviewed and is judged to remain fit for purpose. The Council will keep the current split between internally managed, highly liquid and high-quality cash instruments (approximately two thirds of overall cash under management) and the strategic pooled fund's portfolio (circa one third). All other limits and indicators have been reviewed to ensure their continued appropriateness.

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

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

12.3 There are two main types of reserves:

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

12.4 The Council maintains reserves both for its General Fund activities and it accounts for the reserves of its maintained schools. Schools are funded by a 100% government grant, the Dedicated Schools Grant (DSG). Local authorities cannot fund DSG activities from the General Fund without express approval from the Secretary of State. Under the Safety Valve agreement with the DfE, KCC is required to make a contribution totaling £82.3m between 2022-23 to 2027-28. The contributions for 2022-23 and 2023-24 are reflected through transfers from the Council's reserves into the DSG reserve. The contributions into the DSG reserve from 2024-25 onwards are reflected in the changes to reserves in the annual budget. The Safety Valve agreement does not fully eliminate the risk of DSG overspends until the plan has been fully delivered and high needs spending is contained within the block of funding available within DSG.

12.5 There remains a significant risk to reserves from the forecast overspend for 2024-25 is not balanced. The level of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained and the Council's potential financial exposure to risks. A Reserves Policy is included as Appendix H to this report. An assessment of financial resilience is included as Appendix I including use of reserves, and a budget risk register at Appendix J.

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

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

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

12.9 Reserves are therefore held for the following purposes:

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

12.10 All earmarked reserves are held for a specific purpose. General reserve is held for unforeseen circumstances and to manage risk. A summary of the movement on each category of reserves is published annually, to accompany the annual Statement of Accounts.

12.11 The administration's final draft budget for 2025-26 includes an assumed net impact on the MTFP from the use of reserves of +£12.6m in 2025-26 and of +£32.3m over the medium term 2025-26 to 2027-28 on the core funded budget. The externally funded element includes a net impact of -£20.8m in 2025-26 and net impact of +£24.6m over the medium term 2025-26 to 2027-28. The movement in reserves includes new contributions, drawdowns and removing previous year's drawdowns and contributions. These changes include the following main changes:

Increased/new contributions (core budget) +£42.9m

- £15.8m general reserves including £11.1m repayment of the remaining 50% of the amount drawn down to balance the 2022-23 budget and £4.8m for the additional annual contribution to reflect the increase in net revenue budget to maintain general reserves at 5%.
- £14.6m DSG reserve for the planned 2025-26 Council contribution to the safety valve programme.
- £12.0m establishment of new corporate reserves from Extended Producer Responsibility (EPR) income pending further details of additional requirements under the new arrangements.
- £0.5m contribution into corporate smoothing reserves (£0.4m Highways and £0.1m Facilities Management)

Drawdowns from reserves (core budget) -£10.6m

- -£8.7m net drawdown from smoothing reserves for lower than expected Council tax base and collection fund balance
- -£1.8m from budget stabilisation reserve to smooth timing of delivery of policy savings to replace £19.8 one-offs to balance 2024-25 budget.

- -£0.2m from IT reserve to fund upgrade of streetlighting Control Management System from 3G connectivity.

Removal of Prior Year Drawdown and Contributions (core budget) -£19.7m

- -£8.0m reflecting one year holiday for contribution to IT reserve to fund Oracle cloud programme which for 2025-26 will be funded from flexible use of reserve.
- -£26.5m removal of other previous year contributions to reserves (including general, local tax equalisation and budget stabilisation reserves).
- +£14.9m removal of previous year drawdowns from reserves (smoothing reserves as part of one-offs to balance 2024-25, local tax equalisation reserves to smooth collection fund balances, temporary funding for Kent Support and Assistance Service (KSAS) and ICT reserves).

Appendices and background documents

List of Appendices

Background documents

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

KCC's Budget webpage 1
KCC's Corporate Risk Register 2
Governance and Audit Committee 23 January 2025 (item 5)
KCC's Risk Management Strategy, Policy and Programme 3
(Governance and Audit Committee 19 March 2024)
KCC's approved 2024-25 Budget 4
2025-26 Budget Consultation (Let's Talk Kent) inc. the Budget Consultation report 5
Revenue and Capital 2024-25 Budget Monitoring Report – Quarter 3 6
Securing Kent's Future – Budget Recovery Strategy 7
Securing Kent's Future – Budget Recovery Report 8
Initial Draft 2025-26 Budget Report 9
(Policy and Resources Cabinet Committee 27 November 2024 – Item 5)
Revised Draft 2025-26 Budget Report 10
(Policy and Resources Cabinet Committee 15 January 2025 – Item 5)
Cabinet Report on 2025-26 Budget, 2025-28 MTFP and 2025-35 Capital programme (Cabinet 30th January 2025 – item 6) 11
Member Budget Dashboards (access restricted) 12
Final Local Government Finance Settlement 13

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

ROW REF	Directorate	Dir	Total Cost	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Adult Social Care & Health	ASCH	7,003	3,939	549	515	250	250
2	Children, Young People & Education	CYPE	565,619	162,244	97,113	105,761	53,338	27,325
3	Growth, Environment & Transport	GET	1,283,493	371,346	159,098	144,489	113,757	81,163
4	Chief Executive's Department	CED	3,973	1,634	-1,655	3,994	0	0
5	Deputy Chief Executive's Department	DCED	142,475	44,419	27,746	17,932	11,533	3,945
6	**Total Cash Limit**		**2,002,563**	**583,582**	**282,851**	**272,691**	**178,878**	**112,683**
	Funded By:							
7	Borrowing		441,101	74,486	45,168	82,907	50,375	23,165
8	Property Enterprise Fund (PEF) 2		369	369				
9	Grants		1,115,772	349,752	153,413	110,971	77,192	65,353
10	Developer Contributions		183,149	44,695	34,144	56,608	33,685	10,521
11	Other External Funding e.g. Arts Council, District Contributions etc.		27,182	12,969	11,124	3,089		
12	Revenue Contributions to Capital		82,418	13,453	13,469	6,081	6,528	6,333
13	Capital Receipts		42,314	16,710	16,124	4,446	484	650
14	Recycled Loan Repayments		110,258	71,148	9,409	8,589	10,614	6,661
15	**Total Finance**		**2,002,563**	**583,582**	**282,851**	**272,691**	**178,878**	**112,683**

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

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

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1] [2]	Provision of equipment and/or alterations to individuals' homes	2,500		250	250	250	250
2	**Total Rolling Programmes [3]**		**2,500**		**250**	**250**	**250**	**250**
	Kent Strategy for Services for Learning Disability (LD):							
3	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	4,415	3,903	273	239	0	0
4	CareCubed	Purchase of software licenses	88	36	26	26	0	0
5	**Total Individual Projects**		**4,503**	**3,939**	**299**	**265**	**0**	**0**
6	**Total - Adult Social Care & Health**		**7,003**	**3,939**	**549**	**515**	**250**	**250**

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

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

Adult Social Care & Health (ASCH)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Home Support Fund & Equipment [1] [2]	Provision of equipment and/or alterations to individuals' homes	250	250	250	250	250	250
2	**Total Rolling Programmes [3]**		**250**	**250**	**250**	**250**	**250**	**250**
	Kent Strategy for Services for Learning Disability (LD):							
3	Learning Disability Good Day Programme	To provide dedicated space, accessible equipment and facilities for people with a learning disability within inclusive community settings across the county	0	0	0	0	0	0
4	CareCubed	Purchase of software licenses	0	0	0	0	0	0
5	**Total Individual Projects**		**0**	**0**	**0**	**0**	**0**	**0**
6	**Total - Adult Social Care & Health**		**250**	**250**	**250**	**250**	**250**	**250**

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

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

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [1][2]	Planned and reactive capital projects to keep schools open and operational	82,116		9,699	8,417	8,000	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	45,000		4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	50,000		5,000	5,000	5,000	5,000
4	Schools' Modernisation Programme [1][2]	Improving and upgrading school buildings including removal of temporary classrooms	29,229		7,096	6,133	2,000	2,000
5	**Total Rolling Programmes [3]**		**206,345**		**26,295**	**24,050**	**19,500**	**19,500**
	Basic Need Schemes - to provide additional pupil places:							
6	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	42,717	41,817	900	0	0	0
7	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	103,383	73,735	23,359	6,289	0	0
8	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	14,104	2,288	478	2,834	8,504	0
9	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	13,306	6,932	1,500	3,874	1,000	0
10	Basic Need KCP 2023-27 [1][2]	Increasing the capacity of Kent's schools	57,483	3,999	15,795	22,568	13,210	1,573
11	Basic Need KCP 2024-28 [1][2]	Increasing the capacity of Kent's schools	35,189	1,812	9,933	22,120	1,324	0
	Other Projects							
12	High Needs Provision	Specific projects relating to high needs provision	82,209	27,258	13,990	22,409	9,800	6,252
13	School Roofs	Structural repairs to school roofs	4,609	4,102	507	0	0	0
14	Childcare Expansion	Grant funding for the provision of new places to support the expansion of 30 hours entitlement places for children aged 9 months - 3 year olds and wraparound provision for primary school aged children.	2,409	282	2,127	0	0	0
15	In-House Residential Provision	Investment into creating in-house provisions for children and young people who are in high costing placements and/or unregulated or unregistered provision.	3,865	19	2,229	1,617	0	0
16	**Total Individual Projects**		**359,274**	**162,244**	**70,818**	**81,711**	**33,838**	**7,825**
17	**Total - Children, Young People & Education**		**565,619**	**162,244**	**97,113**	**105,761**	**53,338**	**27,325**

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

Children, Young People & Education (CYPE)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
1	Annual Planned Enhancement Programme [1][2]	Planned and reactive capital projects to keep schools open and operational	8,000	8,000	8,000	8,000	8,000	8,000
2	Schools Capital Expenditure funded from Devolved Formula Capital Grants for Individual Schools	Enhancement of schools	4,500	4,500	4,500	4,500	4,500	4,500
3	Schools Capital Expenditure funded from Revenue	Expenditure on capital projects by individual schools	5,000	5,000	5,000	5,000	5,000	5,000
4	Schools' Modernisation Programme [1][2]	Improving and upgrading school buildings including removal of temporary classrooms	2,000	2,000	2,000	2,000	2,000	2,000
5	**Total Rolling Programmes [3]**		**19,500**	**19,500**	**19,500**	**19,500**	**19,500**	**19,500**
	Basic Need Schemes - to provide additional pupil places:							
6	Basic Need KCP 2018 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
7	Basic Need KCP 2019 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
8	Basic Need KCP 2021-25 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
9	Basic Need KCP 2022-26 [1]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
10	Basic Need KCP 2023-27 [1][2]	Increasing the capacity of Kent's schools	338	0	0	0	0	0
11	Basic Need KCP 2024-28 [1][2]	Increasing the capacity of Kent's schools	0	0	0	0	0	0
	Other Projects							
12	High Needs Provision	Specific projects relating to high needs provision	2,500	0	0	0	0	0
13	School Roofs	Structural repairs to school roofs	0	0	0	0	0	0
14	Childcare Expansion	Grant funding for the provision of new places to support the expansion of 30 hours entitlement places for children aged 9 months - 3 year olds and wraparound provision for primary school aged children.	0	0	0	0	0	0
15	In-House Residential Provision	Investment into creating in-house provisions for children and young people who are in high costing placements and/or unregulated or unregistered provision.	0	0	0	0	0	0
16	**Total Individual Projects**		**2,838**	**0**	**0**	**0**	**0**	**0**
17	**Total - Children, Young People & Education**		**22,338**	**19,500**	**19,500**	**19,500**	**19,500**	**19,500**

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
	Growth & Communities							
1	Country Parks Access and Development	Improvements and adaptations to country parks	756		126	70	70	70
2	Public Rights of Way (PROW)	Structural improvements of public rights of way	10,804		2,221	1,383	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	676		38	38	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	718		80	38	75	75
	Transportation							
5	Highways Asset Management/Annual Maintenance [1] [2]	Maintaining Kent's roads	617,881		65,825	61,496	61,320	61,320
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	39,941		4,373	3,952	3,952	3,952
7	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	93		80	13	0	0
8	**Total Rolling Programmes [3]**		**670,869**		**72,743**	**66,990**	**66,392**	**66,392**
	Growth & Communities							
9	Digital Autopsy	To provide a body storage and digital autopsy facility	3,065	305	90	0	2,670	0
10	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	1,600	191	629	520	260	0
11	Public Mortuary	To consider options for the provision of a public mortuary	3,000	0	0	0	3,000	0
12	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	10,375	7,379	1,190	1,100	706	0
13	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units	12,631	12,599	0	0	32	0
14	Kent & Medway Business Fund	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	31,073	22,316	1,675	1,709	1,743	1,768
15	Kent & Medway Business Fund - Small Business Boost	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, aimed at helping small businesses	12,268	2,977	1,778	1,813	1,849	1,876

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
16	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	73,237	60,251	2,567	1,087	6,315	3,017
17	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	2,862	514	533	1,298	517	0
	Environment & Circular Economy							
18	Energy and Water Efficiency Investment Fund - External	Recycling loan fund for energy efficiency projects	2,876	2,711	57	49	35	23
19	Energy Reduction and Water Efficiency Investment - KCC	Recycling loan fund for energy efficiency projects	2,439	2,308	27	27	25	19
20	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	2,500	2,053	447	0	0	0
21	Maidstone Heat Network	To install heat pumps in offices in Maidstone	408	332	76	0	0	0
22	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	10,302	644	5,100	4,558	0	0
23	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	5,493	765	600	628	500	500
24	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	1,794	1,286	100	186	100	122
25	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	979	646	152	125	56	0
26	Local Nutrient Mitigation Fund	Grant funding to ensure a dedicated resource to respond to housing stalling resulting from nutrient pollution	9,800	7,000	2,800	0	0	0
27	Reuse Shop at Allington Household Waste Recycling Centre	Capital contributions to the provision of a reuse shop	360	44	50	50	50	166
	Transportation							
28	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	4,400	0	1,500	2,199	701	0
29	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	4,790	878	3,897	15	0	0
30	A28 Chart Road, Ashford [1]	Strategic highway improvement	29,699	4,549	3,819	11,061	10,190	80
31	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	5,520	5,095	425	0	0	0
32	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	25,899	25,654	185	60	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
33	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	23,539	2,903	11,439	9,197	0	0
34	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	6,591	2,526	3,990	75	0	0
35	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	9,076	9,076	0	0	0	0
36	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	45,199	35,890	9,124	185	0	0
37	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	2,039	1,800	239	0	0	0
38	Kent Active Travel Fund Phase 4	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	2,698	1,782	916	0	0	0
39	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	14,357	8,278	6,049	30	0	0
40	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	9,095	2,525	1,036	5,534	0	0
41	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	40,604	40,329	275	0	0	0
42	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	14,079	13,943	136	0	0	0
43	Rathmore Road Link	Road improvement scheme	7,808	7,777	31	0	0	0
44	Sturry Link Road, Canterbury [1]	Construction of bypass	43,774	6,072	1,646	26,486	9,111	301
45	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	43,225	42,933	292	0	0	0
46	A229 Bluebell Hill M2 & M20 Interchange Upgrades [4]	Initial works for a scheme to upgrade junctions to increase capacity and provide free flowing interchange wherever possible	6,982	3,198	2,982	802	0	0
47	North Thanet Link (formerly known as A28 Birchington) [4]	Initial works on the creation of a relief road	3,375	3,375	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	Total Cost of Scheme	Prior Years Spend	2025-26	2026-27	2027-28	2028-29
					Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s	£000s
48	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	9,526	8,234	1,292	0	0	0
49	Folkestone Brighter Futures	A package of transport and public realm improvements from Folkestone Central Station through to the Town Centre, funded from Levelling Up Fund 2, which KCC are delivering on behalf of Folkestone and Hythe District Council	15,953	5,254	10,279	420	0	0
50	Local Electric Vehicle Infrastructure (LEVI) [1]	Grant funded project to provide electric vehicle infrastructure	12,280	0	525	762	1,106	1,128
51	National Bus Strategy - Bus Service Improvement Plan	Part of the National Bus Strategy for England to provide improved quality buses and services	14,660	13,560	1,100	0	0	0
52	M20 Junction 7	Highway improvements at M20 junction 7	6,622	164	1,826	4,578	54	0
53	Thames Way (STIPS)	Junction improvements project	3,380	1,000	2,380	0	0	0
54	Manston to Haine Link [1]	A package of new highway links and improved highway infrastructure linking strategic development in Westwood and Manston	17,514	80	373	2,945	8,345	5,771
55	Ebbsfleet Development Corporation (EDC) Landscaping Improvements	To deliver an exemplar approach to design and maintenance of green infrastructure and the creation of ecological value at key gateways into the Garden City	1,878	150	1,728	0	0	0
56	Tunnel Fans	To enhance fans at Chestfield Tunnel	1,000	0	1,000	0	0	0
57	**Total Individual Projects**		**612,624**	**371,346**	**86,355**	**77,499**	**47,365**	**14,771**
58	**Total - Growth, Environment & Transport**		**1,283,493**	**371,346**	**159,098**	**144,489**	**113,757**	**81,163**

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme
[4] Initial works only are reflected, with the main scheme in the Potential Projects section, whilst awaiting award of funding.

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
	Growth & Communities							
1	Country Parks Access and Development	Improvements and adaptations to country parks	70	70	70	70	70	70
2	Public Rights of Way (PROW)	Structural improvements of public rights of way	900	900	900	900	900	900
3	Public Sports Facilities Improvement	Capital grants for new provision/refurbishment of sports facilities and projects in the community	75	75	75	75	75	75
4	Village Halls and Community Centres	Capital Grants for improvements and adaptations to village halls and community centres	75	75	75	75	75	75
	Transportation							
5	Highways Asset Management/Annual Maintenance [1] [2]	Maintaining Kent's roads	61,320	61,320	61,320	61,320	61,320	61,320
6	Integrated Transport Schemes [1] [2]	Improvements to road safety	3,952	3,952	3,952	3,952	3,952	3,952
7	Old Highways Schemes, Residual Works, Land Compensation Act (LCA) Part 1	Old Highways Schemes, Residual Works, LCA Part 1	0	0	0	0	0	0
8	**Total Rolling Programmes [3]**		**66,392**	**66,392**	**66,392**	**66,392**	**66,392**	**66,392**
	Growth & Communities							
9	Digital Autopsy	To provide a body storage and digital autopsy facility	0	0	0	0	0	0
10	Essella Road Bridge (PROW)	Urgent works to ensure footbridge remains open	0	0	0	0	0	0
11	Public Mortuary	To consider options for the provision of a public mortuary	0	0	0	0	0	0
12	Innovation Investment Initiative (i3)	Provision of loans to small and medium enterprises with the potential for innovation and growth, helping them to improve their productivity and create jobs	0	0	0	0	0	0
13	Javelin Way Development	To provide accommodation for creative industries and the creation of industrial units	0	0	0	0	0	0
14	Kent & Medway Business Fund	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, to enable creation of jobs and support business start ups	1,862	0	0	0	0	0
15	Kent & Medway Business Fund - Small Business Boost	Loan fund using recycled receipts from Regional Growth Fund, TIGER and Escalate, aimed at helping small businesses	1,975	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
16	Kent Empty Property Initiative - No Use Empty (NUE)	Bringing long term empty properties including commercial buildings and vacant sites back into use as quality housing accommodation	0	0	0	0	0	0
17	The Kent Broadband Voucher Scheme	Voucher scheme to benefit properties in hard to reach locations	0	0	0	0	0	0
	Environment & Circular Economy							
18	Energy and Water Efficiency Investment Fund - External	Recycling loan fund for energy efficiency projects	1	0	0	0	0	0
19	Energy Reduction and Water Efficiency Investment - KCC	Recycling loan fund for energy efficiency projects	17	14	2	0	0	0
20	Leigh (Medway) Flood Storage Area	Contribution to partnership-funded projects to provide flood defences for the River Medway	0	0	0	0	0	0
21	Maidstone Heat Network	To install heat pumps in offices in Maidstone	0	0	0	0	0	0
22	New Transfer Station - Folkestone & Hythe [1]	To provide a new waste transfer station in Folkestone & Hythe	0	0	0	0	0	0
23	Surface Water Flood Risk Management	To provide flood risk management and climate adaptation investment in capital infrastructure across Kent, to reduce the significant risks of local flooding and adapt to the impacts of climate change which are predicted to be substantial on the county	500	500	500	500	500	0
24	Windmill Asset Management & Weatherproofing	Works to ensure Windmills are in a safe and weatherproof condition	0	0	0	0	0	0
25	Local Authority Treescape Fund (LATF)	Tree planting programme funded by grant	0	0	0	0	0	0
26	Local Nutrient Mitigation Fund	Grant funding to ensure a dedicated resource to respond to housing stalling resulting from nutrient pollution	0	0	0	0	0	0
27	Reuse Shop at Allington Household Waste Recycling Centre	Capital contributions to the provision of a reuse shop	0	0	0	0	0	0
	Transportation							
28	A2 Off Slip Wincheap, Canterbury [1]	To deliver an off-slip in the coastbound direction	0	0	0	0	0	0
29	A228 and B2160 Junction Improvements with B2017 Badsell Road [1]	Junction improvements	0	0	0	0	0	0
30	A28 Chart Road, Ashford [1]	Strategic highway improvement	0	0	0	0	0	0
31	Bath Street, Gravesend	Bus Lane project - Fastrack programme extension	0	0	0	0	0	0
32	Dover Bus Rapid Transit	To provide a high quality and reliable public transport service in the Dover area, funded from Housing Infrastructure funding	0	0	0	0	0	0

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
33	Fastrack Full Network - Bean Road Tunnels [1]	Construction of a tunnel linking Bluewater and the Eastern Quarry Development	0	0	0	0	0	0
34	Green Corridors	Programme of schemes to improve walking and cycling in Ebbsfeet	0	0	0	0	0	0
35	Herne Relief Road [1]	Provision of an alternative route between Herne Bay and Canterbury to avoid Herne village	0	0	0	0	0	0
36	Housing Infrastructure Fund - Swale Infrastructure Projects	Improvements to A249 Junctions at Grovehurst Road and Keycol Roundabout	0	0	0	0	0	0
37	Kent Active Travel Fund Phase 3	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
38	Kent Active Travel Fund Phase 4	Investment in active travel initiatives as an alternative to the travelling public for shorter journeys	0	0	0	0	0	0
39	Bearsted Road Improvements - formerly Kent Medical Campus (National Productivity Investment Fund - NPIF)	Project to ease congestion in Maidstone	0	0	0	0	0	0
40	Kent Thameside Strategic Transport Programme (Thamesway) [1]	Strategic highway improvement in Dartford & Gravesham	0	0	0	0	0	0
41	LED Conversion	Upgrading street lights to more energy efficient LED lanterns & implementation of Central Monitoring System	0	0	0	0	0	0
42	Maidstone Integrated Transport [1]	Improving transport links with various schemes in Maidstone	0	0	0	0	0	0
43	Rathmore Road Link	Road improvement scheme	0	0	0	0	0	0
44	Sturry Link Road, Canterbury [1]	Construction of bypass	68	90	0	0	0	0
45	Thanet Parkway	Construction of Thanet Parkway Railway Station to enhance rail access in east Kent and act as a catalyst for economic and housing growth	0	0	0	0	0	0
46	A229 Bluebell Hill M2 & M20 Interchange Upgrades [4]	Initial works for a scheme to upgrade junctions to increase capacity and provide free flowing interchange wherever possible	0	0	0	0	0	0
47	North Thanet Link (formerly known as A28 Birchington) [4]	Initial works on the creation of a relief road	0	0	0	0	0	0

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

Growth, Environment & Transport (GET)

ROW REF	Project	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£000s	£000s
48	Zebra Funding - Electric Buses and infrastructure	Grant funded projects for electric buses and infrastructure	0	0	0	0	0	0
49	Folkestone Brighter Futures	A package of transport and public realm improvements from Folkestone Central Station through to the Town Centre, funded from Levelling Up Fund 2, which KCC are delivering on behalf of Folkestone and Hythe District Council	0	0	0	0	0	0
50	Local Electric Vehicle Infrastructure (LEVI) [1]	Grant funded project to provide electric vehicle infrastructure	1,150	1,171	1,193	1,215	4,030	0
51	National Bus Strategy - Bus Service Improvement Plan	Part of the National Bus Strategy for England to provide improved quality buses and services	0	0	0	0	0	0
52	M20 Junction 7	Highway improvements at M20 junction 7	0	0	0	0	0	0
53	Thames Way (STIPS)	Junction improvements project	0	0	0	0	0	0
54	Manston to Haine Link [1]	A package of new highway links and improved highway infrastructure linking strategic development in Westwood and Manston	0	0	0	0	0	0
55	Ebbsfleet Development Corporation (EDC) Landscaping Improvements	To deliver an exemplar approach to design and maintenance of green infrastructure and the creation of ecological value at key gateways into the Garden City	0	0	0	0	0	0
56	Tunnel Fans	To enhance fans at Chestfield Tunnel	0	0	0	0	0	0
57	**Total Individual Projects**		**5,573**	**1,775**	**1,695**	**1,715**	**4,530**	**0**
58	**Total - Growth, Environment & Transport**		**71,965**	**68,167**	**68,087**	**68,107**	**70,922**	**66,392**

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme
[4] Initial works only are reflected, with the main scheme in the Potential Projects section, whilst awaiting award of funding.

Chief Executive's Department (CED)

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

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

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

Chief Executive's Department (CED)

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

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

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

Deputy Chief Executive's Department (DCED)

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

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

Deputy Chief Executive's Department (DCED)

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

[1] These are projects that are relying on significant elements of unsecured funding and will only go ahead if the funding is achieved
[2] Estimated allocations have been included for 2025-26 to 2034-35
[3] Rolling programmes have been included for 10 year capital programme

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

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

Directorate	Potential Forthcoming Projects	Description of Project	Total Cost of Scheme	2025-26	2026-27	2027-28	2028-29
				Year 1	Year 2	Year 3	Year 4
			£000s	£000s	£000s	£000s	£000s
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State							
DCED	Modernisation of Assets	Maintaining KCC's Office Estate	101,790	5,337	10,248	10,500	12,705
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	53,500	1,000	5,000	5,000	5,500
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	43,500		4,000	4,000	4,500
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	1,321,101	105,034	110,285	115,800	121,590
GET	Public Rights of Way	Structural improvements of public rights of way	25,130	2,513	2,513	2,513	2,513
Potential Forthcoming Projects							
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation	16,800		4,000	4,000	8,800
GET	Casualty Reduction/Congestion Management Schemes	Casualty reduction/congestion management scheme	7,500	2,500	2,500	2,500	
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes	43,100	14,366	14,367	14,367	
GET	Transitioning Fleet to Electric Vehicles (EV)	Transitioning Fleet to EV	7,500				2,500
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities	10,000			10,000	
GET	Programme of Waste site Infrastructure Requirements	Programme of Waste Site Infrastructure Requirements	53,300	5,300	11,000	5,000	16,000
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network	45,000	31,076	13,924		
GET	Thanet Way	Structural improvements to the Thanet Way A299	20,000	5,000	5,000	5,000	5,000
GET	North Thanet Link (formerly known as A28 Birchington)	Creation of a relief road	73,368	3,213	11,419	27,174	28,933
GET	A229 Bluebell Hill M2 and M20 Interchange Upgrades	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	243,017	1,500	1,705	3,431	11,664
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	52,000	6,500	6,500	6,500	6,500
DCED	Further Provision for Member Accommodation in Invicta House	Further provision for Member accommodation in Invicta House	3,000		3,000		
DCED	Renewable Energy Programme	Renewable energy source options to work towards Net Zero target	32,000	8,000	7,500	8,000	8,500
	Total Potential Forthcoming Projects		**2,151,606**	**191,339**	**212,961**	**223,785**	**234,705**

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

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

Directorate	Potential Forthcoming Projects	Description of Project	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
			Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			£000s	£000s	£000s	£000s	£'000s	£000s
Shortfall on Council's Office and Highways Network to Maintain Backlogs at Steady State								
DCED	Modernisation of Assets	Maintaining KCC's Office Estate	10,500	10,500	10,500	10,500	10,500	10,500
CYPE	Schools Annual Planned Enhancement	Planned and reactive capital projects to keep schools open and operational	5,500	6,000	6,000	6,500	6,500	6,500
CYPE	Schools Modernisation Programme	Improving and upgrading school buildings including removal of temporary classrooms	4,500	5,000	5,000	5,500	5,500	5,500
GET	Highways Asset Management, Annual Maintenance and Programme of Significant and Urgent Safety Critical Works	Maintaining Kent's Roads	127,669	134,052	140,755	147,793	155,182	162,941
GET	Public Rights of Way	Structural improvements of public rights of way	2,513	2,513	2,513	2,513	2,513	2,513
Potential Forthcoming Projects								
ASCH	Extra Care Facilities	Provision of Extra Care Accommodation						
GET	Casualty Reduction/Congestion Management Schemes	Casualty reduction/congestion management scheme						
GET	Walking/Cycling/Public Transport Improvement Schemes	Walking, cycling and public transport improvement schemes						
GET	Transitioning Fleet to Electric Vehicles (EV)	Transitioning Fleet to EV	5,000					
GET	Kent Scientific Services	Renewal/Modernisation of laboratory facilities						
GET	Programme of Waste site Infrastructure Requirements	Programme of Waste Site Infrastructure Requirements	16,000					
GET	Dover Access Improvements	Levelling Up Fund Round 2 bid to improve the efficiency of the port and also reduce congestion on the strategic and local road network						
GET	Thanet Way	Structural improvements to the Thanet Way A299						
GET	North Thanet Link (formerly known as A28 Birchington)	Creation of a relief road	2,629					
GET	A229 Bluebell Hill M2 and M20 Interchange Upgrades	Scheme to upgrade junctions to increase capacity and provide freeflowing interchange wherever possible	103,494	89,574	28,350	3,299		
DCED	Future Assets	Asset review to include community services, office estate and specialist assets	6,500	6,500	6,500	6,500		
DCED	Further Provision for Member Accommodation in Invicta House	Further provision for Member accommodation in Invicta House						
DCED	Renewable Energy Programme	Renewable energy source options to work towards Net Zero target						
	Total Potential Forthcoming Projects		**284,305**	**254,139**	**199,618**	**182,605**	**180,195**	**187,954**

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

2024-25				2025-26			INDICATIVE FOR PLANNING PURPOSES 2026-27			INDICATIVE FOR PLANNING PURPOSES 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
			Original base budget	1,429,506.8	0.0	1,429,506.8	1,530,923.8	0.0	1,530,923.8	1,605,168.4	0.0	1,605,168.4
			internal base adjustments	-836.6	836.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1,315,610.6		1,315,610.6	Revised Base	1,428,670.2	836.6	1,429,506.8	1,530,923.8	0.0	1,530,923.8	1,605,168.4	0.0	1,605,168.4
			SPENDING									
31,721.5		31,721.5	Base Budget Changes	10,320.7	-744.1	9,576.6	-100.0	0.0	-100.0	4,000.0	0.0	4,000.0
35.0		35.0	Reduction in Grant Income	3,234.7	11,276.2	14,510.9	0.0	0.0	0.0	0.0	0.0	0.0
10,798.4	505.1	11,303.5	Pay	21,845.7	626.9	22,472.6	12,524.5	0.0	12,524.5	11,863.6	0.0	11,863.6
49,568.4	1,695.6	51,264.0	Prices	41,407.1	1,944.4	43,351.5	31,361.3	0.0	31,361.3	27,562.6	0.0	27,562.6
85,349.7	284.7	85,634.4	Demand & Cost Drivers - Cost	48,209.4	0.0	48,209.4	46,631.1	0.0	46,631.1	46,631.1	0.0	46,631.1
		0.0	Demand & Cost Drivers - Demand	22,989.0	24,150.3	47,139.3	23,025.6	-15,600.0	7,425.6	22,979.6	-14,200.0	8,779.6
16,393.1	-10,327.3	6,065.8	Government & Legislative	-14,666.5	9,570.4	-5,096.1	339.5	-23,335.3	-22,995.8	3,249.5	-1,898.1	1,351.4
15,712.2	-1,538.8	14,173.4	Service Strategies & Improvements	17,831.2	2,136.2	19,967.4	-757.6	236.5	-521.1	-803.2	-3,995.2	-4,798.4
209,578.3	-9,380.7	200,197.6	**TOTAL SPENDING**	**151,171.3**	**48,960.3**	**200,131.6**	**113,024.4**	**-38,698.8**	**74,325.6**	**115,483.2**	**-20,093.3**	**95,389.9**
			SAVINGS, INCOME & GRANT									
-36,454.8		-36,454.8	Transformation - Future Cost Increase Avoidance	-30,834.5	0.0	-30,834.5	-10,788.7	0.0	-10,788.7	-10,300.0	0.0	-10,300.0
2,068.7		2,068.7	Transformation - Service Transformation	-3,616.0	0.0	-3,616.0	-2,784.0	0.0	-2,784.0	-400.0	0.0	-400.0
-16,195.0		-16,195.0	Efficiency	574.6	-65.0	509.6	-4,243.5	0.0	-4,243.5	-171.2	0.0	-171.2
-15,406.6	-281.3	-15,687.9	Income	-20,109.3	0.0	-20,109.3	-6,344.6	0.0	-6,344.6	-6,643.8	0.0	-6,643.8
-10,967.6		-10,967.6	Financing	1,001.0	0.0	1,001.0	7,253.3	0.0	7,253.3	-2,166.3	0.0	-2,166.3
-11,910.2	-9.2	-11,919.4	Policy	-8,542.9	0.0	-8,542.9	-14,415.2	0.0	-14,415.2	-12,111.8	0.0	-12,111.8
-88,865.5	-290.5	-89,156.0	**TOTAL SAVINGS & INCOME**	**-61,527.1**	**-65.0**	**-61,592.1**	**-31,322.7**	**0.0**	**-31,322.7**	**-31,793.1**	**0.0**	**-31,793.1**
	7,210.7	7,210.7	Increases in Grants and Contributions	0.0	-28,965.7	-28,965.7	0.0	22,262.3	22,262.3	0.0	-8,876.7	-8,876.7
-88,865.5	6,920.2	-81,945.3	**TOTAL SAVINGS, INCOME & GRANT**	**-61,527.1**	**-29,030.7**	**-90,557.8**	**-31,322.7**	**22,262.3**	**-9,060.4**	**-31,793.1**	**-8,876.7**	**-40,669.8**
			MEMORANDUM:									
			Removal of undelivered/temporary savings & grant	34,555.7	30.8	34,586.5	10,715.1	23,335.3	34,050.4	800.0	5,470.3	6,270.3
			New & FYE of existing Savings	-72,573.5	-65.0	-72,638.5	-34,343.2	0.0	-34,343.2	-25,949.3	0.0	-25,949.3
			New & FYE of existing Income	-23,509.3	0.0	-23,509.3	-7,694.6	0.0	-7,694.6	-6,643.8	0.0	-6,643.8
			New & FYE of existing Grants	0.0	-28,996.5	-28,996.5	0.0	-1,073.0	-1,073.0	0.0	-14,347.0	-14,347.0
				-61,527.1	**-29,030.7**	**-90,557.8**	**-31,322.7**	**22,262.3**	**-9,060.4**	**-31,793.1**	**-8,876.7**	**-40,669.8**
			Prior Year savings rolling forward for delivery in 25-26 *	-19,045.4	-9.2	-19,054.6						
			TOTAL Savings for delivery in 2025-26	***-115,128.2***	***-29,070.7***	***-144,198.9***						

							INDICATIVE FOR PLANNING PURPOSES					
2024-25				2025-26			2026-27			2027-28		
Core	External	Total		Core	External	Total	Core	External	Total	Core	External	Total
£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
			* the prior year savings rolled forward for delivery in 2025-26 will be updated as part of the outturn report, and those updated figures will be used for the 2025-26 savings monitoring process									
			RESERVES									
27,481.5		27,481.5	Contributions to Reserves	42,884.9	14,200.0	57,084.9	44,017.1	14,200.0	58,217.1	43,538.0	34,300.0	77,838.0
-24,739.6		-24,739.6	Removal of prior year Contributions	-34,545.8	-10,640.0	-45,185.8	-42,484.9	-14,200.0	-56,684.9	-35,996.1	-14,200.0	-50,196.1
-14,877.4	-1,350.5	-16,227.9	Drawdowns from Reserves	-10,607.1	-25,598.1	-36,205.2	0.0	-9,161.6	-9,161.6	0.0	-291.6	-291.6
5,318.9	3,811.0	9,129.9	Removal of prior year Drawdowns	14,877.4	1,271.9	16,149.3	10,607.1	25,598.1	36,205.2	0.0	9,161.6	9,161.6
-6,816.6	2,460.5	-4,356.1	**TOTAL RESERVES**	**12,609.4**	**-20,766.2**	**-8,156.8**	**12,139.3**	**16,436.5**	**28,575.8**	**7,541.9**	**28,970.0**	**36,511.9**
113,896.2	0.0	113,896.2	**NET CHANGE**	**102,253.6**	**-836.6**	**101,417.0**	**93,841.0**	**0.0**	**93,841.0**	**91,232.0**	**0.0**	**91,232.0**
			UNRESOLVED BALANCE / SURPLUS				-2,596.4	0.0	-2,596.4	2,819.9	0.0	2,819.9
			ADULT SOCIAL CARE FUNDING UNRESOLVED BALANCE				-17,000.0		-17,000.0	-18,400.0		-18,400.0
1,429,506.8	**0.0**	**1,429,506.8**	**NET BUDGET**	**1,530,923.8**	**0.0**	**1,530,923.8**	**1,605,168.4**	**0.0**	**1,605,168.4**	**1,680,820.3**	**0.0**	**1,680,820.3**
			MEMORANDUM:									
			The net impact on our reserves balances is:									
27,481.5	0.0	**27,481.5**	Contributions to Reserves	42,884.9	14,200.0	**57,084.9**	44,017.1	14,200.0	**58,217.1**	43,538.0	34,300.0	**77,838.0**
-14,877.4	-1,350.5	**-16,227.9**	Drawdowns from Reserves	-10,607.1	-25,598.1	**-36,205.2**	0.0	-9,161.6	**-9,161.6**	0.0	-291.6	**-291.6**
12,604.1	**-1,350.5**	**11,253.6**	**Net movement in Reserves**	**32,277.8**	**-11,398.1**	**20,879.7**	**44,017.1**	**5,038.4**	**49,055.5**	**43,538.0**	**34,008.4**	**77,546.4**

2024-25				2025-26			2026-27			2027-28		
							INDICATIVE FOR PLANNING PURPOSES					
Core £000s	External £000s	Total £000s		Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s	Core £000s	External £000s	Total £000s
			Funding per the Local Government Finance Settlement & Local Taxation									
		11,806.0	Revenue Support Grant			15,680.3			16,101.0			16,448.1
		117,046.1	Social Care Grant			137,143.6			137,143.6			137,143.6
		26,969.4	Adult Social Care Market Sustainability and Improvement Fund			26,969.4			26,969.4			26,969.4
		11,686.6	Adult Social Care Discharge Fund			0.0			0.0			0.0
			Domestic Abuse Safe Accommodation Grant			4,031.2			4,031.2			4,031.2
		1,311.9	Services Grant			0.0			0.0			0.0
		-	Children's Social Care Prevention Grant			6,759.8			6,759.8			6,759.8
		147,382.5	Business Rate Top-up Grant			149,107.7			152,869.0			156,093.0
		50,014.7	Local Authority Better Care Grant (previously Improved Better Care Fund and Hospital Discharge grant)			61,701.3			61,701.3			61,701.3
		51,080.2	Business Rates Compensation Grant			52,795.4			54,127.2			55,268.7
		2,058.5	New Homes Bonus			1,926.7			0.0			0.0
		-	Employer National Insurance Contributions Grant			10,072.7			10,072.7			10,072.7
		3,544.6	Other Un-ringfenced grants (Extended Rights to Free Travel Grant merged into Revenue Support Grant from 2025-26)			0.0			0.0			0.0
		65,740.7	Local Share of Retained Business Rates			67,238.1			68,814.4			70,165.5
		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)			838,406.1			881,219.0			926,654.0
		135,347.0	Council Tax Adult Social Care Levy			155,881.6			178,359.8			202,513.0
		2,515.5	Council Tax Collection Fund			3,209.9			7,000.0			7,000.0
		1,429,506.8	**Total Funding**			**1,530,923.8**			**1,605,168.4**			**1,680,820.3**

APPENDIX E - 2025-26 Proposed Budget by Directorate

	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	External £000s	Total £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	0.0	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	275.4	436.6	-432.5	400.0	-32.5	-414.7	0.0	-414.7	-661.3	402.1	0.0	-5.6	0.0	-5.6
Revised Base	**1,428,670.2**	**836.6**	**1,429,506.8**	**586,221.6**	**436.6**	**429,534.0**	**400.0**	**429,934.0**	**201,322.5**	**0.0**	**201,322.5**	**28,879.6**	**82,344.7**	**102,759.4**	**-2,391.6**	**0.0**	**-2,391.6**
SPENDING																	
Base Budget Changes	10,320.7	-744.1	9,576.6	7,800.0	-344.1	-3,300.0	-400.0	-3,700.0	6,587.1	0.0	6,587.1	0.0	-915.0	307.0	-158.4	0.0	-158.4
Reduction in Grant Income	3,234.7	11,276.2	14,510.9	2,960.5	0.0	0.0	11,276.2	11,276.2	0.0	0.0	0.0	274.2	0.0	0.0	0.0	0.0	0.0
Pay	21,845.7	626.9	22,472.6	-233.6	626.9	343.8	0.0	343.8	-122.6	0.0	-122.6	-93.0	-75.5	65.5	21,961.1	0.0	21,961.1
Prices	41,407.1	1,944.4	43,351.5	26,300.0	1,944.4	9,148.5	0.0	9,148.5	5,413.5	0.0	5,413.5	6.7	459.4	79.0	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	0.0	0.0
Demand & Cost Drivers - Demand	22,989.0	24,150.3	47,139.3	11,300.0	250.3	10,626.5	23,900.0	34,526.5	1,062.5	0.0	1,062.5	0.0	0.0	0.0	0.0	0.0	0.0
Government & Legislative	-14,666.5	9,570.4	-5,096.1	796.5	709.5	0.0	423.9	423.9	-403.0	0.0	-403.0	40.0	0.0	-15,100.0	0.0	8,437.0	8,437.0
Service Strategies & Improvements	17,831.2	2,136.2	19,967.4	475.0	269.2	6,759.8	0.0	6,759.8	1,735.0	1,867.0	3,602.0	226.4	9,319.1	-184.1	-500.0	0.0	-500.0
TOTAL SPENDING	**151,171.3**	**48,960.3**	**200,131.6**	**80,298.4**	**3,456.2**	**40,888.0**	**35,200.1**	**76,088.1**	**14,272.5**	**1,867.0**	**16,139.5**	**454.3**	**8,788.0**	**-14,832.6**	**21,302.7**	**8,437.0**	**29,739.7**
SAVINGS, INCOME & GRANT																	
Transformation - Future Cost Increase Avoidance	-30,834.5	0.0	-30,834.5	-20,234.5	0.0	-10,600.0	0.0	-10,600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transformation - Service Transformation	-3,616.0	0.0	-3,616.0	0.0	0.0	-2,450.0	0.0	-2,450.0	0.0	0.0	0.0	0.0	0.0	0.0	-1,166.0	0.0	-1,166.0
Efficiency	574.6	-65.0	509.6	3,304.9	-65.0	-1,891.5	0.0	-1,891.5	255.0	0.0	255.0	-312.5	-781.3	0.0	0.0	0.0	0.0
Income	-20,109.3	0.0	-20,109.3	-6,207.1	0.0	-148.4	0.0	-148.4	-15,524.8	0.0	-15,524.8	-230.9	0.0	2,001.9	0.0	0.0	0.0
Financing	1,001.0	0.0	1,001.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-8,021.0	9,022.0	0.0	0.0	0.0
Policy	-8,542.9	0.0	-8,542.9	-728.9	0.0	-6,094.9	0.0	-6,094.9	512.5	0.0	512.5	-3,658.7	-872.9	0.0	2,300.0	0.0	2,300.0
TOTAL SAVINGS & INCOME	**-61,527.1**	**-65.0**	**-61,592.1**	**-23,865.6**	**-65.0**	**-21,184.8**	**0.0**	**-21,184.8**	**-14,757.3**	**0.0**	**-14,757.3**	**-4,202.1**	**-9,675.2**	**11,023.9**	**1,134.0**	**0.0**	**1,134.0**
Increases in Grants and Contributions	0.0	-28,965.7	-28,965.7	0.0	-1,801.6	0.0	-16,860.1	-16,860.1	0.0	-1,867.0	-1,867.0	0.0	0.0	0.0	0.0	-8,437.0	-8,437.0
TOTAL SAVINGS, INCOME & GRANT	**-61,527.1**	**-29,030.7**	**-90,557.8**	**-23,865.6**	**-1,866.6**	**-21,184.8**	**-16,860.1**	**-38,044.9**	**-14,757.3**	**-1,867.0**	**-16,624.3**	**-4,202.1**	**-9,675.2**	**11,023.9**	**1,134.0**	**-8,437.0**	**-7,303.0**
MEMORANDUM:																	
Removal of undelivered/temporary savings & grant	34,555.7	30.8	34,586.5	16,657.6	30.8	0.0	0.0	0.0	1,554.0	0.0	1,554.0	0.0	222.1	13,822.0	2,300.0	0.0	2,300.0
New & FYE of existing Savings	-72,573.5	-65.0	-72,638.5	-34,316.1	-65.0	-21,036.4	0.0	-21,036.4	-686.5	0.0	-686.5	-3,971.2	-9,897.3	-1,500.0	-1,166.0	0.0	-1,166.0
New & FYE of existing Income	-23,509.3	0.0	-23,509.3	-6,207.1	0.0	-148.4	0.0	-148.4	-15,624.8	0.0	-15,624.8	-230.9	0.0	-1,298.1	0.0	0.0	0.0
New & FYE of existing Grants	0.0	-28,996.5	-28,996.5	0.0	-1,832.4	0.0	-16,860.1	-16,860.1	0.0	-1,867.0	-1,867.0	0.0	0.0	0.0	0.0	-8,437.0	-8,437.0
	-61,527.1	**-29,030.7**	**-90,557.8**	**-23,865.6**	**-1,866.6**	**-21,184.8**	**-16,860.1**	**-38,044.9**	**-14,757.3**	**-1,867.0**	**-16,624.3**	**-4,202.1**	**-9,675.2**	**11,023.9**	**1,134.0**	**-8,437.0**	**-7,303.0**
Prior Year savings rolling forward for delivery in 25-26 *	-19,045.4	-9.2	-19,054.6	-15,471.9	-9.2	-1,891.0		-1,891.0	-770.0		-770.0	-102.5	-60.0		-750.0		-750.0
TOTAL Savings for delivery in 2025-26	***-115,128.2***	***-29,070.7***	***-144,198.9***	***-55,995.1***	***-1,906.6***	***-23,075.8***	***-16,860.1***	***-39,935.9***	***-17,081.3***	***-1,867.0***	***-18,948.3***	***-4,304.6***	***-9,957.3***	***-2,798.1***	***-1,916.0***	***-8,437.0***	***-10,353.0***
* the prior year savings rolled forward for delivery in 2025-26 will be updated as part of the outturn report, and those updated figures will be used for the 2025-26 savings monitoring process																	
RESERVES																	
Contributions to Reserves	42,884.9	14,200.0	57,084.9	0.0	0.0	0.0	14,200.0	14,200.0	400.0	0.0	400.0	0.0	90.9	42,394.0	0.0	0.0	0.0
Removal of prior year Contributions	-34,545.8	-10,640.0	-45,185.8	0.0	-1,600.0	0.0	-9,040.0	-9,040.0	0.0	0.0	0.0	0.0	-160.0	-34,385.8	0.0	0.0	0.0
Drawdowns from Reserves	-10,607.1	-25,598.1	-36,205.2	0.0	-1,698.1	0.0	-23,900.0	-23,900.0	-160.0	0.0	-160.0	0.0	0.0	-10,447.1	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	0.0	475.0	262.0	0.0	13,573.2	0.0	0.0	0.0
TOTAL RESERVES	**12,609.4**	**-20,766.2**	**-8,156.8**	**567.2**	**-2,026.2**	**0.0**	**-18,740.0**	**-18,740.0**	**715.0**	**0.0**	**715.0**	**262.0**	**-69.1**	**11,134.3**	**0.0**	**0.0**	**0.0**
NET CHANGE (excl internal base adjustments)	**102,253.6**	**-836.6**	**101,417.0**	**57,000.0**	**-436.6**	**19,703.2**	**-400.0**	**19,303.2**	**230.2**	**0.0**	**230.2**	**-3,485.8**	**-956.3**	**7,325.6**	**22,436.7**	**0.0**	**22,436.7**
NET BUDGET	**1,530,923.8**	**0.0**	**1,530,923.8**	**643,221.6**	**0.0**	**449,237.2**	**0.0**	**449,237.2**	**201,552.7**	**0.0**	**201,552.7**	**25,393.8**	**81,388.4**	**110,085.0**	**20,045.1**	**0.0**	**20,045.1**

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APPENDIX F: 2025-28 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Base Budget Changes	ASCH	Dan Watkins	Adult Social Care	Budget Realignment for the underlying pressure from 2024/25 within Adult Social Care	7,800.0	0.0	0.0	Adults and Older People	Core
Base Budget Changes	CYPE	Sue Chandler	Children's Social Care - Disabled Children (Placements & Support)	Realignment of the Children's Disability budget to reflect the increase in cost of supporting children in 2024-25	4,000.0	0.0	0.0	Children's Social Care	Core
Base Budget Changes	CYPE	Rory Love	Schools' Services - Temporary Accommodation	Use of temporary accommodation (normally mobiles or other temporary buildings) to ensure there are sufficient school places to meet basic need requirements, where these costs cannot be charged to capital.	1,000.0	0.0	0.0	Schools Services	Core
Base Budget Changes	CYPE	Sue Chandler	Adult Social Care - Placements for clients aged 18-25	Realignment of the 18-25 Adult Learning & Physical Disability Community Services budget reflecting forecast underspend in 2024-25	-3,000.0	0.0	0.0	Adults and Older People	Core
Base Budget Changes	CYPE	Rory Love	Home to School Transport	Underlying underspend from 24-25 monitoring on Home to School Transport Budget: lower increases in the costs of transport	-5,300.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Neil Baker	English National Concessionary Transport Scheme (ENCTS) reimbursement factor	In November 2023, the DfT announced changes to the re-imbursement calculator for the ENCTS scheme. The impact of these changes is to raise the re-imbursement level for ENCTS to an acceptable level for the bus operator, which leads to an increased cost to the authority	3,116.0	0.0	0.0	Transport	Core
Base Budget Changes	GET	Neil Baker	Highways - demand on Cat1 and Cat 2 defects	Re-alignment of highways maintenance operational spend due to recurring increased spend on highway defects and custmer demand including Cat 1 and Cat 2 defects through statutory inspections.	1,757.0	0.0	0.0	Highways	Core
Base Budget Changes	GET	Robert Thomas	Waste - Realignment	Realignment of tonnes going through the Allington Energy for Waste (EfW) plant, based on Sept 2024 intel	1,270.2	0.0	0.0	Waste	Core
Base Budget Changes	GET	Robert Thomas	Waste - Realignment	Rightsizing of budget for household waste recycling centres and waste transfer stations management fees and rates due to higher inflation then assumed in 24-25 budget	362.2	0.0	0.0	Waste	Core
Base Budget Changes	GET	Robert Thomas	Waste - Textiles Income	Loss of textiles income due to market conditions	182.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Robert Thomas	Waste - mixed recycling	From October 2024, KCC will have to sample and evaluate mixed recycling, in line with the amendments to the Environmental Permitting Regulations (2016)	133.0	0.0	0.0	Waste	Core
Base Budget Changes	GET	Clair Bell	Trading Standards	Notified price increases for two restricted intelligence systems used for Trading Standards	6.2	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Base Budget Changes	GET	Clair Bell	Trading Standards	Increased income from Trading Standards Checked service, previously delayed due to economic climate.	-45.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Base Budget Changes	GET	Neil Baker	Highways - Streetlight Energy	Reduced streetlight energy costs due to price reduction in 24/25 where Summer rate is lower than budgeted	-194.5	0.0	0.0	Highways	Core
Base Budget Changes	DCED	Peter Oakford	Impact of Cap on Capitalisation of Property Disposal costs	Removal of short term funding for impact on the revenue budget of 4% cap on capitalisation of asset disposal costs pending improvement in market conditions and implementation of changes to asset disposal strategy	-100.0	-100.0	0.0	Costs of running our operational premises (CLL)	Core
Base Budget Changes	DCED	Peter Oakford	KCC Estate - Energy	Changes in the Corporate Landlord estate facilitating a reduced cost for Utilities from that budgeted within the 24/27 MTFP	-346.7	0.0	0.0	Costs of running our operational premises (CLL)	Core
Base Budget Changes	DCED	Peter Oakford	KCC Estate - Facilities Management	Reduction to Corporate Landlord Facilities Management base budget due to lower than budgeted contract indexation	-468.3	0.0	0.0	Costs of running our operational premises (CLL)	Core
Base Budget Changes	NAC	Peter Oakford	Insurance	Rightsize budget for increase in insurance premiums	250.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

APPENDIX F: 2025-28 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Base Budget Changes	NAC	Peter Oakford	Apprenticeship Levy	Realignment of Apprenticeship Levy Budget following overspending in 2023-24 and a forecast overspend in 2024-25	50.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	NAC	Peter Oakford	Other Non Attributable Costs	Payment to Kent Fire and Rescue Service of 3% share of the Retained Business Rates levy in line with the Kent Business Rates pool agreement	22.5	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	NAC	Peter Oakford	Capital Financing Costs	Reinstate in 2027-28 the temporary reduction in debt charges in 2024-25 to 2026-27 due to decisions taken by Members to contain the capital programme; significant levels of re-phasing of the capital programme in 2022-23, 2023-24 and 2024-25; changes in interest rates and a review of asset lives in the modelling of debt charges.	0.0	0.0	4,000.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	NAC	Peter Oakford	Corporate Levies	Rightsize budget for the Environment Agency and the Inshore Sea Fisheries Levies as the increase in 2024-25 was lower than anticipated when the budget was set.	-15.5	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Base Budget Changes	CHB	Peter Oakford	Pay and Reward	Release of 2024-25 unallocated pay and reward allocation. The costs of the pay award were less than assumed when the 2024-25 budget was set based on actual staff in post	-158.4	0.0	0.0	Unallocated	Core
TOTAL BASE BUDGET CHANGES					**10,320.7**	**100.0**	**4,000.0**		
Reduction in Grant Income	ASCH	Dan Watkins	Domestic Abuse	Removal of the Domestic Abuse Safe Accommodation specific grant following Government decision to include this within the Core Spending Power in the 2025-26 Local Government Finance Settlement meaning this is now received as a general funding source rather than specific grant. The total Domestic Abuse Safe Accommodation specific grant was £3,234.7k in 2024-25 (£2,960.5k in ASCH directorate and £274.2k in CED directorate). The Domestic Abuse Safe Accommodation general grant amount rolled into the 2025-26 settlement is £4,031.2k. The impact of this change is an increase in our net budget of £4,031.2k but a change of only £796.5k in our spending capacity	2,960.5	0.0	0.0	Adults and Older People	Core
Reduction in Grant Income	CED	Roger Gough	Domestic Abuse	Removal of the Domestic Abuse Safe Accommodation specific grant following Government decision to include this within the Core Spending Power in the 2025-26 Local Government Finance Settlement meaning this is now received as a general funding source rather than specific grant. The total Domestic Abuse Safe Accommodation specific grant was £3,234.7k in 2024-25 (£2,960.5k in the ASCH directorate and £274.2k in CED directorate). The Domestic Abuse Safe Accommodation general grant amount rolled into the 2025-26 settlement is £4,031.2k. The impact of this change is an increase in our net budget of £4,031.2k but a change of only £796.5k in our spending capacity	274.2	0.0	0.0	Management, Support Services & Overheads	Core
TOTAL REDUCTION IN GRANT INCOME					**3,234.7**	**0.0**	**0.0**		
Pay	ASCH	Dan Watkins	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-BDU-Mgmt, Support & Overheads	-1.0	0.0	0.0	Management, Support Services & Overheads	Core
Pay	ASCH	Dan Watkins	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-Operations-Mgmt, Support & Overheads	-15.0	0.0	0.0	Management, Support Services & Overheads	Core
Pay	ASCH	Dan Watkins	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-SC-Mgmt, Support & Overheads	-23.5	0.0	0.0	Management, Support Services & Overheads	Core
Pay	ASCH	Dan Watkins	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-Operations-A&OP	-194.1	0.0	0.0	Adults and Older People	Core

APPENDIX F: 2025-28 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Pay	CYPE	Sue Chandler	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff - Integrated Children's Services	366.6	297.8	211.3	Children's Social Care	Core
Pay	CYPE	Rory Love	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff - Special Educational Needs	230.2	187.0	132.6	Children's Other Services	Core
Pay	CYPE	Sue Chandler	Pay and Reward	Uplift in pay budget in line with general pay pot for posts which are temporarily covered by agency staff - 0-25 Disabled Children's & Young People Services	57.3	46.5	33.0	Children's Social Care	Core
Pay	CYPE	Rory Love	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-Ed-Schools' Services	-2.4	0.0	0.0	Schools Services	Core
Pay	CYPE	Rory Love	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-Ed-Children's Other Services	-5.6	0.0	0.0	Children's Other Services	Core
Pay	CYPE	Rory Love	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-Ed-Mgmt, Support & Overheads	-14.4	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CYPE	Rory Love	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-SMDB-Mgmt, Support & Overheads	-16.3	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CYPE	Rory Love	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-Ed-Community Services	-17.4	0.0	0.0	Community Services	Core
Pay	CYPE	Sue Chandler	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-ICS-Children's Other Services	-30.2	0.0	0.0	Children's Other Services	Core
Pay	CYPE	Sue Chandler	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-ICS-Mgmt, Support & Overheads	-37.7	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CYPE	Sue Chandler	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-ICS-Children's Social Care	-186.3	0.0	0.0	Children's Social Care	Core
Pay	GET	Clair Bell	Coroners	Increase in pay for senior, area and assistant coroners in accordance with the pay award agreed by the national Joint Negotiating Committee for Coroners	29.9	20.8	17.9	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	GET	Clair Bell	Community Protection (Kent Scientific Services)	Increase in staffing costs within Kent Scientific Services to deliver scientific testing which are offset by increased income	23.5	20.0	13.7	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	GET	Clair Bell	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-G&C-Mgmt, Support & Overheads	-1.5	0.0	0.0	Management, Support Services & Overheads	Core
Pay	GET	Neil Baker	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-H&T-Transport	-2.7	0.0	0.0	Transport	Core
Pay	GET	Neil Baker	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-SMDB-Mgmt, Support & Overheads	-2.8	0.0	0.0	Management, Support Services & Overheads	Core
Pay	GET	Neil Baker	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-H&T-Other	-3.9	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	GET	Robert Thomas	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-ECE-Waste	-7.5	0.0	0.0	Waste	Core
Pay	GET	Robert Thomas	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-ECE-Other	-7.9	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	GET	Neil Baker	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-H&T-Mgmt, Support & Overheads	-14.1	0.0	0.0	Management, Support Services & Overheads	Core

APPENDIX F: 2025-28 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Pay	GET	Clair Bell	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-G&C-Community Services	-29.8	0.0	0.0	Community Services	Core
Pay	GET	Clair Bell	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-G&C-Other	-32.7	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	GET	Neil Baker	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-H&T-Highways	-73.1	0.0	0.0	Highways	Core
Pay	CED	Roger Gough	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-SMDB-Mgmt, Support & Overheads	-2.5	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CED	Roger Gough	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-C&P-Mgmt, Support & Overheads	-9.6	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CED	Roger Gough	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-SPRCA-Mgmt, Support & Overheads	-13.7	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CED	Dylan Jeffrey	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-GLD-Mgmt, Support & Overheads	-18.7	0.0	0.0	Management, Support Services & Overheads	Core
Pay	CED	Peter Oakford	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-FIN-Mgmt, Support & Overheads	-48.5	0.0	0.0	Management, Support Services & Overheads	Core
Pay	DCED	Peter Oakford	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-INF-Other (Emergency Planning)	-0.3	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Pay	DCED	Dylan Jeffrey	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-MRX-Community Services	-1.7	0.0	0.0	Community Services	Core
Pay	DCED	Dylan Jeffrey	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-MRX-Mgmt, Support & Overheads	-4.0	0.0	0.0	Management, Support Services & Overheads	Core
Pay	DCED	Peter Oakford	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-TEC-Mgmt, Support & Overheads	-4.3	0.0	0.0	Management, Support Services & Overheads	Core
Pay	DCED	Peter Oakford	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-SMDB-Mgmt, Support & Overheads	-8.4	0.0	0.0	Management, Support Services & Overheads	Core
Pay	DCED	Peter Oakford	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-HROD-Mgmt, Support & Overheads	-18.2	0.0	0.0	Management, Support Services & Overheads	Core
Pay	DCED	Peter Oakford	Pay and Reward	Removal of non-consolidated (one-off) pay increases in 2024-25 for staff at the top of their grade-INF-Mgmt, Support & Overheads	-38.6	0.0	0.0	Management, Support Services & Overheads	Core
Pay	NAC	Peter Oakford	Apprenticeship Levy	Increase in the Apprenticeship Levy in line with the estimated increase in the pay bill	65.5	52.4	55.1	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Pay	CHB	Peter Oakford	Pay and Reward	Contribution for annual pay award and impact on base budgets from the transition to and progression through the Council's new pay structure from 1 April 2025, as agreed at County Council on 23 May 2024. This includes an estimate for staff pay awards and ensuring that lower pay scales increase in line with the Foundation Living Wage. This is still subject to finalising the pay bargaining process with Trade Unions.	12,600.0	9,600.0	11,400.0	Unallocated	Core

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Pay	CHB	Peter Oakford	Pay and Reward - National Insurance Increase	Employer National Insurance increases from April 2025 announced in the Chancellor's Autumn Budget on 30th October 2024, including an increase in the rate from 13.8% to 15% and a reduction in the threshold at which contributions become payable from £9,100 to £5,000. This includes Basic Pay but also National Insurance increases on all other Pay as well as Member Allowances. These figures are subject to the Pay Bargaining process with Trade Unions	9,361.1	0.0	0.0	Unallocated	Core
Pay	CHB	Peter Oakford	Employers Pension Contribution	Estimated impact of potential change to employers pension contribution rate in 2026-27	0.0	2,300.0	0.0	Unallocated	Core
TOTAL PAY					**21,845.7**	**12,524.5**	**11,863.6**		
Prices	ASCH	Dan Watkins	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments	16,500.0	17,000.0	14,600.0	Adults and Older People	Core
Prices	ASCH	Dan Watkins	Adult Social Care	Additional funding above contractual obligations, to sustain the social care market	9,800.0	0.0	0.0	Adults and Older People	Core
Prices	CYPE	Rory Love	Home to School Transport	Provision for inflation on contracted services and season tickets for mainstream & SEN Home to School and College Transport	3,857.9	2,574.5	2,112.1	Transport	Core
Prices	CYPE	Sue Chandler	Children's Social Care - Non-disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - Integrated Children's Services	2,269.6	2,498.6	1,991.8	Children's Social Care	Core
Prices	CYPE	Sue Chandler	Adult Social Care	Provision for contractual and negotiated price increases across all adult social care packages including nursing, residential, domiciliary, supporting independence and direct payments - Vulnerable Adults 18-25	1,292.2	1,342.7	1,159.1	Adults and Older People	Core
Prices	CYPE	Sue Chandler	Adult Social Care	Additional funding above contractual obligations, to sustain the social care market - 18-25	775.3	0.0	0.0	Adults and Older People	Core
Prices	CYPE	Sue Chandler	Children's Social Care - Disabled Children	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - lifespan pathway 0-25	660.8	500.6	415.5	Children's Social Care	Core
Prices	CYPE	Rory Love	Kent 16+ Travel Saver	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent 16+ Travel Saver	108.4	86.0	71.0	Transport	Core
Prices	CYPE	Rory Love	Schools' Services - Historic Pension Arrangements	Non specific provision for CPI inflation on other negotiated contracts without indexation clauses - Children, Young People & Education	91.5	146.9	121.2	Schools Services	Core
Prices	CYPE	Rory Love	Schools' Services - Facilities Management	Estimated future price uplift to new Facilities Management contracts - schools	64.9	61.4	57.7	Schools Services	Core
Prices	CYPE	Sue Chandler	Children's Social Care - Care Leavers	Provision for price negotiations with external providers, and uplift to in-house foster carers in line with DFE guidance - Care Leavers	27.9	40.7	33.1	Children's Social Care	Core
Prices	GET	Robert Thomas	Waste contract related inflation.	Provision for price inflation related to Waste contracts (based on contractual indices) - updated for Office of Budget Responsibility (OBR) Oct 24 forecasts	2,900.0	2,718.0	2,682.0	Waste	Core
Prices	GET	Neil Baker	Highways contract related inflation	Provision for price inflation related to Highways contracted services (based on contractual indices)	755.5	1,365.3	1,372.4	Highways	Core
Prices	GET	Neil Baker	English National Concessionary Transport Scheme (ENCTS) Inflation	Provision for price inflation, resulting from bus operator fare increases feeding into the ENCTS re-imbursement calculator. The re-imbursement calculator is used to calculate what a bus operator recieves in payment, for each pass presented per trip.	539.0	558.0	577.0	Transport	Core
Prices	GET	Neil Baker	Highways - Streetlight Energy	The rebate from the Bowerhouse solar farm has a reduced forecast on the return hence impacting the street light energy budget.	480.0	0.0	0.0	Highways	Core
Prices	GET	Neil Baker	Kent Travel Saver inflation	Provision for price inflation related to the Kent Travel Saver and Kent 16+ Travel Saver which is recovered through uplifting the charge for the pass - Kent Travel Saver	479.7	479.7	479.7	Transport	Core
Prices	GET	Neil Baker	Supported Bus Services Inflation	Provision for price inflation, which results from the re-tendering of supported bus services, which reflects increases in operating costs over the life of a contract.	421.0	432.0	445.0	Transport	Core

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Prices	GET	Neil Baker	Highways - Soft Landscaping	Soft Landscaping Arborocultural contract increased prices through new contract commissioning / tender process.	90.0	0.0	0.0	Highways	Core
Prices	GET	Clair Bell	Coroners - Post Mortem Contract inflation	Provision for price inflation related to contracted services (based on contractual indices)	87.0	1.8	1.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Contract related inflation - PROW	Provision for price inflation related to Public Rights of Way contracts	57.0	38.0	38.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Coroners	Provision for inflationary increase in specialist pathologist fees	27.2	22.0	15.3	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Coroners - Funeral Directors Contract inflation	Provision for price inflation related to contracted services (based on contractual indices)	23.0	19.0	13.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Libraries, Registration & Archives inflation	Provision for price inflation related to contracted services (based on contractual indices) - annual uplift to the SLAs we have in place for - Amelia, Tunbridge Wells Borough Council , Sandgate Library, Sandgate Parish Council, Swanley Link, Swanley Town Council and contribution to Beaney, Canterbury City Council.	22.0	22.0	22.0	Community Services	Core
Prices	GET	Robert Thomas	Country Parks	Inflationary increases in the gross costs to supply catering goods, materials and stock used to generate income through resale in on-site cafes and shops.	14.2	14.6	15.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Coroners	Increase in budget for toxicology analysis due to increasing number and complexity of cases plus inflationary rises in salaries and consumables	13.0	11.0	8.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Community Protection (Kent Scientific Services)	Inflationary increases to public laboratory non-staffing costs including consumables, fuel etc.	10.9	9.3	6.4	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Coroners	The Coroner Service is required by law to record inquests and provide limited secure access to streaming. AV Equipment to do this was installed at the new facilities at Oakwood House but requires ongoing maintenance.	10.0	1.4	1.5	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	GET	Clair Bell	Mobile Libraries Fuel inflation	Provision for price inflation related to other transport services	1.0	1.0	1.0	Community Services	Core
Prices	GET	Neil Baker	Streetlight Energy price changes	Provision for price changes related to Streetlight energy, as estimated by Commercial Services/LASER for 25/26 and 26/27	-517.0	113.0	113.0	Highways	Core
Prices	CED	Peter Oakford	Local Democracy - Grants to District Councils	Annual uplift in grant covering contribution for Retriever (debt tracing) contract (CPI linked) and staff resources grant (pay linked) related to Council Tax collection to help increase levels of council tax raised via improving tax base/collection rates.	6.7	10.9	9.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Prices	DCED	Peter Oakford	KCC Estate - Facilities Management	Estimated future price uplift within the Corporate Landlord budget for Facilities Management contracts	347.0	504.8	445.5	Costs of running our operational premises (CLL)	Core
Prices	DCED	Peter Oakford	Cantium Business Solutions (CBS)	Inflationary uplift on the CBS ICT contract	128.5	238.9	199.9	Management, Support Services & Overheads	Core
Prices	DCED	Peter Oakford	KCC Estate - Rates	Provision for price inflation within the Corporate Landlord budget for rates for the office estate	114.7	205.0	146.9	Costs of running our operational premises (CLL)	Core
Prices	DCED	Peter Oakford	KCC Estate - Rent	Provision for price inflation within the Corporate Landlord budget for rent of the KCC estate	91.9	148.5	124.3	Costs of running our operational premises (CLL)	Core

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Prices	DCED	Peter Oakford	Technology contracts	Provision for price inflation on Third Party ICT related contracts	91.2	119.8	111.5	Management, Support Services & Overheads	Core
Prices	DCED	Dylan Jeffrey	Contact Centre	Price inflation on Agilisys contract for provision of Contact Centre	81.0	18.9	72.6	Community Services	Core
Prices	DCED	Peter Oakford	Kent Commercial Services (KCS)	Inflationary uplift on the KCS HR Connect contract	36.1	62.0	51.9	Management, Support Services & Overheads	Core
Prices	DCED	Peter Oakford	KCC Estate - Energy	Anticipated price change on energy contracts for the KCC estate as estimated by Commercial Services	-431.0	-47.7	4.2	Costs of running our operational premises (CLL)	Core
Prices	NAC	Peter Oakford	External Audit Fee	Estimated increase in external audit fee	52.7	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Prices	NAC	Peter Oakford	Environment Agency Levy	Estimated increase in Environment Agency Levy together with impact of estimated change in taxbase	19.7	20.5	21.3	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Prices	NAC	Peter Oakford	Non specific price provision - Inshore Sea Fisheries Conservation Area Levy	Non specific provision for inflation on other contracts without indexation clauses - increase in Inshore Sea Fisheries Conservation Area (IFCA) Levy	6.6	22.2	23.3	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL PRICES					**41,407.1**	**31,361.3**	**27,562.6**		
Demand & Cost Drivers - Cost	ASCH	Dan Watkins	Adult Social Care	Estimated cost pressures. Relates mainly to new people starting to receive services, being at higher cost than those who are continuing or leaving services.	30,900.0	30,900.0	30,900.0	Adults and Older People	Core
Demand & Cost Drivers - Cost	CYPE	Rory Love	Home to School transport - SEN - Cost	Estimated impact of rising pupil population on SEN Home to School and College Transport	10,200.0	7,900.0	7,900.0	Transport	Core
Demand & Cost Drivers - Cost	CYPE	Sue Chandler	Children's Social Care - Non-disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work and Non disabled children's services (increase in cost of packages)	3,250.3	3,841.5	3,841.5	Children's Social Care	Core
Demand & Cost Drivers - Cost	CYPE	Sue Chandler	Adult Social Care	Provision for impact of the full year effect of all current costs of care, further increases in client numbers expected through transition into adulthood from Children's Social Care, additional costs arising for existing clients and for those new clients whose needs are becoming more complex.	2,500.0	2,500.0	2,500.0	Adults and Older People	Core
Demand & Cost Drivers - Cost	CYPE	Sue Chandler	Children's Social Care - Disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand for services for children with a disability including complexity of packages.	1,109.1	1,239.6	1,239.6	Children's Social Care	Core
Demand & Cost Drivers - Cost	CYPE	Rory Love	Home to School transport - Mainstream - Cost Driven	Estimated impact of rising pupil population on Mainstream Home to School transport	250.0	250.0	250.0	Transport	Core
TOTAL DEMAND & COST DRIVERS COST					**48,209.4**	**46,631.1**	**46,631.1**		
Demand & Cost Drivers - Demand	ASCH	Dan Watkins	Adult Social Care	Provision for the impact in Adult Social Care of the full year effect of all current costs of care during 2024-25 in addition to new financial demands that will placed on adult social care (a) New people requiring a funded package of support (b) Young people transitioning into adulthood from 1st April 2025 to 31st March 2026 (c) Individuals in receipt of a funded package of support on 31st March 2025, and require an increase in funded support following a review or reassessment (d) People no longer eligible for CHC and now require funded support from ASCH from (e) People who have previously funded their own care and support and now require funded support from ASCH	11,300.0	11,300.0	11,300.0	Adults and Older People	Core
Demand & Cost Drivers - Demand	CYPE	Rory Love	Home to School transport - SEN - Demand	Estimated impact of rising pupil population on SEN Home to School and College Transport	4,400.0	5,200.0	5,200.0	Transport	Core

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Demand & Cost Drivers - Demand	CYPE	Sue Chandler	Children's Social Care - Non-disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand of services for children's social work and Non disabled children's services (higher number of children requiring support)	4,390.6	3,927.7	3,927.7	Children's Social Care	Core
Demand & Cost Drivers - Demand	CYPE	Sue Chandler	Children's Social Care - Disabled children	Estimated impact of an increase in the population of children in Kent, leading to increased demand for services for children with a disability including complexity of packages.	1,460.9	1,230.4	1,230.4	Children's Social Care	Core
Demand & Cost Drivers - Demand	CYPE	Rory Love	Home to School transport - Mainstream - Demand Driven	Estimated impact of rising pupil population on Mainstream Home to School transport	250.0	250.0	250.0	Transport	Core
Demand & Cost Drivers - Demand	CYPE	Sue Chandler	Children's Social Care - Care Leavers	Estimated increase in number of children supported by the care leaver service	125.0	0.0	0.0	Children's Social Care	Core
Demand & Cost Drivers - Demand	GET	Robert Thomas	Waste - tonnage changes	Estimated impact of changes in waste tonnage as a result of population and housing growth and changes in the mix of waste streams/disposal methods	1,085.0	1,090.0	1,044.0	Waste	Core
Demand & Cost Drivers - Demand	GET	Neil Baker	Streetlight energy & maintenance	Adoption of new streetlights at new housing developments and associated increase in energy costs	27.5	27.5	27.5	Highways	Core
Demand & Cost Drivers - Demand	GET	Derek Murphy	Planning Applications	Removal of one-off funding for costs of the independent examination of the Minerals & Waste Local Plan by the Planning Inspectorate in the summer of 2024	-50.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
TOTAL DEMAND & COST DRIVERS DEMAND					**22,989.0**	**23,025.6**	**22,979.6**		
Government & Legislative	ASCH	Dan Watkins	Domestic Abuse	Increase in Domestic Abuse Safe Accommodation to reflect increase included in Local Government Finance Settlement	796.5	0.0	0.0	Adults and Older People	Core
Government & Legislative	GET	Clair Bell	Coroners	Revisions to staffing structure, primarily to adhere with Government guidance on caseload/complexity	85.0	65.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Government & Legislative	GET	Clair Bell	Public Rights of Way	Adoption of new routes (e.g. King Charles III England Coast Path), including creation of new routes and recording of historic rights where they are publicly maintainable.	12.0	12.0	12.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Government & Legislative	GET		Growth & Communities	Potential revenue implications for unavoidable impacts from policy savings still under development	0.0	262.5	37.5		Core
Government & Legislative	GET	Robert Thomas	Waste - Waste to Energy Emissions	From January 2028, UK Energy for Waste (EFW) plants will be included within the existing UK Emissions Trading Scheme (ETS), and KCC will be subject to a pass through related to this cap and trade scheme. Please note that the intricies of this scheme are still out to consultation and therefore accurate estimations of cost are not possible. This is one-quarter of the estimated liability.	0.0	0.0	3,200.0	Waste	Core
Government & Legislative	GET	Neil Baker	Highways Tunnels - Regulations	Removal of one-off costs in 2024-25 of meeting our statutory duties complying with the Tunnels Regulations and inspections including consultants report and critical documentation preparation.	-500.0	0.0	0.0	Highways	Core
Government & Legislative	CED	Roger Gough	Procurement - Compliance & Reporting	Additional transparency and performance requirements in line with the implementation of the Procurement Act 2023	40.0	0.0	0.0	Management, Support Services & Overheads	Core
Government & Legislative	NAC	Peter Oakford	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Change in accounting treatment of KCC Contribution towards funding the DSG deficit as agreed with DfE as part of the Safety Valve agreement following latest advice from External Auditors. Remove base spending pressure included in 2024-25 budget and replace with a contribution to reserves (see reserves section of MTFP)	-15,100.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL GOVERNMENT & LEGISLATIVE					**14,666.5**	**339.5**	**3,249.5**		

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Increase in the bad debt provision to reflect the anticipated impact of the high cost of living on our income collection rates from client contributions	250.0	200.0	190.0	Adults and Older People	Core
Service Strategies & Improvements	ASCH	Dan Watkins	Adult Social Care	Ongoing funding for MOSAIC payments resources (funded from elsewhere in 2024-25). Additional resources will ensure timely payments to social care providers, and also support the development of enhancements to the MOSAIC payments system to improve processes.	225.0	0.0	0.0	Adults and Older People	Core
Service Strategies & Improvements	CYPE	Sue Chandler	Children's Social Care Prevention	Share of the new Children's Social Care Prevention Grant Costs included in the 2025-26 Local Government Settlement to support delivery of the Children's Wellbeing and Schools Bill reforms relating to critical adolescence and wider early help prevention work	6,759.8	0.0	0.0	Children's Social Care	Core
Service Strategies & Improvements	GET	Robert Thomas	Waste - Behaviour change	This is a spend to save initative to avoid residual waste costs through increasing recycling rates and reduction of residual waste. This focuses on food waste capture and reduction, increasing recycling and decreasing contamination, as well as the introduction of flexible plastics to be recycled: This will be achieved through: - Communications and behaviour change initatives - Improving waste systems, through supporting the districts to increase the performance of Kerbside recycling schemes - Infrastructure improvement and development to enable maximum opportunites to segregate recycling and comply with legislation.	1,300.0	1,350.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Robert Thomas	Waste - HWRC Contract	Funds required to mobilise new contract and demobilise existing contract, including getting sites into a condition that new contractor will accept, following the decision to procure a new contract.	500.0	-300.0	-200.0	Waste	Core
Service Strategies & Improvements	GET	Neil Baker	Mobilisation and increase contract costs for new HTMC contract	Mobilisation and commissioning costs associated with the new Highways Term Maintenance contract (April 2026), then increased cost of HTMC contract	300.0	2,833.5	0.0	Highways	Core
Service Strategies & Improvements	GET	Robert Thomas	Waste facilities	Revenue contribution to capital outlay to fund the development of the waste transfer station at Folkstone & Hythe	0.0	2,000.0	-2,000.0	Waste	Core
Service Strategies & Improvements	GET	Robert Thomas	Waste - infrastructure	Operating and haulage costs of a new waste transfer facility in the Folkestone & Hythe area which is required as currently this waste is either tipped via a subcontractor or outside of borough	0.0	789.0	0.0	Waste	Core
Service Strategies & Improvements	GET	Robert Thomas	Flood Risk Management	Revenue contributions to capital required to deliver Surface Water Flood Risk Management schemes	0.0	500.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Robert Thomas	Waste - HWRC contract	Exit cost payable to contractor as vehicle cost was spread over 5+5 year contract and the 5 year extension was not exercised so exit fee is payable based on reimbursement of unamortised asset cost - deferred to 2027-28 as 18 month increased mobilisation period has been agreed	0.0	0.0	1,069.9	Waste	Core
Service Strategies & Improvements	GET	Clair Bell	Sports & Physical Activity Development	Capital sports grant to contribute towards refurbishment or improvement of existing sports facilities, sites or buildings; development of new community sports facilities; and purchase of fixed sports equipment.	0.0	0.0	37.5	Community Services	Core
Service Strategies & Improvements	GET	Clair Bell	Village Halls & Community Centres	Change the funding of grants for improvements and adaptations to village halls and community centres from capital to revenue	0.0	0.0	37.5	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Service Strategies & Improvements	GET	Derek Murphy	Economic Development Recovery Plan	Removal of time limited funding for re-design of the service and additional staffing and consultancy capacity to draft and deliver the Kent Economic Recovery Plan and Kent & Medway Economic Framework following the Covid pandemic	-50.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Service Strategies & Improvements	GET	Neil Baker	Highways - Streetlighting	Removal of one-off costs of upgrade of the Streetlighting Control Management System from 3G connectivity due to the shutting down of the 3G network	-315.0	-160.0	0.0	Highways	Core
Service Strategies & Improvements	CED	Roger Gough	Internal Audit Resourcing	The core business of the Internal Audit service is the delivery of assurance and consultancy services to Kent County Council. This assessment of future needs is broadly based on resources required for the current KCC and external client base. Any additional opportunities would need to be assessed on the basis that they would need to be addressed by cost effective recruitment of resources.	110.7	0.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	CED	Dylan Jeffrey	Member Allowances	Annual uplift to Member Allowances as agreed and approved by County Council	70.7	50.9	61.9	Management, Support Services & Overheads	Core
Service Strategies & Improvements	CED	Roger Gough	Procurement - Tendering & Sourcing System	Updating of Kent Business Portal to manage the publication and management of all public procurements, in line with legislation.	45.0	0.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	DCED	Peter Oakford	Technology	Oracle Cloud spend met by flexible use of capital receipts	8,021.0	-8,021.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	DCED	Peter Oakford	Project Prime 2 (Commercial Services Group contract review phase 2)	Increase in the commissioning budget for the provision of ICT services from Commercial Services Group which will lead to an increase in the dividend received	1,160.2	0.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	DCED	Peter Oakford	Project Prime 2 (Commercial Services Group contract review phase 2)	Increase in the commissioning budget for the provision of HR services from Commercial Services Group which will lead to an increase in the dividend received	137.9	0.0	0.0	Management, Support Services & Overheads	Core
Service Strategies & Improvements	NAC	Peter Oakford	Project Prime (Commercial Services Group contract review phase 1)	Final loss of income from a review of contract with Commercial Services Group, specifically due to the removal of buy back of services was lower than originally estimated in 24-25 budget	-184.1	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Service Strategies & Improvements	CHB	Peter Oakford	Waste Provision	Removal of one-off provision for increased costs of waste disposal in advance of implementation of simpler recycling regulations and new burdens funding	-500.0	0.0	0.0	Unallocated	Core
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**17,831.2**	**757.6**	**803.2**		
Base Budget Changes	CYPE	Sue Chandler	Unaccompanied Asylum Seeking Children (UASC) - re-prioritisation of grant	Realignment of spending within UASC grant to reflect incorporating the recharge from GET Directorate for unaccompanied children in receipt of a Kent Travel Saver pass	-400.0	0.0	0.0	Children's Social Care	External
Base Budget Changes	Public Health	Dan Watkins	Public Health	Realignment of charge for corporate overheads	-344.1	0.0	0.0	Public Health	External
TOTAL BASE BUDGET CHANGES					**744.1**	**0.0**	**0.0**		
Reduction in Grant Income	CYPE	Sue Chandler	Children & Families grants	Removal of the following individual children & families specific grants to be replaced by the new Children and Families grant announced as part of the 2025-26 Local Government Financial Settlement - Supporting Families - Supported Accommodation Reforms - Staying Put - Virtual School Heads Extension for previously Looked After Children - Leaving Care Allowance uplift and - Personal Advisors up to age 25	11,276.2	0.0	0.0	Children's Social Care	External
TOTAL REDUCTION IN GRANT INCOME					**11,276.2**	**0.0**	**0.0**		
Pay	Public Health	Dan Watkins	Public Health - Staffing, Advice & Monitoring	Pay adjustments including 25/26 pay uplift for Public Health staff	626.9	0.0	0.0	Public Health	External
TOTAL PAY					**626.9**	**0.0**	**0.0**		
Prices	Public Health	Dan Watkins	Public Health contracts	Increase in NHS Provider contracts	1,746.5	0.0	0.0	Public Health	External

APPENDIX F: 2025-28 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Prices	Public Health	Dan Watkins	Public Health Contracts	Other Contractual/inflationary increases	197.9	0.0	0.0	Public Health	External
TOTAL PRICES					**1,944.4**	**0.0**	**0.0**		
Demand & Cost Drivers - Demand	CYPE	Rory Love	Dedicated Schools Grant (DSG) anticipated in year deficit	Anticipated in year deficit of £23.9m in 2025-26 reducing to £8.3m in 2026-27 against the Dedicated Schools Grant due to costs of High Needs Education expected to exceed the grant allocation, with a surplus of £5.9m forecast for 2027-28	23,900.0	-15,600.0	-14,200.0	Schools & High Needs	External
Demand & Cost Drivers - Demand	Public Health	Dan Watkins	Public Health - Sexual Health	Increase in costs associated with long-acting reversible contraception for GP charges and prescribing costs	148.0	0.0	0.0	Public Health	External
Demand & Cost Drivers - Demand	Public Health	Dan Watkins	Public Health - Stop Smoking Services	Increase in Nicotine Replacement Therapy (NRT) due to demand	75.0	0.0	0.0	Public Health	External
Demand & Cost Drivers - Demand	Public Health	Dan Watkins	Public Health - Sexual Health	Increased Demand for Sexual Health Services	27.3	0.0	0.0	Public Health	External
TOTAL DEMAND & COST DRIVER DEMAND					**24,150.3**	**15,600.0**	**14,200.0**		
Government & Legislative	CYPE	Sue Chandler	Family Hubs	Temporary extension and increase in the Family Hubs and Start for Life Grant following the announcement this will continue for one more year. This extension and increase will enable a range of temporary measures for 2025-26 to be put in place within the terms of the grant conditions. We are expecting no further extensions beyond 2025-26 so temporary spending (including original and increased grant) is removed in 2026-27	423.9	-3,832.9	0.0	Children's Other Services	External
Government & Legislative	CHB	Roger Gough	Household Support Fund	The Government announcement on 2nd September 2024 extended the Government funded Household Support Fund for a further 6 months from 30 September 2024 to 31 March 2025. This was extended for a further year to 31 March 2026 in the Chancellor's Autumn Budget on 30th October 2024 but at a reduced amount. It is currently assumed that this grant will cease from 1 April 2026.	8,437.0	-19,502.4	0.0	Unallocated	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in Substance Misuse services funded by temporary Rough Sleeper grant from Office for Health Improvement & Disparities	579.1	0.0	-579.1	Public Health	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in substance misuse services due to estimated reduction in Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	161.2	0.0	-417.7	Public Health	External
Government & Legislative	Public Health	Dan Watkins	Public Health - Substance Misuse	Reduction in targeted housing support interventions for people in drug and alcohol treatment due to an estimated reduction in the Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	-30.8	0.0	-901.3	Public Health	External
TOTAL GOVERNMENT & LEGISLATIVE					**9,570.4**	**23,335.3**	**1,898.1**		
Service Strategies & Improvements	GET	Neil Baker	Supported Bus Services (BSIP routes)	During Autumn 2023, a number of local bus operators within Kent, gave notice that they intended to withdraw their local bus services. The vast majority of these services were school focused, carrying those holding a Kent Travel Saver or were provided with a season ticket by KCC. Using BSIP+ funding, KCC was able to secure the continuation of these services, at a significant cost, and whilst BSIP+ is not continuing, Govt have announced BSIP for 25/26 which can fund this for the coming year.	1,867.0	1,073.0	147.0	Transport	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Children's Health Programme	Therapeutic Services for Young People costs to transition to a new delivery model	400.0	-400.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Health Visiting	One-off transitional costs for Infant feeding Service	100.0	-100.0	0.0	Public Health	External

APPENDIX F: 2025-28 BUDGET - SPENDING

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health	Increase in corporate overhead charges	92.5	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health	Additional temporary expenditure for the Marmot Coastal Initiative	90.0	-45.0	-45.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Temporary transitional Funding for Postural Stability to move to new delivery model	56.5	-31.5	-25.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Substance Misuse	Investment in Substance Misuse services due to estimated increase in time limited Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	43.2	0.0	-3,572.2	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Contribution towards new Healthy Living Centre in Thanet	38.8	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Children's Health Programme	New contract for Families and Childrens' Relationship with Food	36.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Children's Health Programme	Additional one-off expenditure for children's Hearing pilot to support more accurate testing	10.0	-10.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Staffing, Advice & Monitoring	Removal of temporary investment in Cohort Modelling in 23/24 & 24/25	-21.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Staffing, Advice & Monitoring	Reduction in temporary investment in research capacity in 23/24 & 24/25	-29.5	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Substance Misuse	Removal of additional one-off investment in Recovery Housing (new contract) in 24/25	-30.0	0.0	0.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Mental Health	Additional one-off funding for Live Well Kent Mental Health contract	-250.0	-250.0	-500.0	Public Health	External
Service Strategies & Improvements	Public Health	Dan Watkins	Public Health - Staffing, Advice & Monitoring	Removal of additional temporary investment in Public Health Consultants in 23/24 and 24/25	-267.3	0.0	0.0	Public Health	External
TOTAL SERVICE STRATEGIES & IMPROVEMENTS					**2,136.2**	**236.5**	**3,995.2**		

CORE	**151,171.3**	**113,024.4**	**115,483.2**	
EXTERNAL	**48,960.3**	**38,698.8**	**20,093.3**	
TOTAL	**200,131.6**	**74,325.6**	**95,389.9**	

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Transformation - Future Cost Increase Avoidance	ASCH	Dan Watkins	Adult social care service redesign	Full year effect of 2024-25 future cost increase avoidance savings to review and reshape ASCH to deliver new models of social care.	-12,868.7	-488.7	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Dan Watkins	Adult Social Care	Adult Social Care are reviewing the current savings programme (24/25) and modelling further 25/26 savings on areas of the highest level of delivery and impact. Resources will be realigned across the directorate to create capacity to deliver.	-12,456.9	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Dan Watkins	Adult Social Care service redesign	Over delivery of £3,373.3k of savings in 2024-25 against some the streams within the £30,154.8k 2024-25 savings target from the review and reshape of ASCH as set out in the sustainability plan to deliver new models of social care.	-3,373.3	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	ASCH	Dan Watkins	Adult Social Care service redesign	Removal of £8,464.4k of undelivered savings from the £30,154.8k savings target in 2024-25 from the review and reshape of ASCH as set out in the sustainability plan to deliver new models of social care.	8,464.4	0.0	0.0	Adults and Older People	Core
Transformation - Future Cost Increase Avoidance	CYPE	Rory Love	Home to School transport - SEN	Estimated reduction to the impact of rising pupil population on SEN Home to School and College Transport	-10,600.0	-10,300.0	-10,300.0	Transport	Core
TOTAL TRANSFORMATION	**FUTURE COST INCREASE AVOIDANCE**				**30,834.5**	**10,788.7**	**10,300.0**		
Transformation - Service Transformation	CYPE	Sue Chandler	Looked After Children	Implementation of strategies to reduce placement costs for looked after children including the impact of kinship service to reduce the number of children remaining in care, along with increased health contributions.	-1,500.0	0.0	0.0	Children's Social Care	Core
Transformation - Service Transformation	CYPE	Sue Chandler	Disabled Children's Placement and Support	Review of children with disability packages ensuring strict adherence to policy, review packages with high levels of support and enhanced contributions from health	-550.0	0.0	0.0	Children's Social Care	Core
Transformation - Service Transformation	CYPE	Rory Love	Home to School Transport - Personal Transport Budgets	Initiatives to increase use of Personal Transport Budgets to reduce demand for Hired Transport	-400.0	-400.0	-400.0	Transport	Core
Transformation - Service Transformation	CHB	Peter Oakford	Spans and layers	Review of structures across the Council to ensure adherence to the Council's organisation design policy	-500.0	-1,500.0	0.0	Unallocated	Core
Transformation - Service Transformation	CHB	Peter Oakford	Review of embedded staff	Review of embedded teams in Directorates, to establish opportunities for consolidation and/or centralisation of practice	-416.0	-884.0	0.0	Unallocated	Core
Transformation - Service Transformation	CHB	Peter Oakford	Reduced spend on agency staff	Reduction in the volume and duration of agency staff	-250.0	0.0	0.0	Unallocated	Core
TOTAL TRANSFORMATION	**SERVICE TRANSFORMATION**				**3,616.0**	**2,784.0**	**400.0**		
Efficiency	ASCH	Dan Watkins	Adult Social Care - Third Party Top Ups	Removal of undelivered prior year saving related to consistently adhering to our policy framework in relation Third Party Top Ups (the difference between the care home fee and the amount KCC will fund)	100.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Dan Watkins	Adult Social Care - use of in-house respite beds	Removal of undelivered prior year saving related to consistently adhering to our policy framework in relation to use of in-house provision and occupancy to reduce reliance on external purchasing of short term beds	100.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Dan Watkins	Adult Social Care	Removal of undelivered savings from 2023-24 from review of arranging support for self-funders	280.0	0.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Dan Watkins	Adult Social Care - Care & Support in the home	Realignment of efficiency savings in relation to the purchasing of care and support in the home	900.0	-900.0	0.0	Adults and Older People	Core
Efficiency	ASCH	Dan Watkins	Older People's Residential & Nursing Care	Realignment of efficiency savings in relation to the purchasing of residential care	1,924.9	-1,924.9	0.0	Adults and Older People	Core
Efficiency	CYPE	Sue Chandler	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	-850.0	0.0	0.0	Children's Social Care	Core
Efficiency	CYPE	Sue Chandler	Adult Social Care	Review of 18-25 community-based services: ensuring strict adherence to policy, review of packages with high levels of support and enhanced contributions from health	-650.0	0.0	0.0	Adults and Older People	Core

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Efficiency	CYPE	Rory Love	SEN Home to School Transport (HTST)	Implementation of new statutory guidance for Home to School Transport (published June 23) including making use of a new system for transport planning to explore route optimisation and use of standard pick up points, where appropriate.	-300.0	-200.0	0.0	Transport	Core
Efficiency	CYPE	Rory Love	Schools' Services - Historic Pension Costs	Reduction in the number of Historic Pension Arrangements - CYPE Directorate	-91.5	-146.9	-121.2	Schools Services	Core
Efficiency	GET	Robert Thomas	Waste - Dunbrik	Revenue savings from a spend to save initiative by paying off an interest bearing loan early related to the development of Dunbrik Waste Transfer Station	-395.0	0.0	0.0	Waste	Core
Efficiency	GET	Robert Thomas	Waste - Recycling of food waste	Reduced cost of food waste disposal following Government legislation regarding consistent collections, and work with Kent District Councils to deliver savings from improving kerbside food waste recycling rates.	-76.0	-654.0	0.0	Waste	Core
Efficiency	GET	Robert Thomas	Environmental Management - Windmills	Reinstatement of a temporary reduction in annual maintenance/weatherproofing of windmills	0.0	50.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Efficiency	GET	Clair Bell	Libraries, Registration & Archives - Materials Fund	Continuation of temporary reduction since 2023-24 in the Libraries Materials Fund and continuation of contribution holiday for the Mobile Libraries renewals reserve	0.0	207.0	0.0	Community Services	Core
Efficiency	GET	Robert Thomas	Waste - Household Waste & Recycling Centres (HWRCs)	Undeliverable prior year saving from increased waste material segregation, that was intended to generate income or reduce cost. This has not been possible due to a change in Government legislation whereby certain items can no longer be recycled.	105.0	0.0	0.0	Waste	Core
Efficiency	GET	Robert Thomas	Waste - Review of composting contract	Removal of 2024-25 saving as mid-contract negotiation of green waste contract did not progress. Market analysis indicates a reduction in gate fee should be possible on expiry of the contract.	621.0	0.0	-50.0	Waste	Core
Efficiency	CED	Peter Oakford	Support Service reduction - Finance Services	Support Service targeted reductions - reduced contribution to pension fund in respect of change to requirements	-107.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Peter Oakford	Historic Pension Costs	Reduction in the number of Historic Pension arrangements within CED Directorate	-105.5	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	CED	Peter Oakford	Support Service reduction - CED Directorate Management & Support	Support Service targeted reductions - review of discretionary spend	-100.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Peter Oakford	KCC Estate - Specialist Assets	Property savings from a Corporate Landlord review of specialist assets	-309.4	-98.6	0.0	Costs of running our operational premises (CLL)	Core
Efficiency	DCED	Peter Oakford	Support Service reduction - Property Services	Support Service targeted reductions - staffing efficiencies within Infrastructure	-201.1	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Dylan Jeffrey	Support Service reduction - Contact Centre	Support Service targeted reductions - reduced contribution to pension fund in respect of staff who transferred to Agilisys	-169.6	0.0	0.0	Community Services	Core
Efficiency	DCED	Peter Oakford	Support Service reduction - Strategic Reset Programme	Support Service targeted reductions - staffing efficiencies within Strategic Reset Programme	-82.2	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	DCED	Peter Oakford	Support Service reduction - Business Management & Client Relationship	Support Service targeted reductions - staffing efficiencies within Business Management & Client Relationships	-19.0	0.0	0.0	Management, Support services & Overheads	Core
Efficiency	TBC	TBC	Future savings under development	Review service levels when contracts are up for renewal	0.0	-290.0	0.0	TBC	Core
Efficiency	TBC	TBC	Future savings under development	Review of historic pension costs	0.0	-286.1	0.0	TBC	Core
TOTAL EFFICIENCY					**574.6**	**4,243.5**	**171.2**		
Income	ASCH	Dan Watkins	Adult Social Care - Client Benefit Uplift	Annual 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	-3,900.0	-3,900.0	-3,100.0	Adults and Older People	Core

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Income	ASCH	Dan Watkins	Adult Social Care	Estimated annual increase in Better Care Fund	-2,307.1	-2,422.5	-2,543.6	Adults and Older People	Core
Income	CYPE	Rory Love	Kent 16+ Travel Saver	Kent 16+ Travel Saver price realignment to offset bus operator inflationary fare increases	-108.4	-86.0	-71.0	Transport	Core
Income	CYPE	Sue Chandler	Adult Social Care (aged 18-25) - Client Benefit Uplift	Annual 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 for clients aged up to 25	-40.0	-45.0	-30.0	Adults and Older People	Core
Income	GET	Robert Thomas	Waste - new Extended Producer Responsibility (EPR) income	Income to offset part of the cost of disposal of packaging waste under Extended Producer Responsibility (EPR) legislation	-13,288.0	1,000.0	0.0	Waste	Core
Income	GET	Neil Baker	Highways - Income	Highways & Transportation - review of future activity levels with a view to increasing income targets to ensure compliance with fees and charges policy	-1,032.0	0.0	0.0	Highways	Core
Income	GET	Neil Baker	Kent Travel Saver	Kent Travel Saver price realignment to offset bus operator inflationary fare increases	-479.7	-479.7	-479.7	Transport	Core
Income	GET	Clair Bell	Libraries, Registration and Archives	Increased Libraries, Registration and Archives income due to increased uptake of services	-400.0	0.0	0.0	Community Services	Core
Income	GET	Clair Bell	Coroners	Changes to the contribution from Medway Council under SLA relating to increasing/decreasing costs for provision of Coroner service in Medway	-109.0	-38.4	-8.4	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Neil Baker	Traffic Management Income	Surplus from traffic management penalties including contravening traffic restrictions, box junctions and bus lanes under new Moving Traffic Enforcement powers, to offset operational costs and overheads - compliance with fees and charges policy	-100.0	-50.0	-50.0	Highways	Core
Income	GET	Clair Bell	Community Protection	Inflationary increase in income levels and pricing policy for Kent Scientific Services	-86.1	-30.8	-21.8	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Neil Baker	Highways - Income	Review of all Highways & Transportation fees and charges, that are to be increased annually in line with inflation	-65.0	-65.0	-65.0	Highways	Core
Income	GET	Clair Bell	Libraries, Registration & Archives income	Annual inflationary uplift to Library, Registration and Archives income levels and fees and charges in relation to existing service income streams	-50.0	-50.0	-50.0	Community Services	Core
Income	GET	Clair Bell	Community Protection	Increased income within Kent Scientific Services for toxicology analysis for the Coroners Service	-13.0	-11.0	-8.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Clair Bell	Trading Standards	Trading Standards inflationary fee increases	-2.0	-1.6	-1.2	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Robert Thomas	Kent Country Parks - Fees and Charges	Increase to fees and charges for paid for products and services to offset contract inflation and pay award for KCP staff and to move towards full cost recovery as part of Fees and Charges policy	0.0	-14.6	-15.1	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Derek Murphy	Regeneration - East Kent Opportunities	Continuation of a one-off (2025-26) increase in the annual financial distribution to partners from East Kent Opportunities LLP. The remaining land parcels are currently anticipated to be disposed of by the end of 2025-26, at which point East Kent Opportunities LLP will be dissolved and the budget will need to be realigned in 2026-27.	0.0	350.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Income	GET	Neil Baker	Public Transport - realignment	Removal of grant funding used to support public transport related project & scheme costs	100.0	0.0	0.0	Transport	Core

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Income	CED	Peter Oakford	Finance - Pension Fund Recharge	Increase in the recharge to the Pension Fund to better represent the cost of hosting of the Fund within KCC, including overhead elements. Further work to establish full cost recovery will continue over the next few months and may result in a further increase in 2026-27.	-230.9	0.0	0.0	Management, Support services & Overheads	Core
Income	NAC	Peter Oakford	Project Prime 2 (Commercial Services Group contract review phase 2)	Increase in the dividend from Commercial Services Group following an increase in the commissioning budgets for ICT & HR services	-1,298.1	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Income	NAC	Peter Oakford	Income return from our companies	Removal of a one off increase in the income contribution from our limited companies in 2024-25, with estimated increases in the contribution in 2026-27 and 2027-28	3,300.0	-500.0	-200.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL INCOME					**20,109.3**	**6,344.6**	**6,643.8**		
Financing	DCED	Peter Oakford	2025-26 Flexible Use of Capital Receipts	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. We are applying this flexibility to eligible Oracle Cloud costs in 2025-26. This flexible use of capital receipts is partially compensating for the share of the £19,835.2k policy savings required to replace the one-off solutions in the 2024-25 budget that are planned to be delivered in 2026-27. £11,705.8k of the £19,835.2k policy savings is planned for 2026-27, which will be temporarily met in 2025-26 from this £8,021k flexible use of capital receipts, £1,926.7k from our allocation of New Homes Bonus and £1,758.1k use of reserves, until the base budget savings are delivered in 2026-27.	-8,021.0	8,021.0	0.0	Management, Support services & Overheads	Core
Financing	NAC	Peter Oakford	Debt repayment	Review amounts set aside for debt repayment (MRP) based on review of asset life	-1,000.0	-1,000.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Peter Oakford	Modernisation of the Council/Workforce Reduction	Reduce the annual budget for Modernisation of the Council/ Workforce Reduction based on recent years' activity and fund any in-year excess costs from the reserve	-500.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Peter Oakford	Investment Income	Projected fluctuations in investment income largely due to predicted changes in base rate as forecast by our Treasury Management Advisor	2,834.0	232.3	-2,166.3	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Financing	NAC	Peter Oakford	2024-25 Flexible Use of Capital Receipts	Removal of one-off use of capital receipts in 2024-25 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	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL FINANCING					**1,001.0**	**7,253.3**	**2,166.3**		
Policy	ASCH	Dan Watkins	Community Based Preventative Services	Review of preventive services to prevent, reduce and delay care and support. Working with the NHS and wider partners to commission collaboratively to deliver efficiencies	-2,588.6	-862.9	0.0	Adults and Older People	Core
Policy	ASCH	Dan Watkins	Adult Social Care Charging	The full year effect of the Adults Charging Policy changes made in line with Care Act Legislation and statutory guidance in September 2024.	-1,370.9	0.0	0.0	Adults and Older People	Core
Policy	ASCH	Dan Watkins	Housing Related Support – Domestic Abuse	Reduce contract value when re-commissioned to the level of government Domestic Abuse (DA) Act grant funding allocation	-796.5	-91.3	0.0	Adults and Older People	Core
Policy	ASCH	Dan Watkins	Community Based Preventative Services	Explore alternative sources of funding for the Kent Support & Assistance Service	-567.2	0.0	0.0	Community Services	Core
Policy	ASCH	Dan Watkins	Adult Social Care - Housing Related Support	Cease our contribution to the Home Improvement agency	-294.0	-294.9	0.0	Adults and Older People	Core

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Policy	ASCH	Dan Watkins	Mental Health	Temporary contribution from Public Health for Mental Health Live Well Kent contract (£1m in 2024-25 reducing to £0.75m in 2025-26, £0.5m in 26-27 and zero in 2027-28)	250.0	250.0	500.0	Adults and Older People	Core
Policy	ASCH	Dan Watkins	Strategic Review of In House Adult Social Care Services	Removal of undelivered prior year savings from review of in-house adult social care services	1,421.5	0.0	0.0	Adults and Older People	Core
Policy	ASCH	Dan Watkins	Adult Social Care Contracts with Voluntary Sector	Removal of undelivered prior year saving from review of contracts and grants for discretionary services, to negotiate support from the NHS, and explore possible reductions to some services.	3,216.8	0.0	0.0	Adults and Older People	Core
Policy	CYPE	Sue Chandler	Review of Open Access - Youth Services & Children's Centres	Review of open access services in light of implementing the Family Hub model	-1,600.0	0.0	0.0	Children's Other Services	Core
Policy	CYPE	Rory Love	Services for Schools	Review of services for schools including contribution to TEP, facilities management costs, staff care services and any other services for schools	-1,322.8	-2,223.5	0.0	Schools Services	Core
Policy	CYPE	Sue Chandler	Looked After Children	Review contract with Health for fast tracking mental health assessments for Looked After Children	-1,117.0	0.0	0.0	Children's Social Care	Core
Policy	CYPE	Sue Chandler	Family Support Services - Disabled Children	Use of external grant to part fund respite offer	-550.0	0.0	0.0	Children's Social Care	Core
Policy	CYPE	Rory Love	SEN Home to School Transport	Introduction of charging for post 16 SEN transport and reductions to the Post 19 transport offer	-541.0	-300.0	0.0	Transport	Core
Policy	CYPE	Rory Love	Kent 16+ Travel Saver	Review of Kent 16+ Travel Saver - above inflation increase to cover full cost of the pass	-385.0	204.8	0.0	Transport	Core
Policy	CYPE	Rory Love	The Education People (TEP)	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	-250.0	0.0	0.0	Children's Other Services	Core
Policy	CYPE	Sue Chandler	Family Support - Disabled Children	Review of Respite Offer	-200.0	-200.0	0.0	Children's Social Care	Core
Policy	CYPE	Sue Chandler	Adult Social Care Charging	Revision of Adults Charging Policy, in line with Care Act legislation and the statutory guidance for 18-25	-129.1	0.0	0.0	Adults and Older People	Core
Policy	CYPE	Sue Chandler	Children's Residential Care	Development of in-house residential units to provide an alternative to independent sector residential care placements (invest to save)	0.0	-640.0	-890.0	Children's Social Care	Core
Policy	GET	Robert Thomas	Country Parks	Increase income from Country Parks	-120.0	-130.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	GET	Derek Murphy	Regeneration & Economic Development - Produced in Kent	Reduction of KCC funding to support the operational costs of Produced in Kent, the county's food & drink sector business membership organisation and promotional agency.	-58.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	GET	Derek Murphy	Regeneration & Economic Development – Support for Business	Reduction in the budget for the Straits Committee whilst continuing to meet the committees commitments	-15.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	GET	Derek Murphy	Regeneration & Economic Development - Cyclopark	A reduction in the KCC contribution to the operational costs of the Cyclopark sports and community facility in Gravesend. The park is owned by KCC and operated on KCC's behalf by the Cyclopark charitable trust.	-12.5	-35.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	GET	Clair Bell	Community Wardens	Review of Community Warden Service to deliver a £1m saving which has resulted in an overall reduction in wardens This is the residual budget once pension liabilities expire	-10.0	0.0	-57.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	GET	Clair Bell	Trading Standards staffing	Reversal of previous one-off delay to recruiting food qualified officer.	48.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Policy	GET	Robert Thomas	Waste - Inter Authority Agreement payments	Savings from reduced incentivisation payments to districts due to the proposed introduction of Extended Producer Responsibility (EPR) legislation and where DEFRA will recompense the districts for their costs incurred in collection of packaging. These costs will be based on average payments with the districts being put into individual family grouping with average fees rather than actuals	180.0	-310.0	-1,122.0	Waste	Core
Policy	GET	Robert Thomas	Waste - Review Household Waste & Recycling Centres (HWRCs)	Review of the number and operation of HWRC sites - removal of prior year saving following decision to pause review.	500.0	0.0	0.0	Waste	Core
Policy	CED	Peter Oakford	Finance – Support for Council Tax Reduction Schemes (CTRS)	Terminate the current £1.5m annual support provided to collection authorities towards the administration of local CTRS. The current arrangements provide each district with a fixed sum of £70k plus share of £660k based on number of eligible low income pensioner and working age households. The payments are funded by all major precepting authorites pro rata to share of council tax. There is a separate share of £0.5m funded solely by KCC allocated according weighted number of working age eligible households as incentive to align local CTR schemes with other welfare conditions.	-1,746.7	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	CED	Peter Oakford	Finance - Other Council Tax Incentives	Terminate current arrangements to provide annual incentive to collection authorities to reduce/remove empty property council tax discounts and charge premiums on long-term empty properties	-1,450.0	0.0	0.0	Other (Public Protection, Environment, Regeneration, Planning & Local Democracy)	Core
Policy	CED	Roger Gough	Commercial and Procurement	Explore alternative sources of funding for the administration of the Kent Support & Assistance Service	-262.0	0.0	0.0	Community Services	Core
Policy	CED	Roger Gough	Civil Society	Reducing the subsidy to the Civil Society	-200.0	0.0	0.0	Community Services	Core
Policy	DCED	Peter Oakford	KCC Estate - Community Assets	Corporate Landlord review of Community Delivery including Assets	-1,095.0	-91.5	0.0	Costs of running our operational premises (CLL)	Core
Policy	DCED	Peter Oakford	KCC Estate - office assets	Corporate Landlord review of Office Assets. 2025-26 includes the re-phasing of £414.9k prior year savings into future years and -£192.8k saving.	222.1	-231.8	-1,340.0	Costs of running our operational premises (CLL)	Core
Policy	CHB	Peter Oakford	Corporately Held 2024-25 saving	Removal of corporately held saving from part year impact of further discretionary policy decisions and deep dive into contract renewals with consideration of reducing service specifications, as these savings are reflected within the individual directorate proposals	2,300.0	0.0	0.0	Unallocated	Core
Policy	TBC	TBC	Future savings under development	Consider increasing charges to clients up to the recovery of full cost of the service	0.0	-3,859.3	-6,294.8	TBC	Core
Policy	TBC	TBC	Future savings under development	Policy objectives yet to be determined	0.0	-2,685.1	0.0	TBC	Core
Policy	TBC	TBC	Future savings under development	Review discretionary services which are accessible by only a small proportion of the Kent population	0.0	-2,014.7	-620.0	TBC	Core
Policy	TBC	TBC	Future savings under development	Review size & scope of services	0.0	-900.0	-2,288.0	TBC	Core
TOTAL POLICY					**8,542.9**	**14,415.2**	**12,111.8**		
Efficiency	Public Health	Dan Watkins	Public Health - Substance Misuse	Reduction in demand for Buprenorphine	-40.0	0.0	0.0	Public Health	External
Efficiency	Public Health	Dan Watkins	Public Health - Children's Health Programme	Children's Health Programme savings on premises due to more efficient use of available premises	-25.0	0.0	0.0	Public Health	External
TOTAL EFFICIENCY					**65.0**	**0.0**	**0.0**		

APPENDIX F: 2025-28 BUDGET - SAVINGS

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Increases in Grants and Contributions	CYPE	Sue Chandler	Children & Families Grant	To reflect the new Children and Families grant announced as per part of the Local Government Financial Settlement from 2025-26 which replaces the following specific grants: - Supporting Families - Supported Accommodation Reforms - Staying Put - Virtual School Heads Extension for previously Looked After Children - Leaving Care Allowance uplift and - Personal Advisors up to age 25	-11,276.2	0.0	0.0	Children's Social Care	External
Increases in Grants and Contributions	CYPE	Rory Love	High Needs Education - Safety Valve Agreement	Contribution from the Department for Education towards the Safety Valve agreement to reduce the Dedicated Schools Grant deficit on high needs education	-5,160.0	0.0	-14,200.0	Schools & High Needs	External
Increases in Grants and Contributions	CYPE	Sue Chandler	Family Hubs	Provisional increase in our share of the DfE/DHSC Family Hubs and Start for Life grant following the Government announcement to continue this grant for a further year	-423.9	3,832.9	0.0	Children's Other Services	External
Increases in Grants and Contributions	GET	Neil Baker	Subsidised Bus Services (BSIP routes)	Govt confirmed that BSIP will continue for 25/26 so this represents the grant to fund the 51 routes that operators ceased to provide/fund in 2022. KCC took the decision to only continue the routes whilst Govt grant or other income was available to fund it.	-1,867.0	-1,073.0	-147.0	Transport	External
Increases in Grants and Contributions	CHB	Roger Gough	Household Support Fund	The Government announcement on 2nd September 2024 extended the Government funded Household Support Fund for a further 6 months from 30 September 2024 to 31 March 2025. This was extended for a further year to 31 March 2026 in the Chancellor's Autumn Budget on 30th October 2024 but at a reduced amount. It is currently assumed that this grant will cease from 1 April 2026.	-8,437.0	19,502.4	0.0	Unallocated	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health	Estimated Increase in Public Health Grant in 2025-26	-1,048.9	0.0	0.0	Public Health	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Temporary Rough Sleeper grant from Office for Health Improvement & Disparities	-579.1	0.0	579.1	Public Health	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Increase in Temporary Individual Placement and Support in Community Drug and Alcohol Treatment Grant from Office for Health Improvement & Disparities	-161.2	0.0	417.7	Public Health	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Increase in Temporary Supplemental Substance Misuse Treatment and Recovery grant from Office for Health Improvement & Disparities	-43.2	0.0	3,572.2	Public Health	External
Increases in Grants and Contributions	Public Health	Dan Watkins	Public Health - Substance Misuse	Reduction in Drug Strategy Housing Support Grant from Office for Health Improvement & Disparities	30.8	0.0	901.3	Public Health	External
TOTAL INCREASES IN GRANTS AND CONTRIBUTIONS					**28,965.7**	**22,262.3**	**8,876.7**		

CORE	**61,527.1**	**31,322.7**	**31,793.1**	
EXTERNAL	**29,030.7**	**22,262.3**	**8,876.7**	
TOTAL	**90,557.8**	**9,060.4**	**40,669.8**	

APPENDIX F: 2025-28 BUDGET - RESERVES

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Contributions to reserves	GET	Neil Baker	Highways - renewals reserve	Re-introduction of the annual contribution to the renewals reserve which was put on hold a number of years ago to help bridge the budget gap but now insufficient funds to replace life-expired equipment and machinery to fulfil highways obligations	400.0	0.0	0.0	Highways	Core
Contributions to reserves	DCED	Peter Oakford	Facilities Management	Contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (due to be fully repaid by 2025-26)	90.9	0.0	0.0	Costs of running our operational premises (CLL)	Core
Contributions to reserves	NAC	Peter Oakford	Dedicated Schools Grant (DSG) Deficit - Safety Valve	KCC Contribution towards funding the DSG deficit as agreed with DfE as part of the Safety Valve agreement	14,600.0	11,100.0	10,100.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Peter Oakford	Corporate Unspent grant and external funds reserve	Contribution of the balance of the Extended Producer Responsibility income to reserves, after investment in waste behaviour change initiatives to increase recycling and reduce residual waste, pending further information from Government about whether there are any conditions attached to this income regarding what we must use it for.	11,988.0	9,638.0	9,638.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Peter Oakford	General Reserves repayment	Repay the General Reserve over two years (2024-25 & 2025-26) for the drawdown required in 2022-23 to fund the overspend	11,050.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Peter Oakford	General Reserves	Contribution to general reserves to rebuild financial resilience and provide for future risks, with a reserve balance of between 5% and 10% of net revenue budget considered minimal to acceptable	4,756.0	13,500.0	23,800.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Peter Oakford	Corporate Reserves contribution holiday	Reinstate corporate contributions to reserves following one year payment holiday in 2025-26 facilitated by funding 2025-26 Oracle Cloud expenditure from flexible use of capital receipts instead of reserves.	0.0	8,021.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Contributions to reserves	NAC	Peter Oakford	Budget Stabilisation smoothing reserve - timing of policy savings	Repayment of the one-off use of budget stabilisation smoothing reserves in 2025-26 to compensate for the timing of delivering all of the £19.8m policy savings required to replace the use of one-off solutions in the 2024-25 budget.	0.0	1,758.1	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL CONTRIBUTIONS TO RESERVES					**42,884.9**	**44,017.1**	**43,538.0**		
Removal of prior year Contributions	DCED	Peter Oakford	Facilities Management	Removal of prior year contribution to reserves to smooth the impact of the mobilisation costs of the Facilities Management contracts over the life of the contracts (due to be fully repaid by 2025-26)	-160.0	-90.9	0.0	Costs of running our operational premises (CLL)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Corporate Reserves	Review of base budget contributions to reserves	-43.3	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Local Taxation Equalisation - Business Rates Collection Fund	Removal of prior year contribution to the Local Taxation Equalisation smoothing reserve of the Business Rates Collection Fund surplus	-2,682.8	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

APPENDIX F: 2025-28 BUDGET - RESERVES

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Removal of prior year Contributions	NAC	Peter Oakford	Budget Stabilisation smoothing reserve	Removal of prior year contribution to the budget stabilisation smoothing reserve	-3,199.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Corporate Reserves	Removal of one-off repayment of reserves in 2024-25	-4,289.7	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	General Reserves	Removal of prior year one-off contribution to general reserve	-5,100.0	-4,756.0	-13,500.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Corporate Reserves contribution holiday	One year holiday from corporate contributions to reserves to reflect reduced reserve requirements given the proposal that Oracle Cloud expenditure will be met from flexible use of capital receipts rather than reserves in 2025-26	-8,021.0	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	General Reserves repayment	Removal of prior year repayment of General Reserve for the drawdown in 2022-23 to fund the overspend	-11,050.0	-11,050.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Corporate Unspent grant and external funds reserve	Removal of prior year contribution to reserves of the balance of the Extended Producer Responsibility income, after investment in waste behaviour change initiatives to increase recycling and reduce residual waste.	0.0	-11,988.0	-9,638.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Dedicated Schools Grant (DSG) Deficit - Safety Valve	Removal of prior year contribution to the DSG deficit in accordance with the Safety Valve Agreement with DfE	0.0	-14,600.0	-11,100.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Contributions	NAC	Peter Oakford	Budget Stabilisation smoothing reserve - timing of policy savings	Removal of repayment of temporary loan from Budget Stabilisation smoothing reserve needed to compensate for the timing of delivering all of the policy savings required to offset one-off solutions in the 2024-25 budget	0.0	0.0	-1,758.1	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					**34,545.8**	**42,484.9**	**35,996.1**		
Drawdowns from reserves	GET	Neil Baker	ICT Reserve	Drawdown of ICT reserve to fund the upgrade of the streetlighting Control Management System from 3G connectivity (subject to approval of a business case via Strategic Technology Board)	-160.0	0.0	0.0	Highways	Core
Drawdowns from reserves	NAC	Peter Oakford	Budget Stabilisation smoothing reserve - timing of policy savings	One off use of budget stabilisation smoothing reserves in 2025-26 to compensate for the timing of the delivery of all of the £19,835.2k policy savings required in 2025-26 to replace the use of one-off solutions in the 2024-25 budget. £9,020.7k of the identified savings are planned for delivery in 2026-27 and £2,685.1k are to be identified by the new Council Administration following the May 2025 local elections, requiring £11,705.8k of temporary funding in 2025-26 until the base budget savings are delivered in 2026-27. £8,021k is being met from one-off flexible use of capital receipts, £1,926.7k from our allocation of New Homes Bonus leaving £1,758.1k to be met from reserves.	-1,758.1	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core

APPENDIX F: 2025-28 BUDGET - RESERVES

MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Drawdowns from reserves	NAC	Peter Oakford	Local Taxation Equalisation - Council Tax Collection Fund	Drawdown of the Local Taxation Equalisation smoothing reserve of Council Tax Collection Fund shortfall compared to the budget assumption of a £7m surplus	-3,790.1	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Drawdowns from reserves	NAC	Peter Oakford	Drawdown Corporate Reserves	One-off use of corporate smoothing reserves in 2025-26 to offset the lower taxbase increase than assumed in the initial draft budget published in October 2024	-4,898.9	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL DRAWDOWNS FROM RESERVES					**10,607.1**	**0.0**	**0.0**		
Removal of prior year Drawdowns	ASCH	Dan Watkins	Removal of drawdown from corporate reserves	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service - ASCH Directorate	567.2	0.0	0.0	Community Services	Core
Removal of prior year Drawdowns	GET	Neil Baker	ICT Reserve	Removal of the drawdown in 2024-25 and 2025-26 from the ICT reserve to fund the one-off cost of the streetlighting Control Management System upgrade from 3G connectivity	475.0	160.0	0.0	Highways	Core
Removal of prior year Drawdowns	CED	Roger Gough	Removal of drawdown from corporate reserves	Removal of use of corporate reserves in prior year to fund the Kent Support and Assistance Service - CED Directorate	262.0	0.0	0.0	Community Services	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown Corporate Reserves	Removal of one-off use of corporate smoothing reserves in 2024-25	9,088.7	0.0	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Local Taxation Equalisation - Council Tax Collection Fund	Removal of prior year drawdown from the Local Taxation Equalisation smoothing reserve of the shortfall in the Council Tax Collection Fund surplus compared to the budgeted assumption	4,484.5	3,790.1	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Drawdown Corporate Reserves	Removal of one-off use of corporate smoothing reserves in 2025-26 to offset the lower taxbase increase than assumed in the initial draft budget published in October 2024	0.0	4,898.9	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
Removal of prior year Drawdowns	NAC	Peter Oakford	Budget Stabilisation smoothing reserve - timing of policy savings	Removal of prior year drawdown from Budget Stabilisation smoothing reserve for timing of policy savings	0.0	1,758.1	0.0	Borrowing costs, contributions to/from reserves & other corporate costs (NAC)	Core
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**14,877.4**	**10,607.1**	**0.0**		
Contributions to reserves	CYPE	Rory Love	Dedicated Schools Grant (DSG) Deficit - Safety Valve (DfE)	DfE Contribution towards funding the DSG deficit as set out in the Safety Valve agreement	14,200.0	14,200.0	28,400.0	Schools & High Needs	External
Contributions to reserves	CYPE	Rory Love	Dedicated Schools Grant (DSG) - Safety Valve	Contribution of anticipated in year DSG surplus to the schools unallocated reserve	0.0	0.0	5,900.0	Schools & High Needs	External
TOTAL CONTRIBUTIONS TO RESERVES					**14,200.0**	**14,200.0**	**34,300.0**		
Removal of prior year Contributions	CYPE	Rory Love	Dedicated Schools Grant (DSG) Deficit - Safety Valve (DfE)	Removal of prior year DfE Contribution towards funding the DSG deficit as set out in the Safety Valve agreement	-9,040.0	-14,200.0	-14,200.0	Schools & High Needs	External
Removal of prior year Contributions	Public Health	Dan Watkins	Public Health	Removal of one-off contribution to reserves in 2024-25 as a result of one-off in-year contract negotiations	-1,600.0	0.0	0.0	Public Health	External
TOTAL REMOVAL OF PRIOR YEAR CONTRIBUTIONS					**10,640.0**	**14,200.0**	**14,200.0**		
Drawdowns from reserves	CYPE	Rory Love	Dedicated Schools Grant (DSG) - Safety Valve (KCC)	Drawdown of Safety Valve Earmarked reserve (KCC contributions) to offset anticipated in year DSG deficit	-9,700.0	0.0	0.0	Schools & High Needs	External

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MTFP Category	Directorate	Cabinet Member	Headline Description	Brief Description	2025-26 £000's	2026-27 £000's	2027-28 £000's	Service Area	Core or Externally Funded
Drawdowns from reserves	CYPE	Rory Love	Dedicated Schools Grant (DSG) - Safety Valve (DfE)	Drawdown of Safety Valve Earmarked reserve (DfE contributions) to offset anticipated in year DSG deficit	-14,200.0	-8,300.0	0.0	Schools & High Needs	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Drawdown from reserves to fund Postural Stability Transition Costs for new delivery model	-56.5	-25.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health	Drawdown from Reserves for temporary spending for Marmot Initiative	-90.0	-45.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health - Health Visiting	Drawdown of Reserves to fund one-off expenditure for infant feeding service	-100.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health - Staffing, Advice & Monitoring	Drawdown of Reserves to fund temporary expenditure to cover staffing costs	-291.6	-291.6	-291.6	Public Health	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health - Children's Health Programme	Drawdown from Reserves for One-off expenditure on Children's Health programme	-410.0	0.0	0.0	Public Health	External
Drawdowns from reserves	Public Health	Dan Watkins	Public Health - Mental Health	Temporary funding for Live Well Kent Mental Health contract	-750.0	-500.0	0.0	Public Health	External
TOTAL DRAWDOWNS FROM RESERVES					**25,598.1**	**9,161.6**	**291.6**		
Removal of prior year Drawdowns	CYPE	Rory Love	Dedicated Schools Grant (DSG) - Safety Valve (DfE)	Removal of prior year drawdown of Safety Valve reserve (DfE contributions)	0.0	14,200.0	8,300.0	Schools & High Needs	External
Removal of prior year Drawdowns	CYPE	Rory Love	Dedicated Schools Grant (DSG) - Safety Valve (KCC)	Removal of prior year drawdown of Safety Valve reserve (KCC contributions)	0.0	9,700.0	0.0	Schools & High Needs	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health - Mental Health	Removal of temporary contribution from Public Health reserve for Live Well Kent Mental Health contract	1,000.0	750.0	500.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health Reserves	Replace 2024-25 drawdown of Public Health Reserves	271.9	0.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health - Children's Health Programme	Removal of use of reserve for one-off expenditure on Children's Health Programme in prior year	0.0	410.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health - Staffing, Advice & Monitoring	Removal of prior year drawdown of reserves for temporary staffing costs	0.0	291.6	291.6	Public Health	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health - Health Visiting	Removal of one-off use of reserves in prior year for Infant Feeding Service	0.0	100.0	0.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health	Removal of use of reserves for temporary expenditure in prior year for Marmot Initiative	0.0	90.0	45.0	Public Health	External
Removal of prior year Drawdowns	Public Health	Dan Watkins	Public Health - Healthy Lifestyles	Removal of prior year use of reserves to fund Postural Stability Transition Costs for new delivery model	0.0	56.5	25.0	Public Health	External
TOTAL REMOVAL OF PRIOR YEAR DRAWDOWNS					**1,271.9**	**25,598.1**	**9,161.6**		
CORE					**12,609.4**	**12,139.3**	**7,541.9**		
EXTERNAL					**20,766.2**	**16,436.5**	**28,970.0**		
TOTAL					**8,156.8**	**28,575.8**	**36,511.9**		

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APPENDIX G - DIRECTORATE & FUNDING (PROPOSED BUDGET)

Revenue Spending

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Directorate	Directorate Abbreviation	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s
1	586,658.2	Adult Social Care & Health	**ASCH**	108,665.4	828,063.9	**936,729.3**	-196,222.1	-97,285.6	**643,221.6**
2	429,934.0	Children, Young People & Education (excluding Schools' Delegated Budgets)	**CYPE**	163,370.7	834,667.9	**998,038.6**	-68,722.2	-480,079.2	**449,237.2**
3	0.0	Schools' Delegated Budgets	**CYPE**	608,141.9	177,524.5	**785,666.4**	-42,552.9	-743,113.5	**0.0**
4	201,322.5	Growth, Environment & Transport	**GET**	66,928.8	213,079.8	**280,008.6**	-65,944.3	-12,511.6	**201,552.7**
5	28,879.6	Chief Executive's Department	**CED**	30,421.5	10,034.8	**40,456.3**	-9,330.9	-5,731.6	**25,393.8**
6	82,344.7	Deputy Chief Executive's Department	**DCED**	25,951.2	69,827.4	**95,778.6**	-13,964.2	-426.0	**81,388.4**
7	102,759.4	Non Attributable Costs	**NAC**	1,558.2	138,355.2	**139,913.4**	-29,819.4	-9.0	**110,085.0**
8	-2,391.6	Corporately Held Budgets (to be allocated)	**CHB**	20,045.1	19,502.4	**39,547.5**	0.0	-19,502.4	**20,045.1**
9	**1,429,506.8**	**Budget Requirement**		**1,025,082.8**	**2,291,055.9**	**3,316,138.7**	**-426,556.0**	**-1,358,658.9**	**1,530,923.8**
10	1,429,506.8	Budget Requirement (excluding Schools' Delegated Budgets)		416,940.9	2,113,531.4	2,530,472.3	-384,003.1	-615,545.4	1,530,923.8

Funded By

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Funding Category	Source	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s
11	-938,182.8	Council Tax income including Collection Fund	Local Taxation				-997,497.6		**-997,497.6**
12	-68,423.5	Local Share of Business Rates & Business Rate Collection Fund	Local Taxation				-67,238.1		**-67,238.1**
13	-11,806.0	Revenue Support Grant (RSG)	Grants					-15,680.3	**-15,680.3**
14	-147,382.5	Business Rate Top-Up Grant	Grants					-149,107.7	**-149,107.7**
15	-51,080.2	Business Rate Compensation Grant	Grants					-52,795.4	**-52,795.4**
16	-117,046.1	Social Care Grant	Grants					-137,143.6	**-137,143.6**
17	-26,969.4	Adult Social Care Market Sustainability and Improvement Fund	Grants					-26,969.4	**-26,969.4**
18	-1,311.9	Services Grant	Grants					0.0	**0.0**
19	-50,014.7	Local Authority Better Care Grant	Grants					-61,701.3	**-61,701.3**
20	-11,686.6	Adult Social Care Discharge Fund	Grants					0.0	**0.0**
21	0.0	Domestic Abuse Safe Accommodation Grant	Grants					-4,031.2	**-4,031.2**
22	0.0	Children's Social Care Prevention Grant	Grants					-6,759.8	**-6,759.8**
23	0.0	Employer National Insurance Contributions Grant	Grants					-10,072.7	**-10,072.7**
24	-2,058.5	New Homes Bonus	Grants					-1,926.7	**-1,926.7**
25	-3,544.6	Other Unringfenced Grants	Grants					0.0	**0.0**
26	**-1,429,506.8**	**Total Funding**		**0.0**	**0.0**	**0.0**	**-1,064,735.7**	**-466,188.1**	**-1,530,923.8**
27	**0.0**	**Total Budget**		**1,025,082.8**	**2,291,055.9**	**3,316,138.7**	**-1,491,291.7**	**-1,824,847.0**	**0.0**

The presentation of this Key Service appendix does not yet reflect the changes agreed at Cabinet on 30 January (transfer of the 18-25 service from CYPE to ASCH) and the changes to the senior structure in Adult Social Care & Health directorate which were reported to Personnel Committee last month. We are planning to reflect these changes in the blue combed published version which will be available in March 2025.

Adult Social Care & Health (ASCH)

Revenue Budget for 2025-26 **£643.2m**
Capital Budget for next 10 years **£3.1m**
Full Time Equivalent (FTE) staff* **2,370.3**

Our vision, co-produced with people that access adult social care in Kent, is: “Making a positive difference every day, supporting you to live as full and safe a life as possible and make informed choices.” We want to continue to work together with people that draw on support, our workforce and our wider partners to drive the best possible outcomes for people in Kent and keep high quality social care at the heart of everything we do.

In line with our Care Act duties, we focus on the strengths of people, families and carers to promote independence and empower communities. We provide access to person-centred support through our in-house and commissioned providers. Through the co-production and development of our five-year Making a Difference Every Day Adult Social Care Strategy, we have been able to reflect, refocus and reset our ways of working, allowing us to reposition and equip ourselves to reach our ambition of being “best in class” for adult social care. We also have responsibility to ensure our workforce is representative of the communities which they support. To assist with this we pro-actively create a work environment which is inclusive.

Adult Social Care is a key partner to the Integrated Care System (ICS), and the strategic objectives are aligned to the delivery of the overall ICS strategy. With valuable input from people with lived experience, unpaid carers, members of the public, partner organisations and colleagues across our directorate, we have already:

- Developed a clear view of our key strengths and areas for improvement mapped around our three pillars of Practice – putting the person first, Innovation – improving all the time and Meaningful Measures – measuring what matters

- Agreed on what sustainable success for adult social care will look like in the future

- Built our strategy delivery plan to prioritise immediate actions, set longer term objectives and identify key opportunities for continuous improvement for the next few years

- Started to implement the strategy across a number of priority development areas.

The Adult Social Care and Health (ASCH) directorate consists of four divisions:

The **Operations Division (ASCHO)** includes the social care staff providing the assessment of community care needs and safeguarding work required to support older people, working age adults with both physical and learning disabilities and with those with mental health issues. The ‘Making a Difference Everyday Programme’ has, as indicated above, enabled ASCHO to reflect, refocus and reset and this has culminated in a move to a truly locality way of working. ASCHO carries this out via community teams that work with local communities, partners, Public Health and commissioning colleagues to deliver care and support that empowers people in their communities, tackling inequalities within these communities. The support offered, and which is commissioned through this division, focuses on what people have told us they want to meet their goals and outcomes. This is achieved through an emphasis on co-production and people with lived experience supporting colleagues across social care and Health to shape the services needed for the differing needs of different areas of Kent. There are also some in-house services such as short-term residential services for both older people and people with learning disabilities, community services, shared lives and enablement services within this division.

Strategic Commissioning (Integrated and Adults) (SCIA) leads and shapes the process for deciding how best to use the total resources available to improve outcomes in the most efficient, effective, equitable, and sustainable way. Those resources could be within KCC, or across the public, voluntary, and private sectors. The Division provides capability in commercial leadership and judgement. The division covers areas such as project management, systems and performance, provider payments, direct payments and arranging support. The budgets relating to community-based preventative services through the voluntary sector are also held within this division.

Strategic Management and Directorate Budgets (SMDBA) incorporates the costs of the Strategic Management Team. The division also covers areas such as innovation, stakeholder engagement and co-production.

The **Public Health Division (PH)**’s goal is work with all partners to improve and protect the health and wellbeing of Kent’s residents. Public Health has three overarching aims: to improve the health of the Kent population, to protect the health of the Kent population, and to improve the equity and quality of health and care services. With these public health goals and actions in place we will not only improve the health and wellbeing of the people of Kent, but also reduce the need for expensive acute interventions, which will ultimately reduce the pressure and demand on other KCC services, and the wider public sector.

**FTE is as per December 2024 data*

Richard Smith

Corporate Director Adult Social Care & Health

APPENDIX G - KEY SERVICE STATEMENT (PROPOSED BUDGET)

Adult Social Care & Health
Corporate Director: Richard Smith

Strategic Management & Directorate Support (ASCH)
Corporate Director: Richard Smith

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
1	3,800.7	Innovation and Partnership	1,498.2	3,675.4	**5,173.6**	-1,373.9	0.0	**3,799.7**	Services supporting involvement and information, innovation, research, and sector workforce development to shape and improve services through co-production, digital and technology, evidence-based practices, and strengthened partnerships.
2	5,414.9	Strategic Management & Directorate Support (ASCH)	1,024.7	4,619.2	**5,643.9**	-229.0	0.0	**5,414.9**	Central Directorate costs including the costs of the Corporate Director, Directors, and associated Officers
3	1,540.3	Operational and transformation costs pending allocation	1,540.3	0.0	**1,540.3**	0.0	0.0	**1,540.3**	Funds held centrally for allocation to the Operations Division to fund operational and transformational programmes of work
4	**10,755.9**	**Total - Strategic Management & Directorate Support (ASCH)**	**4,063.2**	**8,294.6**	**12,357.8**	**-1,602.9**	**0.0**	**10,754.9**	

Adult Social Care & Health Operations

Directors: Sydney Hill & Mark Albiston

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
5	547.5	Adaptive & Assistive Technology	0.0	9,228.1	**9,228.1**	-8,078.9	0.0	**1,149.2**	Technology enabled care that supports innovative use of technology to improve outcomes and empower people to manage their care in a way that is right for them. Occupational Therapy Services working in partnership with Health to provide equipment to support people to lead a full life
6	41,461.2	Adult Case Management & Assessment Services	44,088.2	1,869.5	**45,957.7**	-2,841.1	-308.7	**42,807.9**	Social care staffing providing assessment of needs and ongoing support for vulnerable adults and older people
7	2,444.6	Adult In House Carer Services	2,582.9	104.9	**2,687.8**	-10.6	0.0	**2,677.2**	In-House residential respite services to support carers
8	6,037.5	Adult In House Community Services	5,609.2	497.7	**6,106.9**	-47.8	0.0	**6,059.1**	In-House Community-Based Services for Learning Disability Service Users (aged 18+) and Physical Disability (aged 18-25) including In-house Day opportunities both virtual and in person to enable Service Users to remain independent
9	6,508.4	Adult In House Enablement Services	14,458.5	6,419.4	**20,877.9**	-8,766.6	-5,584.9	**6,526.4**	In-House Community-Based Enablement Services to maximise individuals' independence and support people to return to living more independently in their community
10	132,218.9	Adult Learning Disability - Community Based Services & Support for Carers	0.0	149,393.7	**149,393.7**	-12,244.0	0.0	**137,149.7**	Commissioned Community-Based Services for Learning Disability Service Users (aged 26+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
11	78,671.2	Adult Learning Disability - Residential Care Services & Support for Carers	0.0	85,931.6	**85,931.6**	-6,211.4	0.0	**79,720.2**	Commissioned Residential Care Services (and Short Breaks) for Learning Disability Service Users (aged 26+)
12	25,659.7	Adult Mental Health - Community Based Services	0.0	40,324.5	**40,324.5**	-2,639.0	0.0	**37,685.5**	Commissioned Community-Based Services for Mental Health Service Users (aged 18+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
13	22,146.7	Adult Mental Health - Residential Care Services	0.0	24,482.6	**24,482.6**	-1,062.5	0.0	**23,420.1**	Commissioned Residential Care Services for Mental Health Service Users (aged 18+)
14	37,420.9	Adult Physical Disability - Community Based Services	0.0	43,600.4	**43,600.4**	-4,927.9	-104.6	**38,567.9**	Commissioned Community-Based Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25) including domiciliary care, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
15	27,117.8	Adult Physical Disability - Residential Care Services	0.0	35,603.6	**35,603.6**	-3,269.1	0.0	**32,334.5**	Residential Care Services for Physical Disability Service Users (aged 26+ and those with an acquired long-term condition aged 18-25)

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
16	6,771.8	ASCH Operations - Divisional Management & Support	6,800.7	230.9	**7,031.6**	-239.3	-29.8	**6,762.5**	Divisional management costs enabling the business to achieve its strategic aims
17	1,037.3	Independent Living Support	1,149.7	150.5	**1,300.2**	-231.8	0.0	**1,068.4**	The Independent Living Support Service (ILSS) offers a wide range of support to help service users live as independently as possible via the use of equipment and technology solutions. Included on this line are the ILSS Technicians Service, ILSS Independent Mobility Assessors, the Blue Badge Service and ILSS Management
18	37,277.5	Older People - Community Based Services	0.0	63,304.9	**63,304.9**	-28,007.6	-216.5	**35,080.8**	Commissioned Community-Based Services for Older People (aged 65+) including homecare, direct payments, day services, supported living and the introduction of micro-providers to support the development of resilient communities
19	15,795.0	Older People - In House Provision	11,389.9	13,858.3	**25,248.2**	-2,281.2	-5,407.9	**17,559.1**	In-House provision for Older People, including in-house residential and day care centres, and integrated care centres
20	108,367.5	Older People - Residential Care Services	0.0	228,967.0	**228,967.0**	-95,429.6	-114.0	**133,423.4**	Commissioned Residential and Nursing Care Services for Older People (aged 65+)
21	1,724.7	Older People & Physical Disability Carer Support - Commissioned	0.0	4,351.5	**4,351.5**	-2,059.3	-11.0	**2,281.2**	Commissioned services to support carers
22	1,685.5	Statutory and Policy Support	911.6	987.0	**1,898.6**	-20.3	0.0	**1,878.3**	Manages the Statutory and Policy support function for the Directorate to achieve the operational business outcomes. This includes Policy and Quality Assurance, Technical Support for Business Operations and Practice Development
23	705.4	Strategic Safeguarding	937.2	12.3	**949.5**	0.0	-247.0	**702.5**	Strategic resource management to ensure a coherent policy and direction for the protection of vulnerable adults
24	**553,599.1**	**Total - Adult Social Care & Health Operations (ASCHO)**	**87,927.9**	**709,318.4**	**797,246.3**	**-178,368.0**	**-12,024.4**	**606,853.9**	

Strategic Commissioning (Integrated and Adults)

Director: Richard Ellis

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
25	7,549.6	Community Based Preventative Services	0.0	15,957.4	**15,957.4**	-6,142.5	-751.1	**9,063.8**	Social Support Services provided by the voluntary sector to prevent social isolation and provide information and early intervention / preventative services to enable Service Users to remain independent. This includes services for residents with immediate need and who are in crisis, to live independently by signposting to alternative appropriate services and helping with the purchase of equipment and supplies to ensure the safety and comfort of the most vulnerable in our society. This service line also includes Local Healthwatch which is a statutory service commissioned by KCC to ensure that patients, users of social care services and their carers, and the public, have a say in how these services are commissioned and delivered on their behalf
26	7,414.8	Transformation Delivery and support	7,221.7	406.2	**7,627.9**	0.0	0.0	**7,627.9**	Covers areas such systems and performance, direct payments and purchasing, and project management and support activity.
27	1,476.7	Housing Related Support	0.0	4,789.4	**4,789.4**	-776.9	-181.7	**3,830.8**	Housing related support for vulnerable households via supported housing, Home Improvement Agencies, women's refuges and community based support to enable them to gain the skills they need to live independently in their own home. Providing welfare assistance and advice to households in an emergency or crisis
28	0.0	Partnership Support Services	269.1	2,538.0	**2,807.1**	-2,807.1	0.0	**0.0**	Manages a number of operational support services, which enable the Directorate to achieve its partnership agenda. Includes pooled budgets with health which fund community infrastructure to facilitate discharges from specialist hospitals and prevent new admissions for people with Learning disabilities (LD) or Autism spectrum conditions (ASC)
29	3,032.3	Social Support for Carers	0.0	4,968.0	**4,968.0**	-2,571.7	0.0	**2,396.3**	Services supporting carers provided by the voluntary sector
30	2,393.2	Strategic Commissioning (Integrated and Adults)	2,756.2	21.9	**2,778.1**	-40.0	-44.1	**2,694.0**	Responsible for developing and delivering a commissioning strategy and procurement priorities for older people, vulnerable adults and Public Health
31	**21,866.6**	**Total - Strategic Commissioning (Integrated and Adults)**	**10,247.0**	**28,680.9**	**38,927.9**	**-12,338.2**	**-976.9**	**25,612.8**	

Public Health
Director: Dr Anjan Ghosh

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
32	436.6	Public Health - Advice and Other Staffing	6,184.7	4,420.6	**10,605.3**	-614.6	-9,990.7	**0.0**	Includes cost of management, commissioning, and operational staff to deliver statutory Public Health advice
33	0.0	Public Health - Children's Programme	0.0	33,907.0	**33,907.0**	0.0	-33,907.0	**0.0**	Includes provision for 0-19 year olds and their families including: Health Visiting, School Public Health, Oral Health, services delivered through Children's Centres and Adolescent services
34	0.0	Public Health - Healthy Lifestyles	0.0	8,489.8	**8,489.8**	0.0	-8,489.8	**0.0**	Improving health and lifestyles through provision of Integrated Lifestyle services and NHS Health Checks to support the following outcomes; reduction in smoking, improved exercise and healthy eating to tackle obesity levels
35	0.0	Public Health - Mental Health, Substance Misuse & Community Safety	242.6	18,772.5	**19,015.1**	-1,150.3	-17,864.8	**0.0**	Includes the provision of drug and alcohol services, domestic abuse services and Mental Health early intervention
36	0.0	Public Health - Sexual Health	0.0	16,180.1	**16,180.1**	-2,148.1	-14,032.0	**0.0**	Commissioning of mandated contraception and sexually transmitted infection advice and treatment services
37	**436.6**	**Total - Public Health (PH)**	**6,427.3**	**81,770.0**	**88,197.3**	**-3,913.0**	**-84,284.3**	**0.0**	
38	**586,658.2**	**Total - Adult Social Care & Health Budget**	**108,665.4**	**828,063.9**	**936,729.3**	**-196,222.1**	**-97,285.6**	**643,221.6**	

Children, Young People & Education (CYPE)

Controllable Revenue Budget for 2025-26 **£449.2m**
Capital Budget for next 10 years **£403.4m**
Full Time Equivalent (FTE) staff* **3,240.3**

Children, Young People and Education (CYPE) Directorate comprises of four Divisions: Integrated Children's Services (Operations & County Wide); Education & Special Educational Needs; and Strategic Management and Directorate Budgets.

Our driving ambition is to ensure all Kent children have a good education and a good childhood. The CYPE vision is to make Kent a County that works for all children. We aim to ensure that all children feel safe, secure, loved, fulfilled, happy and optimistic so as they develop and achieve their maximum potential. To achieve this, we are focused upon:

- Securing the most appropriate childcare, education and training opportunities;
- Joining up services to support families at the right time in the right place;
- Being the best Corporate Parent we can be;
- Developing a culture of high aspiration and empathy for children and their families;
- Valuing and listening to children and young people's voices.

We work hard to minimise the impact of reduced resources and continued demand from the most vulnerable in our communities. By seeking to maintain a preventative but targeted approach, CYPE are securing improvements to the efficiency and effectiveness of service delivery. The Directorate continues to respond creatively to the demands placed upon it by forming new partnerships, reshaping services and adopting new ways of working including responding to the Central Government's final Children's Wellbeing and Schools Bill.

Integrated Children's Services (Operations & County Wide) (ICS): These two Divisions have a statutory duty to safeguard and promote the welfare of some of Kent's most vulnerable children and young people.
The Divisions are focused on providing an effective and consistent integrated children's service across Kent including delivery of all services to disabled children and young people with autism & complex heath needs. We aim to keep vulnerable families out of crisis and reduce the risk of harm to children by supporting staff to prevent the escalation of need and deliver services that provide timely and appropriate support for children and families earlier when they are most in need. By focusing on the delivery of the Government's Family Hubs programme, alongside our children's social work teams and early help offer, we are ensuring that services match needs, and are developed in partnership with parents and young people, whilst continuing to adapt to Kent's changing demography.

Education & Special Educational Needs (ESEN): This Division's purpose is to secure high quality school, early years and post 16 education places, including delivery of all services for SEN (0-25 years olds) in every community so that every child and young person can have the best start in life, are ready to succeed at school, have excellent foundations for learning and are well equipped for adulthood, regardless of their social background. The Division is focused on securing the improvements required following challenging SEND Ofsted judgements, in line with financial requirements of the Safety Valve agreement. We will be concentrating particularly on the delivery of appropriate & timely assessments, and improved pathways for children with SEN including, enhancing SEND support in mainstream schools, making practitioners more confident and inclusive, and ensuring that we have the right SEND provision in Kent. This Division commissions one of KCC's companies 'The Education People' to deliver traded and statutory elements of education support services, providing a continual focus on improving attainment and standards. The Division is also responsible for commissioning Home to School Transport Services along with the strategy and delivery of adult education across the county.

Schools' Delegated Budgets (SDB): This area holds the budget for Kent schools.

Strategic Management & Directorate Budgets (SMDBC): This area incorporates the Directorate centrally held costs, which includes the budgets for the Strategic Directors and support, historic pension costs, Directorate communications and Member interface.

**FTE is as per December 2024 data*

Sarah Hammond

Corporate Director Children, Young People & Education

Children, Young People & Education
Corporate Director: Sarah Hammond

Strategic Management & Directorate Budgets (CYPE)
Corporate Director: Sarah Hammond

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
39	**4,372.4**	Strategic Management & Directorate Budgets (CYPE)	**5,072.4**	**5,983.7**	**11,056.1**	**-3,015.7**	**-3,684.3**	**4,356.1**	Central Directorate costs including the Strategic Director and Directorate pension costs

Education & Special Educational Needs
Director: Christine McInnes

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
40	-96.7	Community Learning & Skills (CLS)	9,648.1	3,205.1	**12,853.2**	-3,040.0	-9,927.3	**-114.1**	Provision of education & training to adults and young people over 16, responsible for delivering the Government's Adult Skills Fund and Study Programme courses for young people Not in Education, Employment & Training (NEET). Together with the delivery of English and Maths learning, and other courses to help people improve their employability skills
41	0.0	Early Years Education	0.0	203,233.3	**203,233.3**	0.0	-203,233.3	**0.0**	Parents' statutory entitlement to free Early Years education provision, most commonly from private, voluntary and independent providers for which KCC provides reimbursement from the Dedicated Schools Grant. There is a universal entitlement of 15 hours per week for all 3 and 4 year olds and eligible 2 year olds. This budget also provides entitlement to children of working parents from 9 months to 4 years for up to 30 hours per week.
42	1,504.6	Education Management & Division Support	1,350.4	896.9	**2,247.3**	-103.9	-700.8	**1,442.6**	Includes Area Education Officers and their direct support, costs associated with Academy conversions, and other Divisional management and support costs
43	3,931.7	Education Services provided by The Education People	0.0	9,080.1	**9,080.1**	-1,731.5	-4,910.9	**2,437.7**	A range of statutory education services provided by The Education People, including School Improvement, Education, Skills & Employability, Schools Financial Services, and Outdoor Education
44	572.7	Fair Access & Planning Services	4,126.8	670.7	**4,797.5**	-1,325.0	-2,902.2	**570.3**	Planning the provision of school places and managing the schools admissions and eligibility for school transport services

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
45	96,286.5	Home to School & College Transport	202.0	103,136.4	**103,338.4**	-5,620.0	0.0	**97,718.4**	Transport to education establishments for all entitled pupils including specialist transport to school and college for children and young people with Special Educational Needs & Disabilities, together with free mainstream school transport, and the partly subsidised Kent 16+ Travel Saver (which includes an individual contribution). A small team support specific pupils with their travel arrangements to schools to enable them to become independent as they transition to secondary school
46	5,605.6	Other School Services	453.5	43,722.6	**44,176.1**	-20,612.2	-16,918.3	**6,645.6**	Provision of a wide range of support services to schools
47	0.0	Pupil Referral Units & Inclusion	2,044.3	8,106.7	**10,151.0**	-367.0	-9,784.0	**0.0**	Pupil Referral Units (PRU's) are short-stay centres which provide education for children who are excluded, sick, or otherwise unable to attend a mainstream school, until they are reintegrated. Inclusion Advisers work with pupils, families, and schools to improve pupil behaviour and attendance, which reduces the need for permanent or fixed-term exclusion
48	17,489.3	Special Educational Needs & Psychology Services	21,807.9	137,628.8	**159,436.7**	-7,583.1	-134,146.0	**17,707.6**	Assessment and placement of children and young people with Special Educational Needs including those with Education Health Care Plans (EHCPs)
49	**125,293.7**	**Total - Education & Special Educational Needs**	**39,633.0**	**509,680.6**	**549,313.6**	**-40,382.7**	**-382,522.8**	**126,408.1**	

Integrated Children's Services (Operations and County Wide)

Directors: Ingrid Crisan & Kevin Kasaven

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
50	17,433.4	Adoption & Special Guardianship Arrangements & Service	3,641.6	15,871.4	**19,513.0**	-1,387.7	-200.0	**17,925.3**	The Adoption Service works to achieve and support permanent care arrangements for Looked after Children within a family setting. This is delivered by The Adoption Partnership, a partnership between Kent, Medway and Bexley (a Regional Adoption Agency). This also includes payments associated with special guardianship arrangements and adoption payments
51	46,380.2	Adult Learning & Physical Disability Pathway - Community Based Services	0.0	49,995.0	**49,995.0**	-2,122.2	0.0	**47,872.8**	Commissioned Community Based Services for Physical Disability Service Users and Learning Disability Service Users (aged 18+) including domiciliary care, direct payments, day care, and supported living to enable Service Users to remain independent
52	8,257.5	Adult Learning & Physical Disability pathway - Residential Care Services & Support for Carers	0.0	7,948.6	**7,948.6**	-435.3	0.0	**7,513.3**	Residential Care Services (and Short Breaks) for Learning Disability Service Users and Physical Disability Service Users (aged 18+) and services to support carers
53	400.0	Asylum	0.0	73,308.5	**73,308.5**	-219.0	-73,089.5	**0.0**	Supporting unaccompanied asylum seekers under the age of 18 and those aged 18 or over (who were previously in care when aged under 18) as Care Leavers
54	5,510.2	Care Leavers Service	5,785.0	4,202.2	**9,987.2**	-2,632.6	-1,697.8	**5,656.8**	Enables and assists care leavers (18+) to develop their skills and enhance their life opportunities as they progress into adulthood
55	3,772.9	Children in Need - Care & Support	0.0	3,033.1	**3,033.1**	-45.2	-150.0	**2,837.9**	Service for Children in Need (aged 0-17) including day care, direct payments, payments to voluntary organisations, and short breaks for carers
56	8,642.5	Children in Need (Disability) - Care & Support	0.0	10,343.9	**10,343.9**	-2.8	0.0	**10,341.1**	Service for Children in Need (aged 0-17) with a Disability including day care, direct payments, payments to voluntary organisations, and short breaks for carers
57	1,771.4	Childrens Disability 0-18 Commissioning	0.0	1,940.9	**1,940.9**	-524.0	0.0	**1,416.9**	Commissioned Community Based Services (aged 0-17) including short breaks, direct payments and group day care services
58	52,389.1	Children's Social Work Services - Assessment & Safeguarding Service	57,395.3	2,012.8	**59,408.1**	-5,705.1	-1,065.4	**52,637.6**	Social care staffing providing assessment of children and families' needs, ongoing support to looked after children, and Safeguarding Service. The Youth Justice Service assesses, plans and intervenes with 10-17 year olds who have come to the attention of the Police or judicial system, to prevent them offending

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
59	9,856.5	Disabled Children & Young People Service (0-25 LD & Complex PD) - Assessment Service	9,332.5	548.1	**9,880.6**	0.0	0.0	**9,880.6**	Social care staff providing assessment and support services for Service Users (aged 0-25) with Learning Disability, Complex Physical Disabilities and Sensory Impairment
60	2,334.1	Early Help & Preventative Services	9,724.6	5,705.6	**15,430.2**	-520.0	-5,826.5	**9,083.7**	Early intervention and prevention services for families, children and young people
61	8,597.1	Family Hubs	9,861.8	4,460.4	**14,322.2**	-3,512.2	-3,832.9	**6,977.1**	Family Hubs in Kent aim to empower parents/carers with universal and targeted support for children's development (aged 0 -19 and up to 25 for children with SEN). The approach integrates community-based advice and complements existing services provided by partners, providing specialised assistance for families with additional needs, focusing on children's wellbeing, substance misuse, and targeted interventions for vulnerable youth and families
62	6,757.2	Integrated Services (Children's) Management & Directorate Support	7,928.3	1,282.1	**9,210.4**	-1,071.9	-1,419.0	**6,719.5**	Directorate support costs including practice development for both early help and children social work functions along with the provision of management information for the whole Directorate
63	101,738.8	Looked After Children - Care & Support	9,659.1	108,092.3	**117,751.4**	-2,541.5	-6,591.0	**108,618.9**	Looked After Children Services including residential, fostering, and supported accommodation for under 18s, and Virtual Schools Kent
64	22,516.9	Looked After Children (with Disability) - Care & Support	0.0	29,457.4	**29,457.4**	-2,329.8	0.0	**27,127.6**	Commissioned services for Looked After Children (aged 0-18) with a Disability including both short and long term residential care and fostering services
65	3,910.1	Looked After Children (with Disability) - In House Provision	5,337.1	801.3	**6,138.4**	-2,274.5	0.0	**3,863.9**	In-House Residential Respite and Enablement Services to support Looked After Children and families
66	**300,267.9**	**Total - Integrated Children's Services (Operations and County Wide)**	**118,665.3**	**319,003.6**	**437,668.9**	**-25,323.8**	**-93,872.1**	**318,473.0**	
67	**429,934.0**	**Total - Children, Young People & Education Budget (excluding Schools' Delegated Budgets)**	**163,370.7**	**834,667.9**	**998,038.6**	**-68,722.2**	**-480,079.2**	**449,237.2**	

Schools' Delegated Budgets

Corporate Director: Sarah Hammond

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
68	**0.0**	Schools' Delegated Budgets	608,141.9	177,524.5	**785,666.4**	**-42,552.9**	**-743,113.5**	**0.0**	Holds the Dedicated Schools Grant (DSG) for Kent schools
69	**429,934.0**	**Total - Children, Young People & Education Budget (including Schools' Delegated Budgets)**	**771,512.6**	**1,012,192.4**	**1,783,705.0**	**-111,275.1**	**-1,223,192.7**	**449,237.2**	

Growth, Environment & Transport (GET)

Controllable Revenue Budget for 2025-26 **£201.6m**
Capital Budget for next 10 years **£912.1m**
Full Time Equivalent (FTE) staff* **1,460.2**

Growth, Environment & Transport (GET) is made up of three Divisions: Growth and Communities (GC), Environment and Circular Economy (ECE), Highways and Transportation (HT), and as well as Strategic Management & Directorate Budgets.

GET is considerable in terms of its range of both strategic and front-line services and projects, as well as having responsibility for a very large capital programme with complex funding streams and delivery targets. GET is responsible for many visible place-based services that help shape, support and grow our local communities.

Growth and Communities (GC) - responsible for the development of a range of growth and community related strategies including: Kent & Medway Economic Framework; Infrastructure Mapping Platform; Developer Contributions Guide; Libraries, Registration & Archive Strategy; Cultural Strategy; Health & Economy Strategy; Kent Minerals and Waste Local Plan; the Community Safety Agreement.

The division leads on economic development, place-making and sector support including: business growth investment; local economic planning; delivery of certain Government infrastructure programmes; securing developer contributions for social and community infrastructure; strategic planning including influencing Local Plans and planning applications for sites in Kent; and the delivery, planning and execution of the County Council's Development Management and Local Plan making functions.

The division is responsible for a range of community services including: Libraries (physical, online and outreach), Registration (birth and death registration and ceremonies) and Archives; Community Protection services (comprising Trading Standards, Coroners, Community Safety including Community Wardens, Kent Scientific Services); the Gypsy Roma Traveller Residents Service; Public Rights of Way Service; and the Creative and Cultural Economy Service. The division additionally hosts Active Kent and Medway (formerly Kent Sport), as well as administering a number of recyclable loan funds such as No Use Empty (NUE), i3 and Kent & Medway Business Fund (K&MBF). The division is underpinned by an Innovation & Business Intelligence team.

Environment and Circular Economy (ECE) - responsible for the development of a range of strategies including the KCC Environment Strategy, Kent and Medway Energy and Low Emissions Strategy, KCC Net Zero Plan, KCC Climate Change Adaptation Plan, Heritage Strategy, Kent and Medway Local Nature Recovery Strategy, Biodiversity Strategy, Local Flood Risk Management Strategy and the Kent Waste Disposal Strategy.

The division leads on the management and enhancement of the natural environment, manages local flood risk, manages the conservation of the historic environment, manages Kent's country parks and runs Explore Kent. It also leads on the Council's commitment to net zero 2030 across its own estate and works with partners towards the delivery of net zero 2050 for Kent.

The division is also responsible for the management of all waste and recycling materials collected by Kent's district, borough and city councils through a network of infrastructure, operating household waste and recycling centres and managing closed landfill sites across the county. The division hosts the Kent Downs National Landscapes team and Countryside Partnership teams that operate across the county.

Highways and Transportation (HT) - responsible for the development of a range of transport related strategies including a new Local Transport Plan, the Kent Rail Strategy, the Freight Action Plan, the Road Casualty Reduction Strategy, Vision Zero and the Active Travel Strategy. The division also leads on transport related capital programme including schemes funded by such programmes as the Local Growth Fund, Get Britain Building and the Bus Services Improvement Plan (BSIP).

The division delivers services involved with the management and maintenance of the highway (and related) assets including all bridges, structures and tunnels, soft landscaping including highway trees, co-ordination of utility company works and all works that take place on the highway in Kent. Including also critical winter maintenance service to keep Kent moving and emergency incident and out of hours response particularly in severe weather and storm events. The division also delivers specific public transport services including the English National Concessionary Travel Scheme (ENCTS) concessionary fare scheme, subsidised bus schemes and the Kent Travel Saver (KTS), as well as managing the provision of SEN and mainstream home-to-school transport on behalf of the CYPE Directorate.

Strategic Management & Directorate Budgets (SMDBG): This area incorporates the Directorate centrally held costs.

**FTE is as per December 2024 data*

Simon Jones

Corporate Director Growth, Environment & Transport

Growth, Environment & Transport
Corporate Director: Simon Jones

Strategic Management & Directorate Budgets (GET)
Corporate Director: Simon Jones

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
70	**1,409.9**	Strategic Management & Directorate Budgets (GET)	**683.0**	**776.9**	**1,459.9**	**-52.8**	**0.0**	**1,407.1**	Centrally held Directorate costs, as well as the Corporate Director, Portfolio Management Office, and Directorate legacy pension and early retirement costs

Environment & Circular Economy
Director: Matt Smyth

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
71	3,174.0	Environment	6,010.5	5,772.7	**11,783.2**	-6,126.2	-2,596.7	**3,060.3**	Covers Net Zero, adapting to a changing climate, renewable energy development, improving the natural environment and nature recovery, biodiversity net gain, flood and water management, heritage conservation, the management of country parks, countryside management partnerships, partnering with the Kent Weald National Landscape team and hosting the Kent Downs National Landscape team
72	2,186.3	Environment and Circular Economy Divisional management costs	2,136.5	299.8	**2,436.3**	-206.0	0.0	**2,230.3**	Commissioning and contract management, resident engagement, business services and business support for the Environment & Circular Economy functions
73	52,593.8	Residual Waste	256.7	56,622.1	**56,878.8**	-8,111.2	0.0	**48,767.6**	Statutory waste services for Kent residents including treatment and disposal of residual household waste, including management of closed landfill sites
74	38,798.4	Waste Facilities & Recycling Centres	0.0	47,801.9	**47,801.9**	-9,849.4	0.0	**37,952.5**	Statutory waste services for Kent residents including Household recycling centres, cost of recycling, and composting household waste
75	**96,752.5**	**Total - Environment & Circular Economy**	**8,403.7**	**110,496.5**	**118,900.2**	**-24,292.8**	**-2,596.7**	**92,010.7**	

Growth & Communities

Director: Stephanie Holt-Castle

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
76	2,278.2	Community (Assets & Services)	2,393.8	2,102.9	**4,496.7**	-2,113.8	-40.0	**2,342.9**	A wide range of services including Public Rights of Way, 8 Gypsy and Traveller sites, and hosting Active Kent & Medway as well as co-ordinating Village Halls and Sports facilities grants
77	1,606.8	Growth - Economy	1,160.5	814.4	**1,974.9**	-494.1	0.0	**1,480.8**	Working with public, private, and voluntary sectors to support Kent's economic growth covering business and enterprise. In addition to this providing support to and the delivery of ongoing capital programmes with a value in excess of £100m which includes Kent & Medway Business Loan Fund (KMBF) and No Use Empty
78	3,789.0	Growth - Place	3,145.2	1,715.8	**4,861.0**	-1,153.3	0.0	**3,707.7**	A group of services working to ensure sustainable growth in Kent including Planning Applications, Strategic Planning, Developer contributions and Broadband. Supporting the growth of the Creative and Cultural Economy to deliver economic and social outcomes across Kent, including Turner Contemporary
79	459.4	Growth and Communities Divisional management costs	450.2	7.7	**457.9**	0.0	0.0	**457.9**	Divisional management and support costs
80	11,061.9	Libraries, Registration & Archives	13,496.7	4,031.9	**17,528.6**	-6,916.0	0.0	**10,612.6**	The Libraries, Registration & Archives (LRA) service is delivered through a network of 99 libraries, 5 Register Offices, 5 mobile libraries, an archive centre, the stock distribution and support function building at Quarry Wood, the information service which includes the public 'Ask a Kent Librarian' service, and the 24 hour accessible online services. The LRA service also delivers the records management service on behalf of KCC, is contracted to deliver 5 prison libraries in Kent and the registration service on behalf of the London Borough of Bexley
81	11,910.6	Community Protection	10,197.3	5,361.9	**15,559.2**	-3,524.4	-39.7	**11,995.1**	Community Protection services including Trading Standards, Community Wardens, Coroners, Kent Scientific Services (KSS), and Community Safety
82	**31,105.9**	**Total - Growth & Communities**	**30,843.7**	**14,034.6**	**44,878.3**	**-14,201.6**	**-79.7**	**30,597.0**	

Highways & Transportation

Director: Haroona Chughtai

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
83	12,973.5	English National Concessionary Travel Scheme (ENCTS)	0.0	16,675.5	**16,675.5**	-47.0	0.0	**16,628.5**	A statutory concessionary travel scheme, providing free bus travel for older people, disabled people and disabled user companions
84	38,222.6	Highway Assets Management	14,102.8	33,850.5	**47,953.3**	-8,223.9	0.0	**39,729.4**	Road and footway reconstruction, renewal and preservation. Safety inspections, emergency and routine maintenance, customer enquiries. Cycle way maintenance. Signs, lines and barrier maintenance, Highway drainage cleansing, repairs and capital improvements. Soakaway maintenance and construction. Highway trees inspection and maintenance, urban shrubs and grass cutting, rural swathe cutting, weed spraying, emergency tree contract. Bridges, structures and tunnels management and capital renewals. Street Works permitting, coordination and inspection of works undertaken by utility companies, developers and KCC contractors. Temporary Road Closures, highway licences and Vehicle Crossovers. Winter service, gritting and salt bins. Out of hours 24/7/365 Highways Emergency and adverse weather response. Street lighting, LED conversion and CMS management, lit signs and bollards maintenance and energy costs of street lighting. Kent lane rental scheme, Third Party damage repair, fly tip removal, High Speed Road Maintenance Programme. Highway legislation legal enforcement for contraventions including serving notices and prosecutions
85	4,043.0	Highways & Transportation divisional management costs	3,266.2	1,098.6	**4,364.8**	-238.6	0.0	**4,126.2**	Management, planning, procurement and monitoring of transport services, contract management, business services and business support for Highways & Transportation
86	0.0	Kent Karrier	0.0	880.0	**880.0**	-880.0	0.0	**0.0**	Pre bookable transport service, based on membership, for communities and individuals with no access to conventional public transport
87	4,675.5	Kent Travel Saver (KTS)	0.0	15,015.5	**15,015.5**	-10,340.0	0.0	**4,675.5**	Provides discounted travel on the Kent bus network for young people aged 11-16
88	5,761.1	Supported Bus Services	89.0	17,938.3	**18,027.3**	-2,209.5	-9,635.7	**6,182.1**	Financial support for otherwise uneconomic bus routes, as well as community transport schemes
89	6,378.5	Transportation	9,540.4	2,313.4	**11,853.8**	-5,458.1	-199.5	**6,196.2**	Reducing casualties and traffic congestion on Kent's roads by enabling the delivery of a £300m+ capital programme of engineering schemes by managing traffic and through road safety improvements, education and campaigns. Assisting developers in identifying and delivering solutions to protect our network from the negative impacts of development traffic
90	**72,054.2**	**Total - Highways & Transportation**	**26,998.4**	**87,771.8**	**114,770.2**	**-27,397.1**	**-9,835.2**	**77,537.9**	
91	**201,322.5**	**Total - Growth, Environment & Transport Budget**	**66,928.8**	**213,079.8**	**280,008.6**	**-65,944.3**	**-12,511.6**	**201,552.7**	

Chief Executive's Dept. (CED)

Controllable Revenue Budget for 2025-26	**£25.4m**
Capital Budget for next 10 years	**£2.3m**
Full Time Equivalent (FTE) staff*	**619.1**

The Chief Executive's Department provides core services which support frontline service delivery to achieve better outcomes for Kent's residents and our customers. The Department supports the political and managerial leadership in setting the strategic direction for the Council.

The Chief Executive's Department also supports the organisation to deliver and respond to changes in our operating environment. Priorities include leading the revenue and capital budget process for the Council, ensuring effective governance and assurance processes and leading and shaping commercial and procurement activities for the Council. Our Department also plays a significant role in ensuring the Council is well placed to meet its statutory and regulatory duties.

Chief Executive's Department has the following roles and responsibilities:

Commercial and Procurement (CP): Commercial and Procurement works in partnership across the Council to ensure delivery of best value for the county's residents. It prioritises delivery of financial benefits and return on investment; advocates social value; strives for efficiency in commercial and procurement processes and drives up supplier performance to reduce commercial risks.

Strategy, Policy, Relationships & Corporate Assurance (SPRCA): The Division's role is to help prepare the organisation to meet future challenges through environment scanning, medium term planning, corporate and service policy development, safeguarding, analytical assessments, evidence-based decision making and performance reporting, relationship management, as well as leading the equality, risk, and corporate assurance frameworks. It also administers the Council's grant scheme in support of the delivery of the civil society strategy.

Finance (FIN): The Division comprises four key functions that together provide strategic and operational financial, internal audit and counter fraud services to the Council and the Kent Pension Fund. These functions are Finance Operations, Internal Audit and Counter Fraud, Financial Policy, Planning & Strategy and Pensions & Treasury. The services include financial advice and support for all budget holders and members in planning, managing, and reporting on the Council's financial resources, support to the Kent Pension Fund, the provision of Treasury Management services and the provision of an agile, risk based internal audit and counter fraud service.

Governance, Law & Democracy (GLD): Provides democratic services including support of the 81 elected Members of the County Council. The division manages information governance and data protection considerations for the Council including co-ordination of responses to Freedom of Information (FOI) requests. The Division also holds the client-side responsibility for Invicta Law Ltd which provides legal advice and services to KCC, public bodies, and other local authorities.

Strategic Management & Departmental Budgets (SMDBCE): This area incorporates the Department's centrally held costs and external grant income.

**FTE is as per December 2024 data*

Amanda Beer

Chief Executive

Chief Executive's Department
Chief Executive: Amanda Beer

Strategic Management & Departmental Budgets
Chief Executive: Amanda Beer

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
92	-1,136.4	Strategic Management & Departmental Budgets	**573.1**	**1,192.0**	**1,765.1**	**-1,059.5**	**-2,050.0**	**-1,344.4**	Historic Corporate services costs and grant contributions to central Corporate Services' overheads. Provides support to Corporate Management Team and other Strategic meetings

Finance
Interim Corporate Director: John Betts

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
93	9,967.8	Finance	15,154.1	1,901.7	**17,055.8**	-6,413.1	-950.6	**9,692.1**	Finance advice and support for all budget holders and Members in planning, managing, and reporting on the Council's financial resources, both revenue and capital. Pensions & Treasury functions. Provision of Internal Audit and Counter Fraud Services
94	3,783.6	Subsidies to Kent District Councils to maximise Council Tax collection	0.0	697.4	**697.4**	-103.8	0.0	**593.6**	Subsidies to Kent District Councils to support local council tax collection, including counter fraud initiatives and enhanced debt
95	**13,751.4**	**Total - Finance**	**15,154.1**	**2,599.1**	**17,753.2**	**-6,516.9**	**-950.6**	**10,285.7**	

Governance, Law & Democracy
Director: Ben Watts

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
96	7,481.6	Governance & Law	4,506.2	3,821.0	**8,327.2**	-758.6	-35.0	**7,533.6**	Includes the cost of supporting the 81 elected Members of the County Council and their responsibilities, together with the management of the contract with Invicta Law Ltd for legal advice and services to KCC, public bodies, and other local authorities. Co-ordination of responses to Freedom of Information (FOI) requests
97	291.6	Local Member Grants	0.0	291.6	**291.6**	0.0	0.0	**291.6**	Member Grants made to a wide range of community based groups, individuals and organisations
98	**7,773.2**	**Total - Governance, Law & Democracy**	**4,506.2**	**4,112.6**	**8,618.8**	**-758.6**	**-35.0**	**7,825.2**	

Commercial and Procurement

Head of Service: Clare Maynard

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
99	**3,054.0**	Commercial & Procurement	**3,376.3**	**-62.6**	**3,313.7**	**-184.3**	**0.0**	**3,129.4**	Delivery of best value and efficiency in all commercial and procurement processes; improving supplier performance to reduce commercial risks

Strategy, Policy, Relationships & Corporate Assurance

Director: David Whittle

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
100	276.6	Childrens and Adults Safeguarding Services	568.8	265.8	**834.6**	-558.0	0.0	**276.6**	Frontline support to children's and adult safeguarding services, including Serious Case Reviews, Kent & Medway Safeguarding Vulnerable Adults Board, Child Protection Conferencing and the Kent Children Safeguarding Board (KCSB)
101	402.7	Resettlement Schemes, Domestic Abuse and Civil Society Strategy	1,357.4	1,541.3	**2,898.7**	0.0	-2,696.0	**202.7**	Administration of the council's local welfare assistance grant schemes, including Civil Society Strategy, Homes for Ukraine, the Afghan Resettlement Scheme and Domestic Abuse Duty
102	4,758.1	Strategy, Policy, Relationships & Corporate Assurance	4,885.6	386.6	**5,272.2**	-253.6	0.0	**5,018.6**	Supports the political and managerial leadership of KCC through corporate strategy, policy development, corporate risk management and the Kent analytics service
103	**5,437.4**	**Total - Strategy, Policy, Relationships & Corporate Assurance**	**6,811.8**	**2,193.7**	**9,005.5**	**-811.6**	**-2,696.0**	**5,497.9**	
104	**28,879.6**	**Total - Chief Executive's Department Budget**	**30,421.5**	**10,034.8**	**40,456.3**	**-9,330.9**	**-5,731.6**	**25,393.8**	

Deputy Chief Executive's Dept. (DCED)

Controllable Revenue Budget for 2025-26 £81.4m
Capital Budget for next 10 years £98.1m
Full Time Equivalent (FTE) staff* 414.4

The Deputy Chief Executive's Department delivers professional advice and support services to the Council, Kent residents and customers.

Our Department contains key functions which support the Council to respond to changes in our operating environment and support the services and our staff to deliver their objectives. Priorities include enabling the development and delivery of ICT that improves and supports the transformation of the authority, defining the future direction and priorities of the council's property services, working with front line services to help design and improve customer and user experiences, and providing support for extensive business change across the Council as we continue with our Strategic Reset Programme.

The Deputy Chief Executive's Department has the following roles and responsibilities:

Infrastructure (INF): The Division is responsible for the provision of the Authority's Property & Emergency Planning Services which support our frontline service delivery; it sets the Council's asset strategy and delivers the Council's disposal and capital programmes; strategic management of the Corporate Landlord estate and schools estate.

Corporate Landlord (CL): As part of Infrastructure Division the service is responsible for day-to-day management of the Council's complex estate of operational front-line buildings; the office estate and non- operational buildings.

Human Resources & Organisational Development (HROD): The Division is responsible for employment strategy, policy and practice and provides advice and guidance to support and enhance business performance. It also seeks to enhance the capability of the existing and future workforce through its Organisation Development function.

Marketing & Resident Experience (MRX): The Division is responsible for ensuring that the Authority's reputation is protected, enhanced, and promoted and that customer experience is championed, enhanced, and protected across all major customer contact channels. It contains marketing and communications, media relations, public consultation, customer feedback, brand management and engagement functions for the Authority.

Technology (TEC): The Division is responsible for the provision and implementation of the Technology Strategy and overall direction for the Authority's technological and digital priorities ensuring they reflect KCC's wider priorities. The Division holds the client-side responsibility for Cantium Business Solutions Ltd.

Strategic Management & Departmental Budgets (SMDBDC): This area incorporates some of the Department's centrally held functions including health and safety, business management and client relationships.

The Division includes the **Strategic Reset Programme** which brings together critical priority change programmes, including those with significant financial benefits, risk, complexity, and dependencies across the Council.

**FTE is as per December 2024 data*

Amanda Beer

Chief Executive

Deputy Chief Executive's Department
Chief Executive: Amanda Beer

Strategic Management & Departmental Budgets (DCED)
Chief Executive: Amanda Beer

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
105	2,480.6	Business & Client Relationships	267.5	2,368.1	**2,635.6**	0.0	0.0	**2,635.6**	Provides a range of business critical support activities for services across KCC, including provision of workforce data and people analytics. Responsible for commissioning HR services delivered by Commercial Services Kent Ltd, and managing the divisional service offer to The Education People and Invicta Law
106	382.2	Health & Safety	385.9	25.7	**411.6**	-30.1	0.0	**381.5**	Provides expert and proportionate advice to staff in all aspects of health and safety management, including risk management and service resilience
107	1,429.2	Strategic Management & Departmental Support	1,221.4	202.2	**1,423.6**	0.0	0.0	**1,423.6**	Departmental management and support costs, including Heads of Service
108	1,616.0	Strategic Reset Programme	1,531.7	0.0	**1,531.7**	0.0	0.0	**1,531.7**	The Strategic Reset Programme (SRP) is the whole council transformation programme, bringing together priority programmes from across KCC. The SRP Team work closely with services to ensure programmes are delivered successfully
109	**5,908.0**	**Total - Strategic Management & Departmental Budgets**	**3,406.5**	**2,596.0**	**6,002.5**	**-30.1**	**0.0**	**5,972.4**	

Corporate Landlord
Director: Rebecca Spore

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
110	**28,628.6**	Corporate Landlord	**0.0**	**35,209.2**	**35,209.2**	**-8,437.4**	**-187.0**	**26,584.8**	Day to day costs relating to the running of the Council's complex estate of operational front line buildings; the office estate and holding costs of non-operational buildings

Human Resources & Organisational Development

Director: Paul Royel

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
111	**5,402.1**	Human Resources & Organisational Development	**3,693.0**	**2,011.9**	**5,704.9**	**-320.0**	**-1.0**	**5,383.9**	Responsible for employment practice and policy and provides advice and guidance to support and enhance business performance

Infrastructure

Director: Rebecca Spore

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
112	710.2	Kent Resilience	788.6	61.0	**849.6**	-139.7	0.0	**709.9**	The Resilience and Emergency Planning Team support KCC to meet its legal duties under the Civil Contingencies Act 2004, providing 24/7 emergency management and response capability through the coordination of KCC services in a multi-agency environment. The team also provide resources to support multi agency planning capability and capacity across Kent.
113	8,637.1	Property related services	11,042.9	-856.7	**10,186.2**	-1,788.8	0.0	**8,397.4**	Strategic management of KCC's estate. Leads on the delivery of the Council's Property Asset Management Strategy together with the delivery of day to day management of the KCC estate
114	**9,347.3**	**Total - Infrastructure**	**11,831.5**	**-795.7**	**11,035.8**	**-1,928.5**	**0.0**	**9,107.3**	

Marketing & Resident Experience

Chief Executive: Amanda Beer

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
115	1,975.4	Marketing & Digital Services	1,853.4	491.7	**2,345.1**	-373.7	0.0	**1,971.4**	Marketing & Digital Services provides communications, marketing, media relations and public consultation across the council. This includes managing and developing all of KCC's brands, working with Members and colleagues to prioritise, plan and advise on content production, creative assets and communications across all related activities
116	4,952.3	Resident Experience - Contact Centre; Gateways; Customer care & Complaints	1,578.7	3,524.2	**5,102.9**	-151.9	-89.0	**4,862.0**	Leads on ensuring that KCC's reputation is protected, enhanced, and promoted and that the customer experience is championed and protected across all contact channels. Provides, manages and develops core customer contact channels and systems including the Gateways, Contact Centre and the Customer Care and Complaints service
117	**6,927.7**	**Total - Marketing & Resident Experience**	**3,432.1**	**4,015.9**	**7,448.0**	**-525.6**	**-89.0**	**6,833.4**	

Technology

Director: Lisa Gannon

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
118	**26,131.0**	Technology	**3,588.1**	**26,790.1**	**30,378.2**	**-2,722.6**	**-149.0**	**27,506.6**	Leads on defining future provision and strategy for Technology, ensuring the best use of available technology to support the needs of the Council. ICT services commissioned from Cantium Business Solutions Ltd
119	**82,344.7**	**Total - Deputy Chief Executive's Department Budget**	**25,951.2**	**69,827.4**	**95,778.6**	**-13,964.2**	**-426.0**	**81,388.4**	

Non Attributable Costs
Interim Corporate Director: John Betts

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
120	**102,759.4**	Non Attributable Costs	**1,558.2**	**138,355.2**	**139,913.4**	**-29,819.4**	**-9.0**	**110,085.0**	Includes net debt costs (including investment income), transfers to and from reserves, and others including Insurance Fund, audit fees and Apprenticeship Levy

Corporately Held Budgets
Interim Corporate Director: John Betts

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s	Key Service Description
121	-2,391.6	Corporately Held Budgets (to be allocated)	20,045.1	19,502.4	**39,547.5**	0.0	-19,502.4	**20,045.1**	Corporately Held Budgets pending decisions
122	**100,367.8**	**Total - Non Attributable Costs including Corporately Held Budgets**	**21,603.3**	**157,857.6**	**179,460.9**	**-29,819.4**	**-19,511.4**	**130,130.1**	

Row Ref	2024-25 Revised Base Budget (Net Cost) £000s	Key Service	2025-26 Staffing £000s	2025-26 Non Staffing £000s	2025-26 Gross Expenditure £000s	2025-26 Income £000s	2025-26 Grants £000s	2025-26 Net Cost £000s
123	**1,429,506.8**	**Total Budget Requirement (excluding Schools' Delegated Budgets)**	**416,940.9**	**2,113,531.4**	**2,530,472.3**	**-384,003.1**	**-615,545.4**	**1,530,923.8**
124	**1,429,506.8**	**Total Budget Requirement (including Schools' Delegated Budgets)**	**1,025,082.8**	**2,291,055.9**	**3,316,138.7**	**-426,556.0**	**-1,358,658.9**	**1,530,923.8**
125	-1,429,506.8	Funding	0.0	0.0	**0.0**	-1,064,735.7	-466,188.1	**-1,530,923.8**
126	**0.0**	**Total Budget**	**1,025,082.8**	**2,291,055.9**	**3,316,138.7**	**-1,491,291.7**	**-1,824,847.0**	**0.0**

The 2024-25 Revised Budget column includes changes to budgets as a result of structural changes

Reserves Policy

1. Background and Context

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

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

1.3 All reserves are categorised as per the LAAP guidance, into the following groups:

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

1.4 Within the Statement of Accounts, reserves are summarised by the headings above. By categorising the reserves into the headings above, this is limited to the nine groups, plus Public

Health, Schools and General. Operationally, each will be divided into the relevant sub reserves to ensure that ownership and effective management is maintained.

1.5 Reserves are an important part of the Council's financial strategy and are held to create long term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of ensuring the Council's financial standing and resilience. The risk of unforeseeable events and uncertainties (such as the Council's key sources of funding) remains high and as part of response the Council may need to consider using general reserves as short term measure while making the necessary sustainable adjustments to spending over the medium term including replenishing the reserves used as short-term expedience.

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

2. Overview

2.1 The Council's overall approach to reserves will be defined by the system of internal control.

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

2.3 The Council will maintain:

- a general reserve; and
- a number of earmarked reserves.

2.4 The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's has traditionally aimed to hold general reserves of 5% of the net revenue budget. With the heightened financial risk the Council is facing in the medium term from continued spending growth and possible impact of funding reform changes, we have reviewed the level of reserves as a percentage of net revenue budget and we are now aiming to hold general reserves of between 5% and 10% of the net revenue budget, based on the following assessed levels.

- Below 3% considered dangerous
- 3% to 5% considered too risky

- 5% to 10% range considered minimal to acceptable
- Over 10% considered comfortable

3. Strategic context

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

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

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

4. Management and governance

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

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

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

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

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

The current Financial Regulations state:

Maintenance of reserves & provisions

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

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

4.3 All reserves are reviewed as part of the monitoring process, the budget preparation, financial management and closing of accounts processes. Cabinet is presented with the monitoring of reserves on a regular basis and in the outturn report. The County Council budget meeting will receive a separate S25 assurance report from the S151 Officer including recommendation on the adequacy of reserves, and the appendices to the main budget report will include an assessment of financial resilience including the extent to which reserves have been drawn down. The Governance and Audit Committee will consider actual reserves when approving the statement of accounts each year.

4.4 The following rules apply:

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

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

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

Assessment of 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 Score 6/10 Scope for Improvement - Moderate	Evidence 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 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

	£0.358bn (£0.043bn general, £0.268bn earmarked, £0.0.10bn 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. 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. **<u>Conclusions</u>** **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).** **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.** **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.**
A failure to plan and deliver savings in service provision to ensure the council lives within its resources Score 4/10 Scope for Improvement - High	<u>Evidence</u> 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. 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. 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).

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.

Shortening medium term financial planning horizons perhaps from three or four years to two or even one Score 7/10 Scope for Improvement - Moderate	<u>Evidence</u> 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. 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). 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). 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. 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). 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. **<u>Conclusions</u>** **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.** **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.** **Medium term plans will need to consider alternative potential scenarios for future plans reflecting the volatile and uncertain circumstances.**

A lack of firm objectives for savings – greater “still to be found” gaps in savings plans Score 5/10 Scope for Improvement – Good	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. 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. **<u>Conclusions</u>** **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.**
A growing tendency for directorates to have unplanned overspends and/or carry forward undelivered savings into the following year Score 4/10 Scope for Improvement - High	<u>Evidence</u> 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. 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. 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 31st March together with further strengthening of reserves from final local government finance settlement and final notification of retained share of business rates. 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. 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. “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

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.

<u>**Conclusions**</u>

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

	ACTUALS								
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	£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
Totals	**-202,306**	**-199,852**	**-195,856**	**-223,514**	**-271,023**	**-397,575**	**-408,060**	**-391,398**	**-357,616**

Appendix J: Budget Risks Register 2025-26

TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
Significant Risks (over £10m)							
CYPE	High Needs Spending	The Dedicated Schools Grant (DSG) High Needs Block does not meet the cost of demand for placements in schools, academies, colleges and independent providers.	The Safety Valve programme does not deliver the reduction to the in-year deficit on spending to support children with high needs as planned leading to a higher deficit. Whilst initial progress in 2022-23 and 2023-24 was positive the council was ahead of target, 2024-25 has been a more challenging year where the council is forecasting to be £10m off-target due to a combined effect of higher prices and significantly higher demand in financial support in mainstream schools. If compensating savings cannot be delivered and/or these pressures cannot be retained in future years, there is a risk the Council will become increasingly off target by the end of the agreement in 2027-28. In addition, the SEN deficit is currently not part of the Council's main accounts, the statutory override allowing the deficit to be held off balance sheet is currently due to end in March 2026, therefore there is a risk that if this is not extended or additional funding from central government is not received to clear the outstanding balance, this will have to be reflected in the Council's accounts in 2026-27.	The Department for Education withholds its contribution towards the accumulated deficit and/or the increased overspend leaves a residue deficit. The government requires the total deficit on the school's budget to be carried forward and does not allow authorities to offset from general funds anything above the amounts included in the Safety Valve agreement without express approval from Secretary of State. This approach does not resolve how the deficit will be eliminated and therefore still poses a significant risk to the council. If the statutory override is removed, and no additional funding is made available to pay off the residual deficit, the accumulated deficit will form part of the Council's accounts and the Council may not be able to set a balanced budget.	4		165.0
ALL	Non delivery of Savings and income and inability to replace one-off measures	Changes in circumstances, resulting in delays in the delivery of agreed savings or income and inability to replace one-off measures with sustainable permanent alternatives	Inability to progress with plans to generate savings or additional income as planned, due to changing circumstances	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	120.9	

Appendix J: Budget Risks Register 2025-26

TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
ASCH / CYPE	Market Sustainability	The long term impact of Covid-19 is still impacting on the social care market, as is several years of unfunded above inflation increases in the national living wage. There continue to be concerns about the sustainability of the sector as a result. At the moment all areas of the social care sector are under pressure in particular around workforce capacity including both recruitment and retention of staff especially for providers of services in the community, meaning that sourcing appropriate packages for all those who need it is becoming difficult. This is likely to worsen over the next few months with the pressures of winter, and increased activity in hospitals. Throughout this year we have continued to see increases in the costs of care packages and placements far greater than what would be expected and budgeted for, due to a combination of pressures in the market but also due to the increased needs and complexities of people requiring social care support.	If staffing levels remain low, vacancies unfilled and retention poor, then repeated pressure to increase pay of care staff employed in the voluntary/private sector in order to be able to compete in recruitment market. At the moment vacancy level said to be 1 in 10. The increases to the National Minimum and National Living Wage will create more challenges for the market to recruit and retain when other sectors may be paying more, so it may be that they will need to increase their wages accordingly. The changes to Employer National Insurance contributions affect all employers, but the reduction in the threshold to £5,000 pa hits this sector hardest because of the number of part-time and low paid employees.	Care provider closures are not an infrequent occurrence and whilst some providers that close are either too small or poor quality, others are making informed business decisions to exit the market. The more providers that exit in this unplanned manner further depletes choice and capacity to meet need, which can create pressures in the system regarding throughput and discharge from hospital thus potentially increasing price.	4	28.4	
ALL	2024-25 potential overspend impact on reserves	Under delivery of recovery plan to bring 2024-25 revenue budget into a balanced position by 31-3-25.	Overspend against the revenue budget in 2024-25 required to be met from reserves leading to a reduction in our financial resilience	Insufficient reserves available to manage risks in 2024-25 and future years	3	23.3	
ALL	Revenue Inflation	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Inflation rises above the current forecasts leading to price increases on commissioned goods and services rising above the current MTFP assumptions and we are unsuccessful at suppressing these increases. Each 1% is estimated to cost £14m.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	14.0	
ALL	Distribution of Grant Settlements	The government's reforms to funding allocations, starting with targeted approach to additional funding in 2025-26 ahead of broader redistribution of funding through multi-year settlement from 2026-27 and the consolidation of existing funding streams	Allocations to fund services and activities in Kent are reduced	The council is unable to make consequential adjustments to spending on the same timescale as funding changes resulting in further calls on reserves	4	22.2	

Appendix J: Budget Risks Register 2025-26

TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
ALL	Demand & Cost Drivers	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Non inflationary cost increases (cost drivers) continue on recent upward trends particularly but not exclusively in adult social care, children in care and home to school transport above the current MTFP assumptions and the Council is not able to supress these	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4	12.0	
CYPE	Market Sustainability	Availability of suitable placements for looked after children.	Continued use of more expensive and unregulated placements, where it is difficult to find suitable regulated placements as no suitable alternative is available.	Unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4	10.0	
CYPE	Home to School Transport	Lack of suitable local education placements for children with Special Education Needs	Parents seek alternative placements outside of their locality requiring additional transport support	Additional transport costs incurred resulting in an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves and potential recurring budget pressure for future years; or seek to demonstrate that the available local placements are suitable for the child's needs	3	10.0	
GET/DCED	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda (capital spend)	Government has previously provided 100% funding for certain Net Zero/green projects e.g. Public Sector Decarbonisation Scheme (PSDS) Funding towards the Bowerhouse and Kings Hill Solar Farms (£20m in total on community/HQ buildings, and £2m on schools), as well as LED installation, heat network or heat source pumps (gas, water). The PSDS grant is now moving focus from LED/Solar - despite the Council requiring 2 more Solar Parks as part of its Net Zero ambitions - and towards Heat Networks. Not only this, but whereas some projects were previously match funded, Government is now looking at >50% match funding requirements. The latest PSDS funding secured only funded 18% of the project. The cost of one large and one small Solar Park is in the region of £22.5m, plus a need for gas boilers on the corporate and schools estate to be replaced by heat source pumps (and/or hydrogen in the future).	The risk is that the Council has to find much higher match funding for future Net Zero projects, or review its expectations with regards to Net Zero 2030 and 2050 ambitions.	The consequence is that the Council has to put forward match funding for capital projects which can only come from borrowing or reserves. Borrowing then has a revenue implication and adds to the financing cost budget which is currently unaffordable, or accept that we will have to meet the target in other ways.	4		30.0

Appendix J: Budget Risks Register 2025-26

TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
Non Attributable Costs	Insecure funding	The 2025-26 core budget includes £14.2m from insecure funding (company dividends, business rate pool and new homes bonus).	Previously it was recognised that core spending should not be funded from insecure/volatile sources and such funding should be held in reserve and used for one-off purposes	Funding is not secured at the planned level resulting in overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3	14.2	
GET	Waste capital infrastructure life expired and insufficient to cope with increased housing and population levels	A number of KCC's Household Waste Recycling Centres (HWRC) and Waste Transfer Stations (WTS) are life expired (35-40 years old) and require significant repair or replacement/reconfiguration. In addition to this, District Local Plan targets mean additional houses, and increasing population, presents a capacity issue for the service. Council Tax allows price inflation, additional tonnes (demography) and legislative changes to be taken into account, but does not allow for renewing or adding new infrastructure. The service started securing s106 from 2023 onwards, but unless other (Government) funding can be secured, the Council will need to invest in both of these areas. The introduction of new legislation (Simpler Recycling, Extended Producer Responsibility (EPR)) brings with it additional requirements and costs on how certain materials can be segregated, disposed of and new levies (Emissions Trading Scheme (ETS) - Jan 28) will further add to the cost of disposal (estimated £12m-17m) for all tonnes that are disposed via the Energy for Waste plant.	Unless grant or other funding (s106, CIL) can be secured, the Council will need to fund replacing and reconfiguring (due to Government legislative unfunded changes) the existing sites, as well as building new sites. Outside of the capital programme, which includes building one new WTS, there is up to £50m investment required and noted in the 10-year capital programme. Funding has not been identified for these schemes, which include two new WTS and renewing existing sites, but is an indication of the level of investment required over the medium to long term and for which there is no currently identified funding source (one WTS/HWRC could be partner funded). Funding will also need to be set aside to react/prepare for changes in legislation (Simpler Recycling, EPR, ETS), although some of the EPR income can be used to reconfigure sites due to the new legislation, as well as to enable behaviour change in terms of improved recycling, re-use and hence lower disposal costs.	The consequence is that the Council has to put forward match funding, or the entirety of funding, for the new sites and/or reconfigured sites which means additional borrowing and the financing/borrowing costs that go along with this. £50m is the maximum financial impact figure, or accept the consequential reduction in capacity in terms of Waste Infrastructure, with impact of ETS then being estimated at £12m -17m per annum.	4		50.0
Other Risks (under £10m - individual amounts not included)						90.0	45.0
ALL	Capital - Developer Contributions	Developer contributions built into funding assumptions for capital projects are not all banked.	Developer contributions are delayed or insufficient to fund projects at the assumed budget level.	Additional unbudgeted forward funding requirement and potential unfunded gaps in the capital programme	4		
ALL	Council Taxbase & Collection Fund assumptions	Collection authorities assume lower collection rates (increased bad debts) and/or change local discretionary discounts/premiums	Reduced council tax funding continues into 2026-27 and beyond	The existing smoothing reserve earmarked for this is insufficient to cover the ongoing base shortfall beyond 2025-26	4		

Appendix J: Budget Risks Register 2025-26

TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
						£m	£m
ALL	Full year effect of current overspends	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust estimates for spending pressures.	Increases in forecast current year overspends on recurring activities resulting in higher full year impact on following year's budget than included in current plan meaning services would start the year with an existing deficit (converse would apply to underspends). This risk is less significant than in previous year budget risk register due to a lower amount of base budget changes required in 2025-26 draft budget compared to 2024-25 budget	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		
GET	Capital – asset management and rolling programmes including: Highways, Country Parks, PROW	The asset management/rolling programmes for KCC Highways are annual budgets and are not increased for inflation each year, meaning that the purchasing power reduces year on year as inflation is compounded yet the budget remains fixed.	Inflation pressures are incurred annually on these budget areas but the funding sources (Council borrowing, DfT grant) remain fixed and therefore this contributes to the 'managed decline' notion in that these budgets do not even maintain steady state as often the level of investment is significantly below (risk accepted by the Executive) the required level of spend - steady state asset management principles recommend £170m pa is spent. Plus year-on-year inflation is not budgeted for so the level of works commissioned reduces year-on-year also, which was exacerbated in 2023 with BCIS reaching 29% and RPIX 12%+ (inflation is estimated at needing to be £4m pa) just to stand still, plus then a £110m pa shortfall on asset management "steady state" (£170m, less actual capital spend of c£60m).	A funding gap exists annually, so steady state cannot be achieved, so unless budget provision is made, the level of capital/asset management preventative works commissioned each year will reduce. This will present a revenue pressure, as more reactive works are likely to be required, plus the respective backlogs for Highways Asset Management (c£700m) will increase exponentially. The risk represents the level of annual inflation required to mitigate this risk or accept that the asset will deteriorate.	4		
GET	Highways asset defects/failures as a result of static asset management funding	New risk of highways failures due to inadequate provision for inflation in DFT grants and KCC capital borrowing, leading to reduction in real terms value of grant/funding to the quantum of asset management/replacement works that can be effected. KCC spend c£60m per annum (DfT and KCC borrowing) but asset management principles calculate the annual spend requirement to remain at "steady state" to be £170m per annum and hence a £110m per annum shortfall.	An increase in reactive general repairs (revenue) as well as increased Cat 1 and Cat 2 defects where assets on the highways network will need replacement or extensive repairs well before the end of their useful economic life	Current funding levels are insufficient to be able to react to such defects, so the asset management backlog increases and more reactive revenue repairs are needed whereas proactive asset management/replacement is the preference. Previously an annual borrowing funded Cat 1 budget but this ceased 3 years ago when the no new borrowing stance was enacted	4		

Appendix J: Budget Risks Register 2025-26

TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
ALL	Capital	Capital project costs are subject to higher than budgeted inflation.	Increase in building inflation above that built into business cases.	Capital projects cost more than budgeted, resulting in an overspend on the capital programme, or having to re-prioritise projects to keep within the overall budget. For rolling programmes (on which there is no annual inflationary increase), the level of asset management preventative works will reduce, leading to increased revenue pressures and maintenance backlogs.	4		
ALL	Contract retender	Contracts coming up for retender are more expensive due to prevailing market conditions and recruitment difficulties	This risk could result in a shortage of potential suppliers and/or increases in tender prices over and above inflation	Higher than budgeted capital/revenue costs resulting in overspends unless that can be offset by specification changes	4		
GET	Investment in the Public Rights of Way (PROW) network	Insufficient funding to adequately maintain the PROW network. Estimated shortfall compared to steady state asset management principles is an additional £2.5m pa.	Condition of the PROW network suffering from under-investment. A £150k allocation was included in the 2021-22 but additional one-off and base funding is likely to be needed for a service that is already operating at funding levels below best practice recommended asset management levels. This has been further exacerbated by the increased usage several years ago arising from the covid related restrictions and national lockdown	The potential for claims against the Council due to injury and from landowners and the need to undertake urgent works that lead to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves.	4		
GET	Revenue - drainage and adverse weather	Persistent heavy rainfall and more frequent storm events mean insufficient revenue and capital budget to cope with the reactive and proactive demands on the service	An additional £1m was put into the drainage budget in 2021-22 but this was below the level of overspends in the two prior years and the risk is therefore the budget is not being funded at the level of demand/activity. More erratic weather patterns also cause financial pressures on the winter service and many other budgets. The risk is that this weather pattern continues and additional unbudgeted funding is required. A £1m saving was put into the budget in 2023-24 with a view to reducing the service standards/intervention levels in this area but due to the climate/persistent rainfall, damage to the network meant that additional works were required. Despite provisionally including £1m back into the 2024-25 budget, there is still a view that the budget is £1m light due to the changing weather climate/events and that the budget could see activity/demand require an additional £1m-£1.5m being required to reduce potential for flooding on the road network and the level of defects that then arise.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves	4		

Appendix J: Budget Risks Register 2025-26

TOTAL £m	**345.0**	**290.0**

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Changing Government focus on funding to support the Net Zero/Carbon Reduction green agenda (revenue spend)	The Sustainable Business and Communities team with Net Zero within its remit has received significant EU/Interreg funding which has helped plan and deliver the plan for Net Zero by 2030/2050. This funding ceased in 2023-24 and the Council has invested £0.7m (2023-24) into the base budget to create a permanent team, with £0.3m deferred until 2025-26 (budgetary constraints) to deliver this strategy/Framing Kent's Future priority. If such funding is unaffordable to the Council then Net Zero requirements won't be met.	The risk is that the Council has to fund any reduction or cessation of funding.	The consequence is an overspend against the revenue budget, requiring compensating savings or funding from reserves, as simply not delivering Net Zero by 2050 is not an option due to Government legislation being implemented.	4		
GET	Waste income, tonnage and gate fee prices	The current market has seen a considerable volatility in the income received for certain waste streams (potentially due to other supply shortages), as well as increased gate fees due to the double digit inflation seen in 2023 (majority of Waste contracts are RPI which was 12% during the year). The budget for 2024-25 includes not only significant price pressures for contract inflation, gate fees and HWRC management costs, but also realignment of budgets from 2023-24 where the actual inflation levels at the point the contracts are uplifted being higher than budgeted. Inflation is reducing, but November OBR showed a slowing rate of reduction than March OBR.	Projected levels of income fall, or gate fees/contractual price uplifts are above budgeted levels which leave an unfunded pressure.	This will result in an unfunded pressure that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	4		

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TOTAL £m	345.0	290.0

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
GET	Capital – Galley Hill cliff collapse and ongoing discussions regarding ownership and remedial costs to put right	The privately owned cliff face at Galley Hill, Swanscombe collapsed, with the road atop the cliff (KCC's responsibility) significantly damaged and has had to be closed and with diversions in place. Discussions are being had with the businesses at the base of the cliff as well as trying to ascertain ownership of the site and who would ultimately be responsible for any remedial works	The risk event is that costs to date of £1.162m since 2023-24, covered by a mix of reserves and forecast GET directorate overspend in 2024-25, would not be recovered and would be borne by KCC. Then the wider, and more costly risk, could be the decision to repair/reinstate the cliff so that the road can be re-constructed and re-opened, a cost which KCC would then have to bear, either partially or via insurance and the associated consequences of such a significant claim. Ongoing discussions are being had with relevant stakeholders, DfT, legal and with the insurers.	The consequence is that costs to date of £1.162m would not be fully recovered and that KCC may be liable for future capital works to restore and reopen the road. At this stage, there is uncertainty about the likelihood and costs cannot be estimated until quotes have been obtained for works and who is liable to fund what elements. Ultimately KCC's road was only impacted/damaged due to the cliff collapsing – it was not a surface defect – so it is too early to estimate cost, timing or likelihood with any certainty.	3		
CYPE	Recruitment, retention & cover for social workers	Higher use of agency staff to meet demand and ensure caseloads remain at a safe level in children's social work. The Service has relied on recruitment of newly qualified staff however this is being expanded to include a more focused campaign on attracting experienced social workers. There are higher levels of sickness and maternity leave across children's social work	Inability to recruit and retain sufficient newly qualified and experienced social workers resulting in continued reliance on agency staff, at additional cost. Higher levels of sickness and maternity leave resulting in need for further use of agency staff.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
DCED	Cyber Security	Malicious attacks on KCC systems.	Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.	Financial loss from damages and potential capital/revenue costs as a result of lost/damaged data and need to restore systems	3		
DCED	Strategic Headquarters	Sub optimal solution for the Council's strategic headquarters following the decision to market Sessions House as an entire site (with options on individual blocks)	Capital programme includes a capped £20m allocation for strategic assets project that limits the available options. Provision of a dedicated council chamber cannot be afforded within the current allocation. If the purchase falls through then KCC would need to re-assess all options.	Inability to address all backlog issues increases the risk of cost overruns and potential need for higher future maintenance, running and holding costs	3		
ALL	Capital - Capital Receipts	Capital receipts not yet banked are built into the budget to fund projects.	Capital receipts are not achieved as expected in terms of timing and/or quantum.	Funding gap on capital projects requiring additional forward funding.	3		

Appendix J: Budget Risks Register 2025-26

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure	Estimated Lifetime Financial Exposure
					TOTAL £m	345.0	290.0
						£m	£m
ALL	Income	The Council must ensure that the Medium Term Financial Plan (MTFP) includes robust income estimates.	Income is less than that assumed in the MTFP.	Loss of income or reduced collection of income that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
GET	English National Concessionary Travel Scheme (ENCTS) and Kent Travel Saver (KTS) journey levels	ENCTS journeys have reduced over time, more so during the pandemic, so a £3.4m reduction was reflected in 2022-23 budget with a further £1.9m reduction in the 2023-24 budget. Should custom/patronage return to pre-covid levels, this would lead to a £5.3m budget shortfall. This is a national scheme and the Council has to reimburse the operators for running this on the Council's behalf. There was initially a ringfenced grant for this service, it then became part of the Revenue Support Grant and now no specific grant exists so the taxpayers of Kent fund this scheme and would need to fund any update.	Activity levels return to a level of journeys in excess of the revised budget, therefore causing a financial pressure.	Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years if current activity levels are not indicative of the new normal.	3		
Non Attributable Costs	Volatility on Investment Income	The 2025-26 budget for investment income from the treasury management strategy is £10.2m for 2025-26 and £9.9m for 2026-27. The outturn is heavily dependent on the path of short term interest rates, the level of cash that is available for investment, and the performance of investments. The budget already assumes a reduction in interest rates but a faster or more severe decline in rates could lead to underperformance versus the budget.	Performance of our investments falls below predicted levels as a result of volatility in the economy	Reduction in investment income leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		
CYPE	Unaccompanied Asylum Seeking (UAS) Children	Home Office Grant for Unaccompanied Asylum Seeking Children and (former UAS Children) Care Leavers permanently residing in Kent has not increased for inflation for several years	The Grant no longer covers the full cost of supporting UAS Children and Care Levers permanently residing in Kent. The Home Office does not increase the rates with inflation.	Overspend on the revenue budget, requiring alternative compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	3		

Appendix J: Budget Risks Register 2025-26

Directorate	Risk Title	Source/Cause of Risk	Risk Event	Consequence	Current Likelihood (1-5)	Estimated Annual Financial Exposure £m	Estimated Lifetime Financial Exposure £m
					TOTAL £m	**345.0**	**290.0**
CYPE / DCED	Reduction in DFE grants for central services for schools and review of school services provided by the Local Authority	Local Authority grant funding to support schools continues to be reduced, equating to a cumulative total reduction of nearly £5m for the Council since 2019-20. Consequently the Council needs to review its relationship with schools and the services it provides free of charge.	Long term solutions cannot be implemented within timescales and may require schools agreement (which may not be achieved). There is also a risk that passing greater responsibilities to schools could have a possible negative impact on other areas of Local Authority responsibility if schools do not comply (for example: school maintenance). There is also the risk of further cuts to the Local Authority Central Services for School Grants in the future.	If this remains unresolved there is a risk that this will also have to either be met from reserves in future years or result in an overspend until a longer term solution is identified	3		
ASCH (PH)	Uplift in Public Health Grant	The 'real' increase in the Public Health grant is insufficient to meet additional costs due to i) price increases (particularly those services commissioned from NHS staff where pay has increased) and/or increased demand; and/or ii) costs of new responsibilities.	The increase in the Public Health grant is less than the increases in costs to Public Health.	(i) Additional unfunded cost that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. (ii) Public Health Reserves could be exhausted	3		
ALL	Capital - Climate Change	Additional costs are incurred to comply with climate change policy	Project costs increase beyond budget	Overspend on the capital programme resulting in additional borrowing	3		
DCED	Enterprise Business Capabilities (EBC) - Now called Oracle Cloud Programme	Cost and/or timescale overruns on implementation phase for Oracle replacement	Unforeseen or higher than budgeted costs	Additional unfunded costs over and above the reserve set aside for the project	3		
DCED	Capital Investment in Modernisation of Assets	Unless the Council estate asset base is reduced sufficiently, there is risk of insufficient funding to adequately address the backlog maintenance of the Corporate Landlord estate and address statutory responsibilities such as Health & Safety requirements	Condition of the Corporate Landlord estate suffering from under-investment. Recent conditions surveys estimate an annual spend requirement of £12.7m per annum required for each of the next 10 years. Statutory Health & Safety responsibilities not met.	The estate will continue to deteriorate; buildings may have to close due to becoming unsafe; the future value of any capital receipts will be diminished. Potential for increased revenue costs for patch up repairs. Risk of legal challenge.	2		
ALL	VAT Partial Exemption	The Council VAT Partial Exemption Limit is almost exceeded.	Additional capital schemes which are hosted by the Council result in partial exemption limit being exceeded.	Loss of ability to recovery VAT that leads to an overspend on the revenue budget, requiring compensating in year savings or temporary unbudgeted funding from reserves. Potential recurring budget pressure for future years.	2		

Appendix J: Budget Risks Register 2025-26

TOTAL £m	**345.0**	**290.0**

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

Likelihood Rating

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

Details of Core Grants within the 2025-26 Final Local Government Finance Settlement

The Council is in receipt of a mix of general un-ringfenced grants which can be used in any way the Council decides to discharge its functions (core grants) and specific grants which must be spent according to government priorities. Given the uncertainty of future settlements beyond 2025-26, assumptions around the amount of grant funding will have to be included in the Medium Term Financial Plan for future years. There are risks associated with this approach as the government has confirmed its commitment to Funding Reforms from 2026-27 to fundamentally improve local authority funding based on a new assessment of need and resources. These reforms will build on the framework set out in the previous Government's abandoned review of relative needs and resources (originally, the Fair Funding review). The settlement also confirms the business rates retention system will be reset and as part of the funding reforms will consider how the business rates retention system could better and more consistently support strategic authorities to drive business growth. The risks from these reforms are that we see a material change in the distribution of funding which results in an overall lower amount of grant funding for Kent.

A) Revenue Support Grant

Revenue Support Grant (RSG) is a central government grant given to local authorities from the centrally retained share of business rates which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the Local Government Finance Settlement using the relevant funding formulae; the revision of these formulae (along with the redistribution of the locally retained share of business rates) is the focus of the (deferred) Fair Funding review process.

The Council's RSG has decreased from circa £161m in 2015-16 to circa £9.6m in 2020-21 with only small inflationary uplifts since then. The inflationary uplift for 2025-26 is based on September 2024 CPI (+1.7%). For planning purposes we have assumed that a similar CPI inflationary uplift will be applied in subsequent years (based on OBR forecast) although there has been no confirmation of this beyond 2025-26. In addition, as part of the government's objective to simplify local government funding, several former specific grants have now been rolled into the Revenue Support Grant for 2025-26, as listed below:

- Extended Rights to Home to School Transport (KCC share in RSG £3.665m)
- Transparency Code Grant (KCC share in RSG £0.013m)
- Electoral Integrity Grant (only allocated to single/lower tier authorities)
- Tenant Satisfaction Measures Grant (only allocated to selected single/lower tier authorities)
- Islands Grant (Isle of Wight and Isles of Scilly only)

The Council's RSG allocation for 2025-26 is £15.7m, which reflects rolled in grants of £3.7m (as shown in the list above) and an inflationary increase of £0.2m.

B) New Homes Bonus

The New Homes Bonus (NHB) scheme was introduced in 2011-12 to help tackle the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. The grant is un-ringfenced. The grant was due to cease after 2024-25 but has been retained for one more year in 2025-26 local government finance settlement with allocations reflecting the change in the number of homes reported on tax base returns (CTB1) between 2023-24 and 2024-25 above the baseline of 0.4%, with supplements for homes brought back into use and affordable homes. As in 2024-25 there are no legacy payments. In two tier areas the reward is split 80% to the district and 20% to the county, and this Council's allocation for 2025-26 is £1.9m.

C) Local Authority Better Care Grant (formerly Improved Better Care Fund and ASC Discharge Fund)

The Better Care Fund (BCF) was introduced in the 2013-14 spending review. The fund is a pooled budget, bringing together local authority and NHS funding to create a national pot designed to integrate care and health services.

In addition to this, an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities to deal with the growing health and social care pressures during the period 2017-20. The grant is allocated according to relative needs formula for social care with an equalisation adjustment to reflect the adult social care council tax precept. The allocations increased each year between 2017-18 to 2020-21. The subsequent spending reviews and local government settlements have seen the grant rolled forward at the same value in cash terms as 2020-21 (£48.5m). The grant for 2022-23 included a 3% inflationary uplift as part of the additional resources for adult social care within the settlement. The grant for 2025-26 is the same value in cash terms as 2024-25, 2023-24 and 2022-23 (£50m). In addition, for 2025-26, the ASC Discharge Fund has been rolled into the IBCF at its 2024-25 value and the grant renamed as Local Authority Better Care Grant. For planning purposes we have assumed that this grant will continue at the same value in cash terms for the medium term in subsequent years although there has been no confirmation of this.

D) Social Care Grant

The social care support grant was first introduced in 2019-20 following the announcement in the Chancellor's 2019-20 budget of an additional £410m for adult and children's social services. The Council's allocation for 2019-20 was £10.5m based on a formula using the Adult Social Care (ASC) Relative Needs Formula (RNF) with an equalisation adjustment to reflect the adult social care council tax precept.

An additional £1bn was added to the 2020-21 settlement taking the total for social care grant to £1.41bn. The same formula as 2019-20 was used based on using the ASC RNF with an equalisation adjustment to reflect the adult social care council tax precept. The Council's allocation was £34.4m. The government believes there is not a single bespoke needs formula that can be used to model relative needs for both adult and children's social care, therefore the existing ASC RNF was used to distribute this Social Care Grant funding.

The 2021-22 settlement included a further £300m taking the total social care grant to £1.71bn. The same formula was used again providing the Council with an additional £4.7m, increasing the total grant value for 2021-22 to £ 39.1m.

The 2022-23 settlement included an additional £636.4m, £556.4m of this was allocated via the existing ASC RNF and the remaining £80m was allocated to reflect the 1% adult social care council tax precept. This took the total grant to £2.346bn. Combined with the rollover from 2021-22, the Council's total social care grant for 2022-23 was £54.5m, an increase of £15.4m on 2021-22.

The 2023-24 settlement included an additional £1.345bn from the additional funding for adult social care announced in Autumn Budget 2022 which was added to the £2.346bn rolled forward from 2022-23. £160m of this increase was allocated to reflect the 2% adult social care council tax precept, with the remaining £1.185bn allocated using the existing ASC RNF. In addition, the Independent Living Fund (ILF) was rolled into the Social Care Grant (accounting for £161m of the total grant figure) and will no longer be received as a separate specific grant. This took the total Social Care grant to £3.852bn in 2023-24. The Council's total Social Care Grant for 2023-24 was £88.771m including £1.920m from rolled in ILF.

The 2024-25 provisional settlement increased allocations of the Social Care Grant by £0.692bn, of which £0.612bn was previously announced (and expected) as part of the additional funding for social care announced in Autumn Budget 2022, and £80m was unexpectedly transferred from Services Grant. These increases have been added to the rolled forward grant from 2023-24 of £3.852bn taking the total grant for 2024-25 to £4.544bn. £0.532bn of the increase was allocated according to ASC RNF (as we had been expecting) and £160m of the increase allocated to reflect the 2% adult social care council tax precept (we had been expecting £80m via ASC council tax before the transfer of the further £80m from Services Grant).

The final settlement for 2024-25 included an additional £500m increase announced on 24 January 2024. All the additional grant has been allocated via the element allocated according to the ASC RNF, increasing the national share for this element from £532m to £1,032m. The Council's share of this additional allocation is £12.8m, increasing the total 2024-25 Social Care grant allocation for this Council to £117.0m.

The 2025-26 provisional settlement increased allocations of the Social Care Grant by £0.880bn, of which £0.600bn was previously announced (and expected) as part of the additional funding for social care announced in Autumn Budget 2024. An additional £0.080bn was added and announced alongside the publication of the policy statement on the local government finance settlement at the end of November 2024, meaning an additional £0.200bn has been further increased as part of the provisional settlement announcement. This Council's share of the additional £0.880bn for 2025-26, as confirmed in the final settlement, is £20.1m.

The Social Care Grant is ringfenced for adults' and children's social care.

E) Services Grant

This was a new one-off, un-ringfenced grant for 2022-23. The grant has been reduced in each of 2023-24 and 2024-25 settlements and has been removed entirely in provisional Local Government Finace Settlement 2025-26 and the funding repurposed into other grants. resulting in a loss of £1.3m of grant funding for Kent.

F) Adult Social Care Market Sustainability and Improvement Funding (MSIF)

This originated in 2022-23 under the Market Sustainability and Fair Cost of Care Fund. In total £162m was made available and the Council's share was £4.2m.

The 2023-24 settlement maintained the current levels of Fair Cost of Care funding for local authorities for 2023-24 at £162 million.

The Autumn Budget 2022 announced that there will be an additional £400m for adult social care to increase MSIF to £562m for 2023-24. This additional funding was intended to make tangible improvements to adult social care and, in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector. The additional grant was allocated on the same basis as 2022/23 using the ASC RNF. The Council's allocation of the additional £400m was £10.3m taking the total grant for 2023-24 to £14.4m. The grant was included in the Council's 2023-24 budget plans.

A further £600m funding for adult social care over 2023-24 and 2024-25 was announced on 28th July 2023. £570m was added to MSIF (£365m in 2023-24 and £205m in 2024-25). This additional funding was intended to fund workforce improvements.

The local government finance settlement for 2024-25 has provided confirmation of an Autumn Statement 2022 announcement that this grant has increased nationally by £283m in 2024-25 and by a further £205m for the 2024-25 increase in the workforce element. The additional funding is allocated by the same mechanism as 2023-24 (ASC RNF). The Council's total allocation for 2024-25 is £26.969m, an increase of £12.5m (as expected).

The local government finance settlement for 2025-26 confirmed the Council's allocation remains at the same cash value as 2024-25 of £26.969m.

For planning purposes we have assumed that the grant will continue at the same value for 2026-27 and 2027-28 although there has been no confirmation of this.

G) Children's Social Care Prevention Grant
The provisional settlement provides details of the Children's Social Care Prevention Grant, which is a new allocation for 2025-26 of £250m. This has been uplifted to £269.7m in the final settlement. The grant is allocated to all social care authorities (single tier and upper tier). The provisional allocation for the Council in 2025-26 was £6.2m, and this has increased to £6.8m in the final settlement. The grant is allocated according to a new interim relative needs formula (RNF) based on research commissioned by MHCLG and DfE as outlined in more depth in the following paragraphs. As with other social care grants the formula includes an RNF element and equalisation adjustment to reflect ability to raise council tax.

The new interim multi-level Children and Young Persons RNF model includes characteristics at individual child level (age, sex, ethnicity and eligibility for free school melas) and local factors (deprivation, parents with low qualifications, children with poor health, children in overcrowded households, population density and travel time to urban centres). The C&YP RNF methodology also includes a new area cost adjustment (ACA) which as well as taking account of labour costs and business rates (as used in previous ACA) also includes a measure for accessibility to services. These new measures for RNF and ACA build on the options identified in the previous Fair Funding review.

The approach to resource equalisation for the Children's Social Care Prevention grant is a little different. £175m (70%) of the new funding is allocated solely via RNF/ACA, the remaining £75m (30%) is allocated on the similar equalisation principles as social care grant. The equalisation compares the amount a council would raise from 1% increase in council tax with £75m allocated through the RNF/ACA methodology. Those councils where the notional 1% is more than the RNF/ACA amount receive no share of the £75m. The £75m is then scaled to the remaining authorities based on the difference between their £75m share on RNF/ACA and the notional 1% council tax.

The provisional announcement does not include a demonstration of the methodology at individual authority level. Our working assumption is that KCC's allocation is based solely on a share of the £175m RNF/ACA and KCC is one of those councils that receives no share of the £75m. We anticipate there will be more clarity in the final settlement.

H) Employer National Insurance Contributions Grant

This is a new grant for 2025-26 which was initially announced as part of the provisional Local Government Finance Settlement where the government confirmed £515m was available nationally to compensate local authorities for the additional costs for local authority employed staff from changes to employers national insurance announced as part of the Autumn 2024 Budget Statement.

Further details were announced as part of the final Local Government Finance Settlement on 3rd January 2025. This confirmed that individual allocations totalling £502m alongside £13m for Combined Authorities and Combined County Authorities.

Individual local authority allocations have been allocated pro rata to each authority's 2023-24 revenue outturn for net current service expenditure. The Council's allocation is £10.1m. The grant is un-ringfenced.

Economic & Fiscal Context

Introduction

The national fiscal and economic context is an important consideration for the Council in setting the budget. This context not only determines the amount received through central government grants, but it also sets out how local government spending fits in within the totality of public spending and the wider economy. The Autumn Budget and Local Government Finance Settlement LGFS set the government's expectations of how much local authorities can raise through local taxation as well as departmental spending from which central government grants to local government are funded. The Office for Budget Responsibility (OBR) produces an Economic and Fiscal Outlook (EFO) report to provide the Chancellor of the Exchequer with an independent and up to date fiscal and economic forecast including impact of government policy decisions. This section of the report highlights the key elements of the Autumn Budget with separate sections covering economic outlook (growth, inflation, bank rate) and fiscal outlook for public sector spending, tax revenues and borrowing.

Autumn Budget 2024

The Chancellor of the Exchequer published the Autumn Budget 2024 (AB24) on 30th October. AB24 set out the government's public spending plans, taxation, and borrowing. The announcement included revised fiscal rules with a stability rule for spending on day to day services to be brought into balance by 2029-30[1], and new investment rule to reduce net debt as proportion of overall economy also by 2029-30 whilst accommodating some additional investment in short term. As acknowledged by OBR the AB24 represents a large and sustained increase in spending by an average of approx. £70bn per year (a little over 2% of GDP) over the period 2025-26 to 2029-30 compared to previous plans. Of this approximately 2/3 will go on current day to day spending and 1/3 capital spending. As a result public spending will settle at around 44% of GDP by 2029-30, almost 5% higher than before the pandemic.

Around half of the increased spending in the period 2025-26 to 2029-30 is funded through changes in taxation, mainly falling on employers, assets and through greater tax compliance. The tax changes are forecast to raise an average of £36bn a year over the five-year period with the amounts forecast to be raised increasing year on year. By 2029-30 tax revenue would equate to an historic high of 38% of GDP. The remainder of the increased spending is funded from borrowing which the OBR has commentated as one of the largest fiscal loosening of any fiscal event in recent decades. The spending and taxation policy decisions are set out in table 5.1 of the AB24 report (and summarised in table 1 below).

Table 1 Policy Decisions	2024-25 Plans	2025-26 Plans	2026-27 Plans	2027-28 Plans	2028-29 Plans	2029-30 Plans
	£m	£m	£m	£m	£m	£m
Spending	25,865	63,550	70,115	75,645	78,500	74,160
Tax Raising	1,160	24,005	34,785	39,065	39,725	41,170
Net Balance - borrowing	24,705	39,550	35,330	36,585	38,775	32,990

[1] Balance being defined as in surplus or a deficit of no more than 0.5% of GDP

The 2025-26 spending plans for local government included £1.3bn (5%) increase in the settlement from central government which together with council tax and retained business rates provides an overall 3.2% real terms increase in spending power. £600m of the £1.3bn is for social care. Since AB24 there has been policy statement published at the end of November and provisional local government finance settlement. The £1.3bn increase in government funding to local authorities has increased to £1.625bn in the provisional settlement

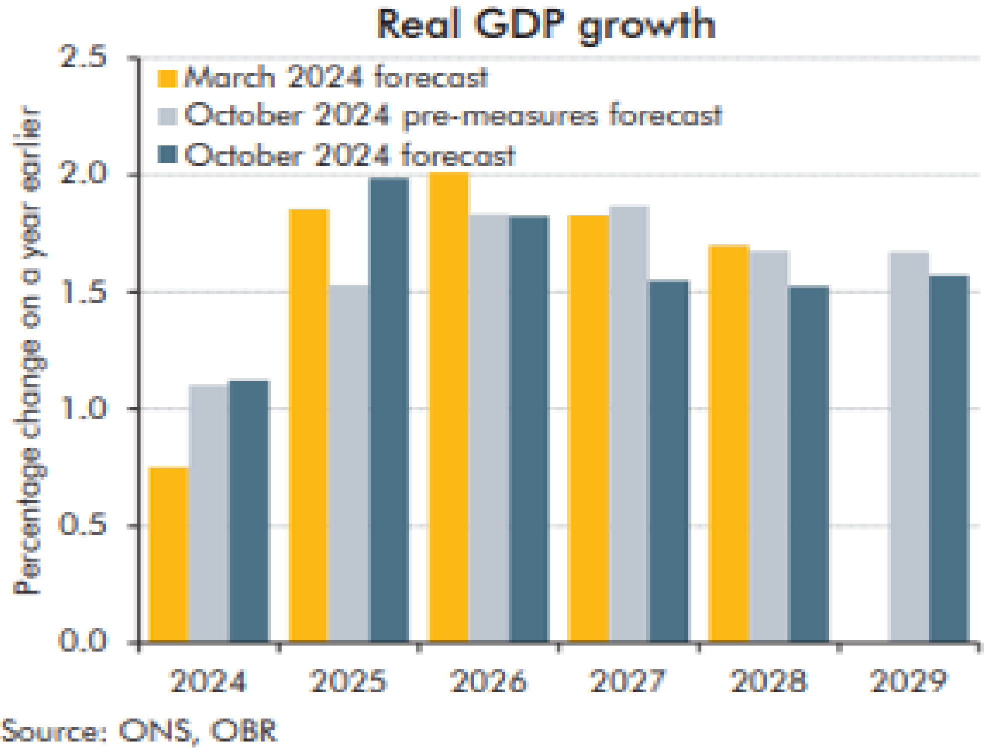
AB24 included a 6.7% increase in the National Living wage for those aged over 21 (16.3% for those aged 18-20 on National Minimum wage). It also increased Employer's National Insurance Contribution (NIC) rate from 13.8% to 15%, and lowered the threshold where contributions are payable from £9,100 to £5,000 pa. There was some additional relief through the Employment Allowance which previously allowed small employers with NIC costs of £100k up to £5k reduction on their overall NIC bill. The changes to the Employment Allowance will now allow a discount of £10.5k on all Employer NICs. Table 2 shows the changes in National Living/Minimum wages and employer's National Insurance contributions and since 2019-20.

Table 2 Employer's National Insurance and National Living/Minimum Wage	2019-20	2021-21	2021-22	2022-23 Original from April	2022-23 Revised from November	2023-24	2024-25	2025-26
Employer's National Insurance								
Threshold	£8,632	£8,788	£8,840	£9,100	£9,100	£9,100	£9,100	£5,000
Rate	13.8%	13.8%	13.8%	15.05%	13.8%	13.8%	13.8%	15.0%
National Living/Minimum Wage								
Aged 25 and over	£8.21	£8.72	£8.91	£9.50	£9.50	£10.42	£11.44	£12.21
Aged 23 to 24	£7.70	£8.20	£8.91	£9.50	£9.50	£10.42	£11.44	£12.21
Aged 21 to 22	£7.70	£8.20	£8.36	£9.18	£9.18	£10.18	£11.44	£12.21
Aged 18 to 20	£6.15	£6.45	£6.56	£6.83	£6.83	£7.49	£8.60	£10.00
Under 18 (but above school age)	£4.35	£4.55	£4.62	£4.81	£4.81	£5.28	£6.40	£7.55

<u>Economic Outlook - Growth</u>
"Budget policies deliver a temporary boost to GDP in the near term and some crowing out of private equity in the medium term."

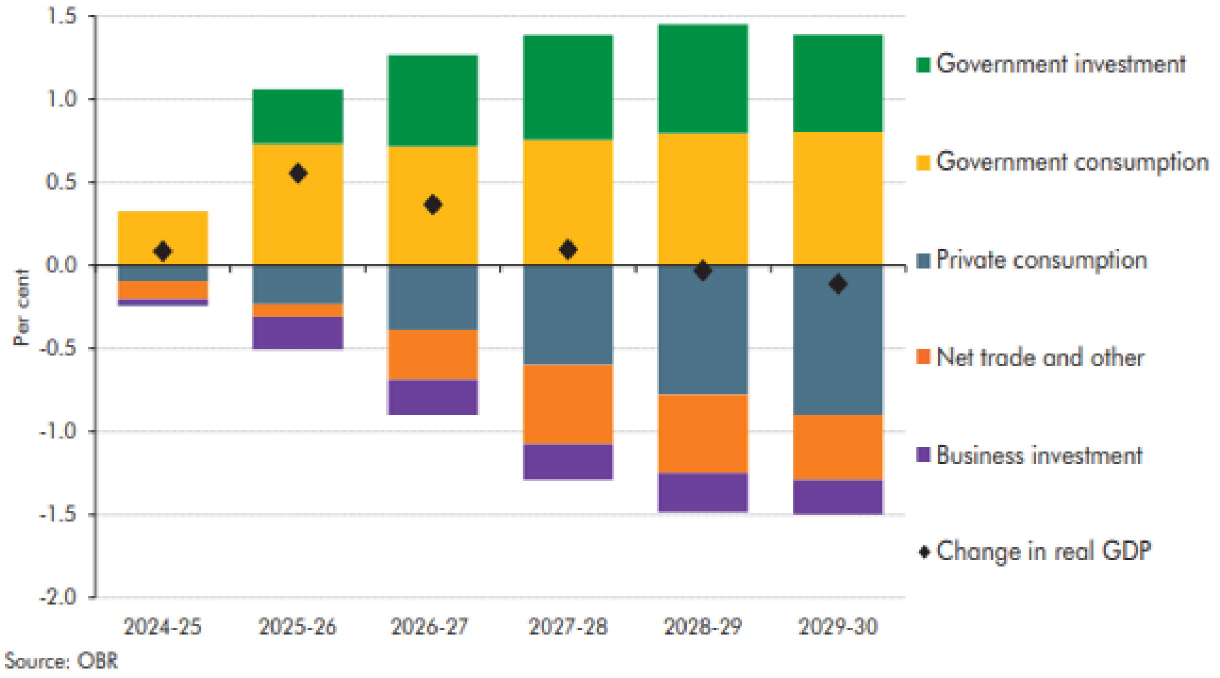
The November 2024 OBR report focusses on the change in forecasts for real GDP over the period 2024-29, rather than as in previous reports the relative overall GDP over a longer period. The forecasts for 2024 both before and after the measures announced in AB204 are an improvement on previous March 2024 forecasts. There are some minor movements in subsequent years although OBR noted the impact of a temporary stimulus from the fiscal loosening within in AB24. This temporary stimulus fades over time to zero with GDP lower than forecasts before the AB24 measures higher in later years than the forecasts after the AB24 measures as excess demand is reigned in and policies affect supply within the economy. Chart 1 is an extract from the OBR report.

Chart 1 – Real GDP



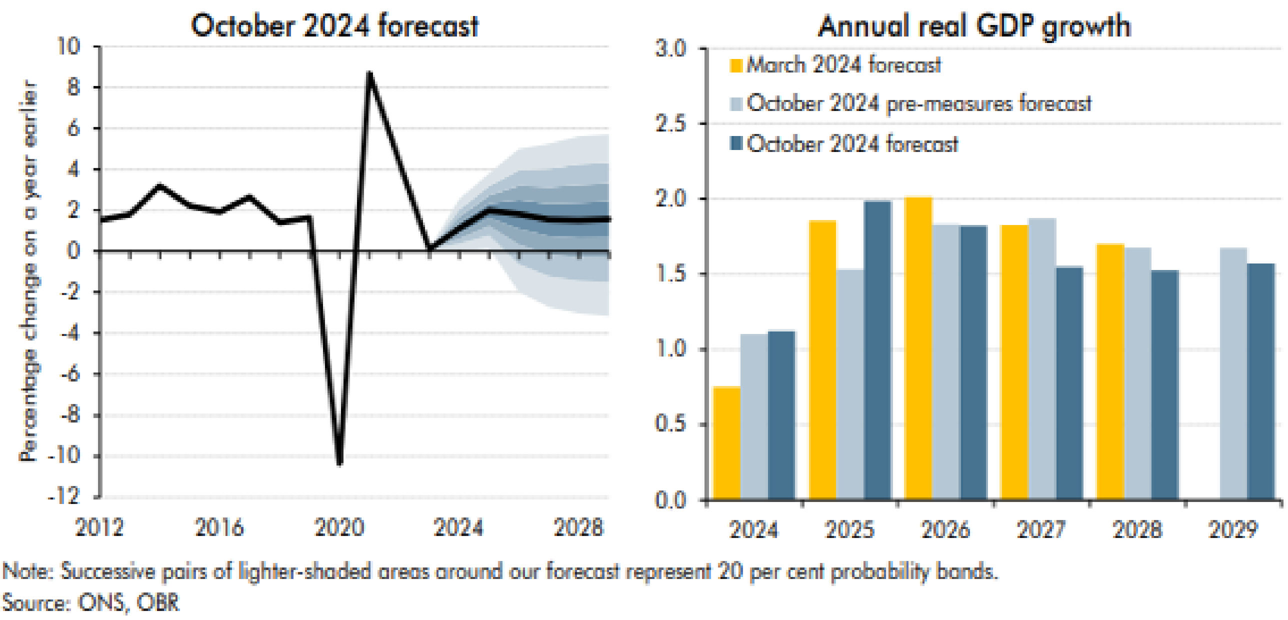
A separate chart shows how the effect of government stimulus compared lower private consumption, trade and business investment on the overall change in GDP growth forecast.

Chart 2 - Policy Impacts on Real GDP and its components



A separate chart in the report shows the customary fan graph for GDP forecasts based on different scenarios and uncertainties. This shows a roughly one in five chance of negative GDP growth within the forecast horizon.

Chart 3 – GDP Growth Fan Chart

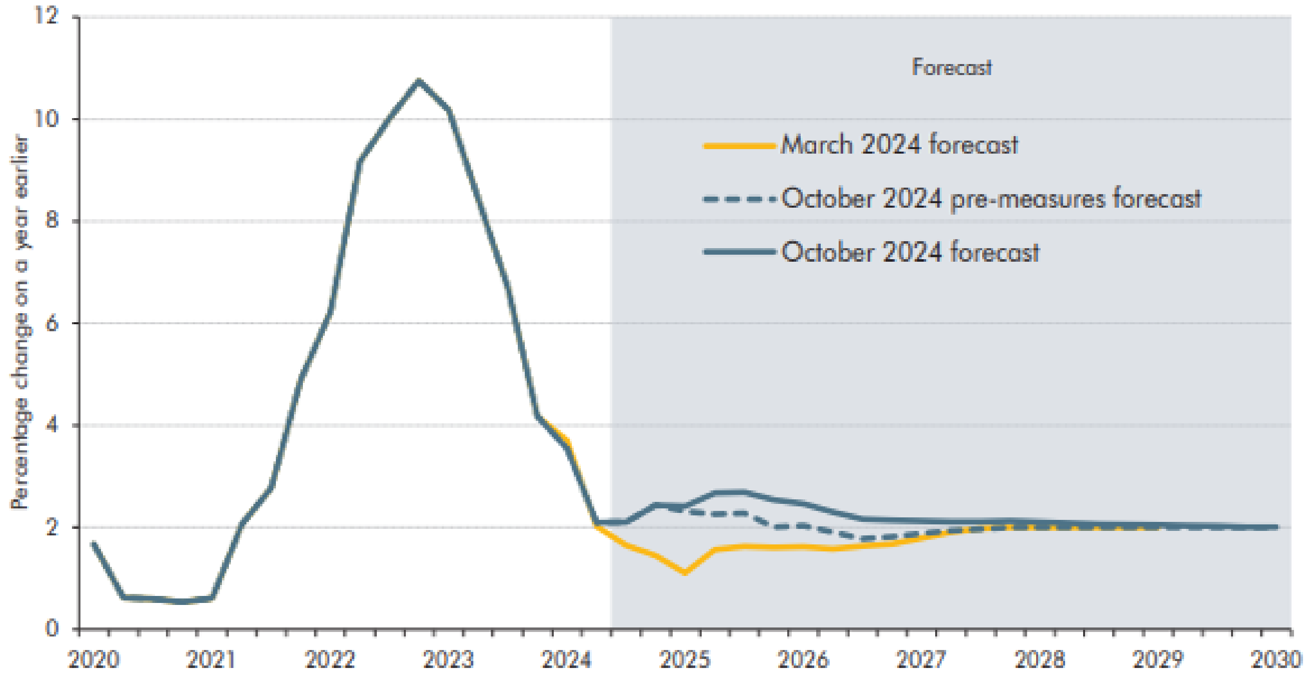


<u>Economic Outlook - Inflation</u>

"Having fallen back to around the 2% target in mid 2024, we expect CPI inflation to pick up to 2.6% in 2025 partly due to direct and indirect impact of Budget measures."

The OBR is forecasting that inflation will be 1.1% higher in 2025 and 0.6% higher in 2026 than previous forecasts in March 2024 and above the 2% target before falling back to this target in the latter half of the forecast. They say this is due greater than expected persistence in wage growth and impact in the near term of fiscal loosening in the budget.

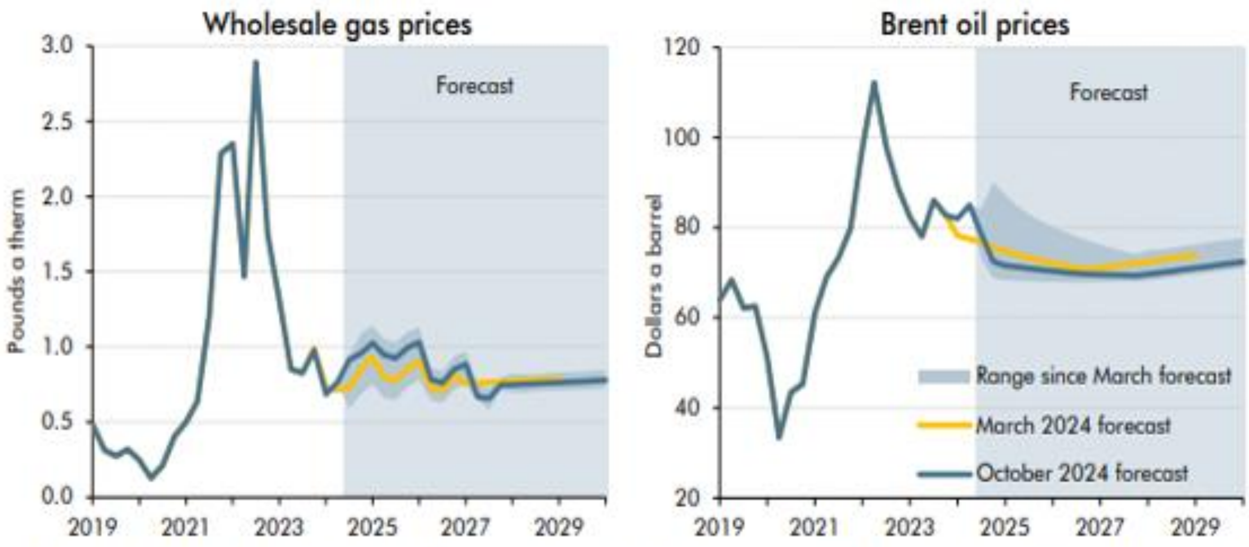
Chart 4 – CPI Inflation



Source: ONS, OBR

The OBR has identified the risks from the external environment given the continuing war in Ukraine and widening conflicts in the Middle East to the inflation forecast initially via its impact on energy prices Gas prices are 16% higher than assumed in previous inflation forecast, oil prices were 7% higher than original forecast in first half of 2024 but are 3% lower in the forecast thereafter. The energy assumptions within the CPI forecast and potential volatility are shown in chart 5.

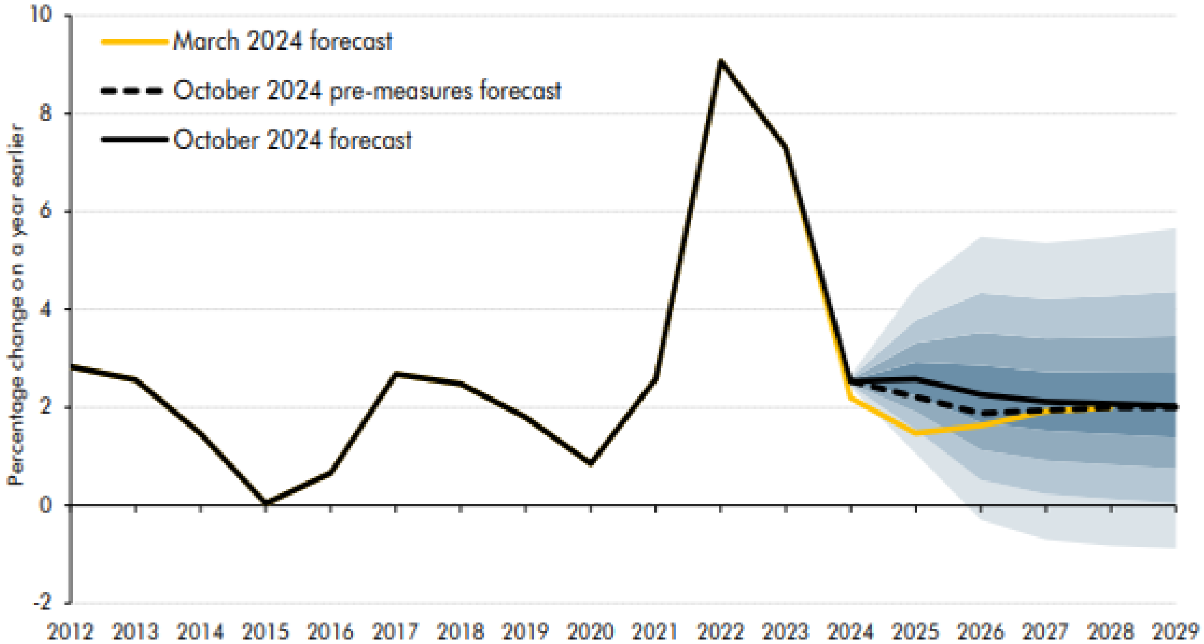
Chart 5 – Impact of Gas and Oil Prices



Note: March 2024 forecast is the average of 10 working days to 23 January. October 2024 forecast is the average of 10 working days to 12 September. Range is the minimum and maximum daily value between our March forecast and 23 October.
Source: Datastream, Eikon, Ofgem, OBR

The fan chart for CPI inflation shows a roughly one in five chance of CPI inflation being above 4.5% or below 1.1%.

Chart 6 – CPI Inflation Fan Chart

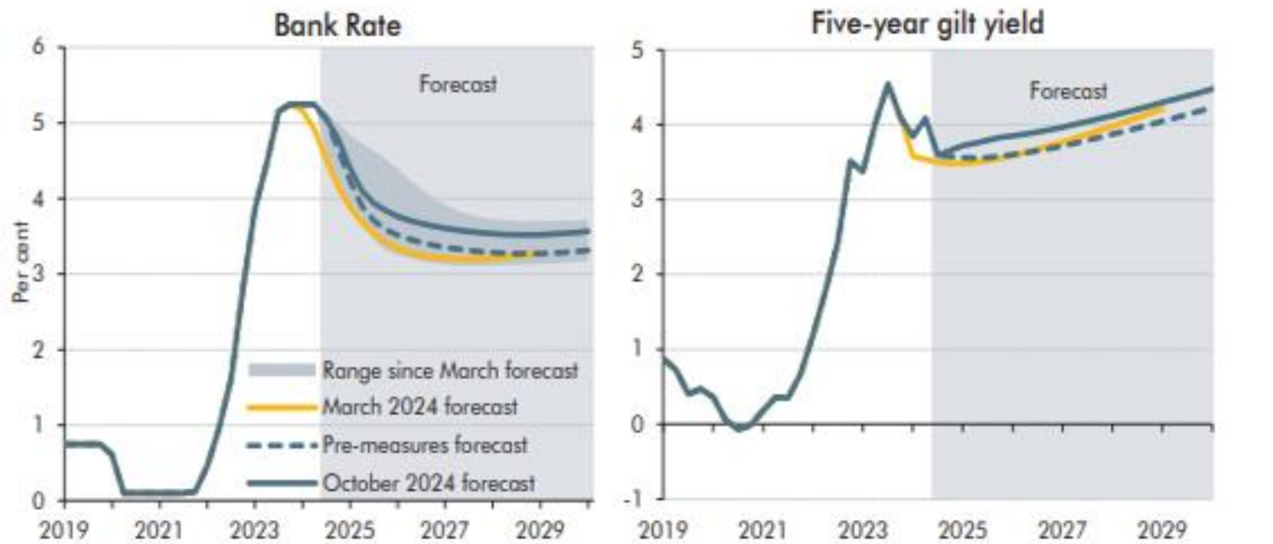


Note: Successive pairs of lighter-shaded areas around our forecast represent 20 per cent probability bands.
Source: ONS, OBR

<u>Economic Outlook – Interest Rates</u>
"From its current level of 5%, Bank Rate is expected to fall to 3.5% in the final year of the forecast."

Bank rates are forecast to be around 0.5% higher than March 2024 forecast in 2025 and 2026 and 0.3% to 0.4% over the forecast period. Chart 7 shows bank rate and five-year gilt yield forecasts from the OBR report.

Chart 7 – Bank Rate and five-year gilt yield



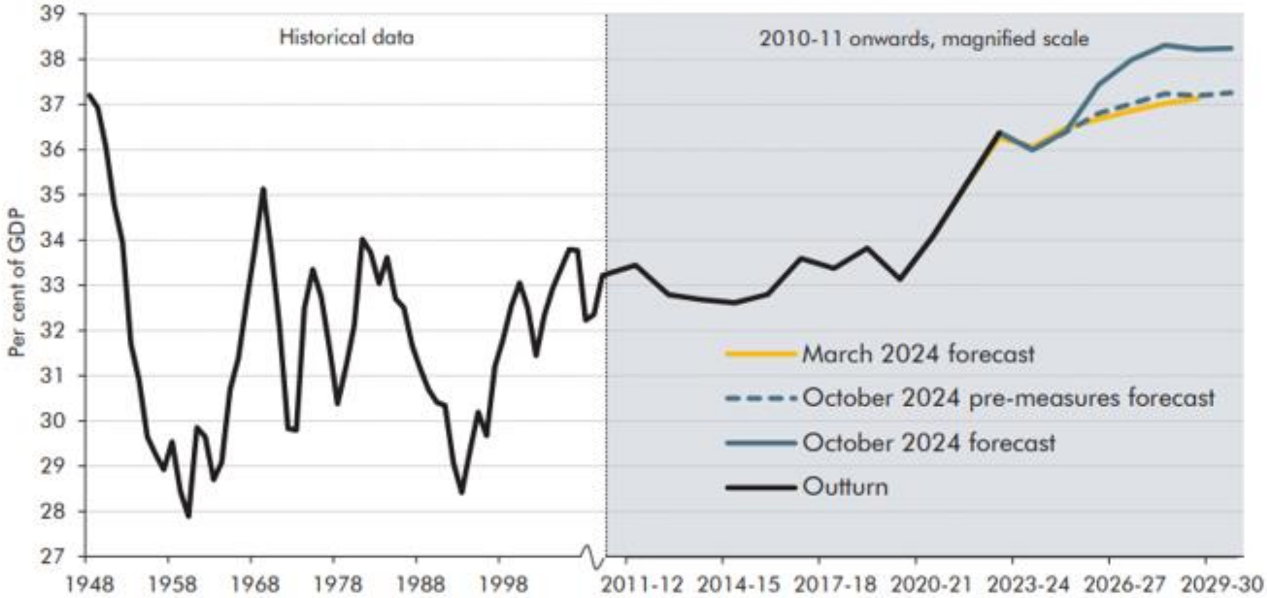
Note: March 2024 forecast is the average of 10 working days to 23 January. Pre-measures forecast is the average of 10 working days to 12 September. Range is the minimum and maximum daily value between our March forecast and 23 October.
Source: Bank of England, OBR

Fiscal Outlook – Public Sector Receipts

"Tax as a share of GDP is forecast to rise from 36.4% of GDP this year to a historic high of 38.2% in 2029-30, 5.1% of GDP higher than before the pandemic."

Total public sector receipts in 2023-24 were 40.5% of GDP, a 3.6% increase on the pre-pandemic level of 36.9% of GDP in 2019-20. Public sector receipts are forecast to continue rise faster than GDP reaching 42.4% by 2029-30. National Account taxes[2] (the "tax take") equated to 36.0% of GDP in 2023-24 and are forecast to rise to 38.3% of GDP in 2027-28 before stabilising at 38.2% of GDP over the remainder of the forecast period. This would be an historic high and the peak is 5.2% above the pre-pandemic level of 33.1% of GDP.

Chart 8 – National Account Taxes as a share of GDP

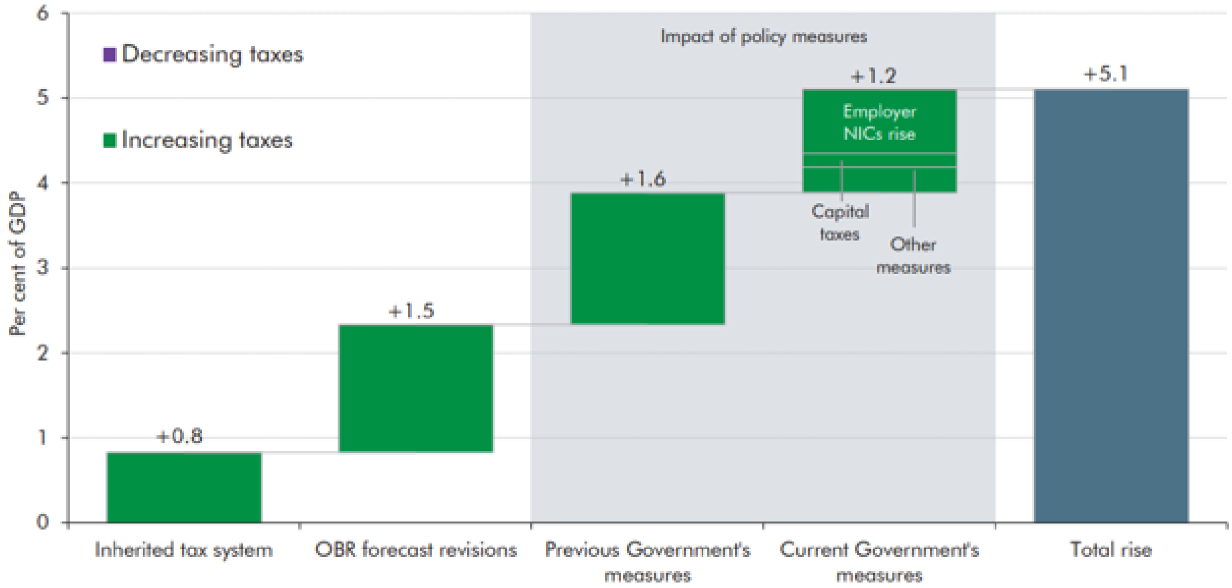


Note: Both outturn and forecast are based on the vintage of nominal GDP data that was available when we closed the pre-measures forecast, so do not reflect upward revisions in the latest Quarterly National Accounts published on 30 September 2024. All else equal, applying the upward revision to 2023-24 nominal GDP of 1.1 per cent to all years of the forecast would reduce the National Accounts tax-to-GDP ratio by 0.4 per cent of GDP across the forecast. This would still leave the tax-to-GDP ratio at a record level.
Source: ONS, OBR

[2] National account taxes are a narrower measure of public sector current receipts and are more comparable over longer historical periods as they exclude public sector gross operating surplus, interest and dividend receipts and other non-tax receipts.

The OBR has analysed to contributory factors to the increase in National Account taxes from 33.1% in 2019-20 to forecast 38.2% in 2029-20., as shown in chart 9.

Chart 9 – The rise in the tax-to-GDP ratio from 2019-20 to 2029-30



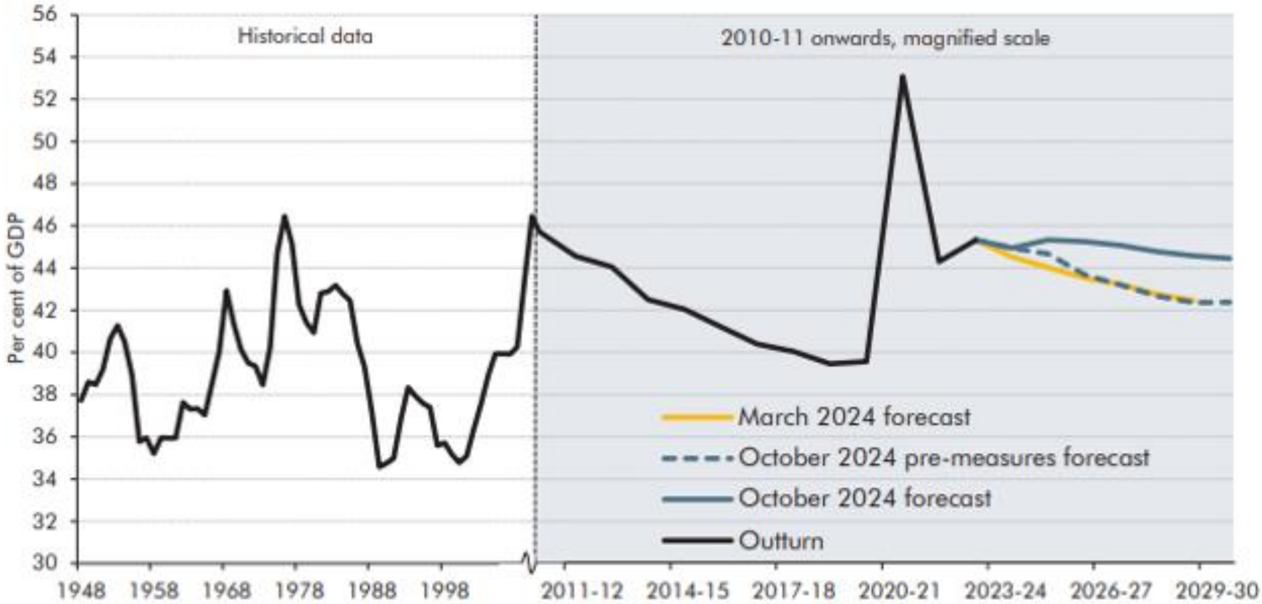
Source: ONS, OBR

<u>Fiscal Outlook – Public Sector Expenditure</u>

"Spending as a share of GDP is forecast to rise from 44.9% last year to 45.3% this year, falling back slightly to 44.5% in 2029-20, 4.9% higher than pre-pandemic."

Total public spending has fallen from a peak of 53.1% of GDP in 2020-21 to 45.3% of GDP in 2022-23. Total public spending is forecast to remain static at 45.3% of GDP in 2023-24 and 2024-25 before reducing gradually each year thereafter to 44.5% of GDP by 2029-30. However, at this level it's still 4.9% higher than the year before the pandemic (2019-20).

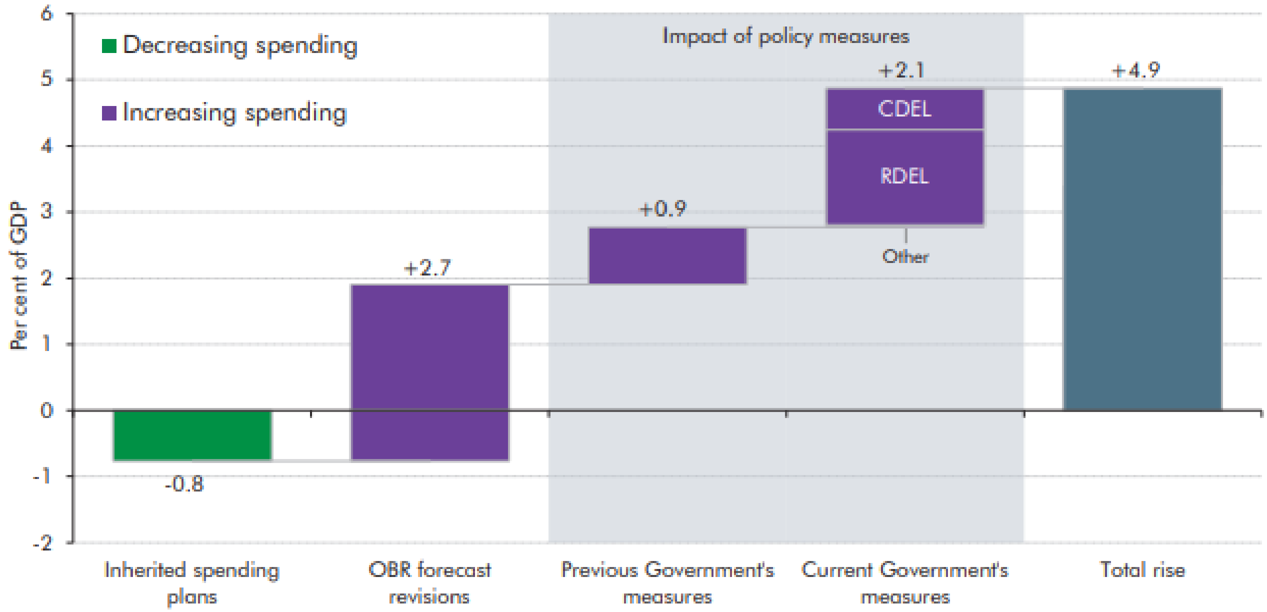
Chart 10 – Public Sector Expenditure as share of GDP



Note: Both outturn and forecast are based on the vintage of nominal GDP data that was available when we closed the pre-measures forecast, so do not reflect upward revisions in the latest Quarterly National Accounts published on 30 September 2024. All else equal, applying the upward revision to 2023-24 nominal GDP of 1.1 per cent to all years of the forecast would reduce the National Accounts spending-to-GDP ratio by 0.5 per cent of GDP across the forecast.
Source: ONS, OBR

The OBR has analysed to contributory factors to the increase in public spending from 39.6% in 2019-20 to forecast 44.5% in 2029-20., as shown in chart 11.

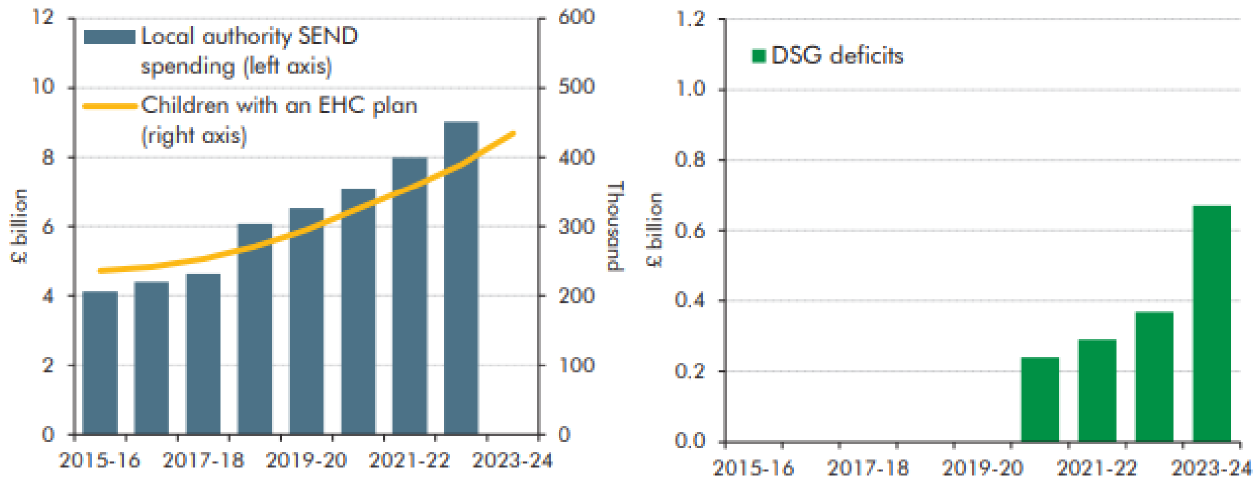
Chart 11 – The rise in the spending-to-GDP ratio from 2019-20 to 2029-30



Source: ONS, OBR

The OBR has identified the rise in spending on education for those with special educational needs and disabilities (SEND) from the grant from DfE and DSG deficits. DSG deficits were first separately recorded in 2020-21 and have grown to £0.7bn by 2023-24. Total spending on SEND has doubled from £4.6bn in 2017-18 to £9.0bn in 2022-23. The OBR has acknowledged that if the current statutory override ends in March 2026 and SEND spend continues to rise by more than the available funding that some local authorities "may be placed in financial distress or may be unable to set balanced budgets from 2026-27 onwards. In additional the cumulative DSG deficits would then need to be recognised on local authority balance sheets which would create additional financial pressures." Chart 12 shows the rise in SEND spending and DSG deficits.

Chart 12 – Special educational needs-related child numbers, spending and deficits

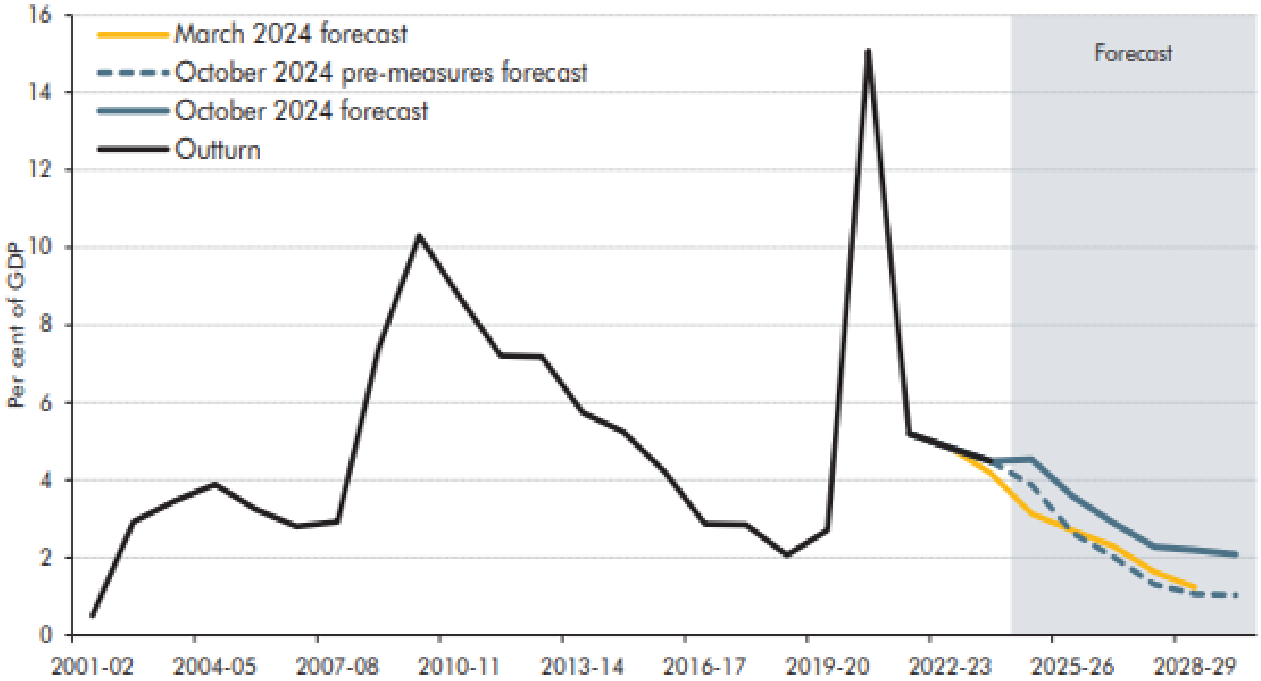


Note: Data on SEND spending is not available for 2023-24. DSG deficits were not recorded prior to 2020-21.
Source: DfE, OBR

<u>Fiscal Context – Public Sector Borrowing and Total Debt</u>
"Public sector net borrowing is forecast to rise from £121.9bn (4.5% of GDP) last year to £127.5bn this year, before falling back to £70.6bn (2.1%) by 2029-30."

Public sector borrowing has fallen from a peacetime high of £314.3bin (15.1% of GDP) reached during the pandemic (2020-21) to £121.9bn (4.5% of GDP) in 2023-24. It is forecast to increase to £127.5bn (4.5% of GDP) in 2024-25 and then fall in each year to £70.6bn by 2029-30. Borrowing is forecast to be an average of £28.4bn (0.9% of GDP) higher per year than expected in the March 2024 forecast, primarily due to the effect of policy measures announced in the Budget.

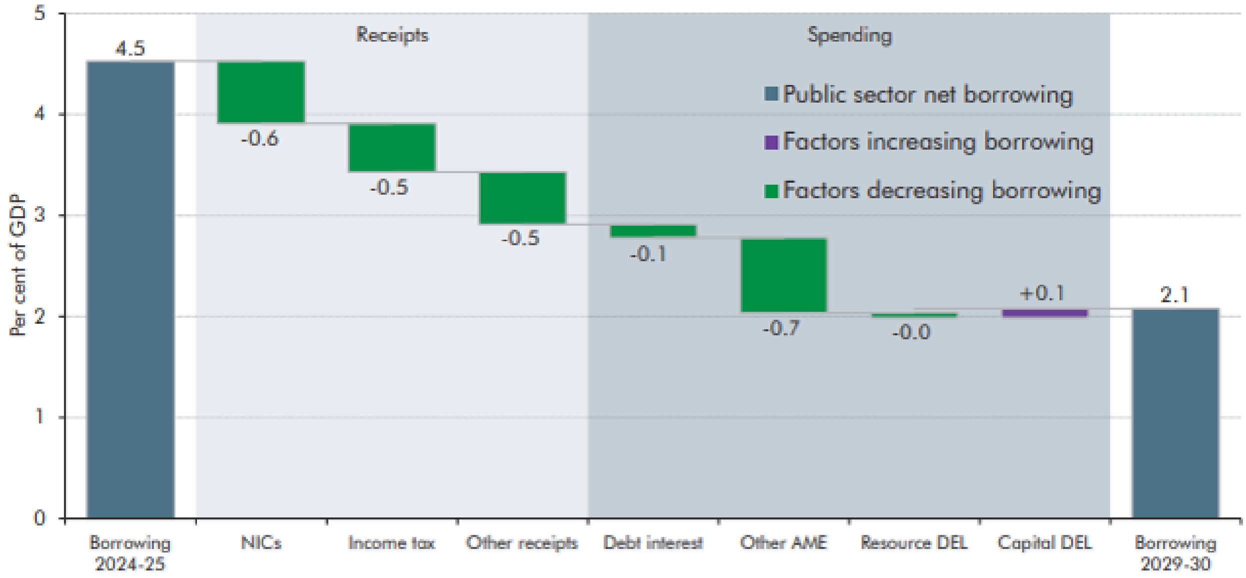
Chart 13 – Public Sector Net Borrowing



Source: ONS, OBR

Around 2/3 of the projected 2.5% of GDP reduction in borrowing is due to increased receipts over the forecast period (in particular NICs are forecast to increase by 0.6% of GDP and income tax 0.5% of GDP. The remainer of the reductio in borrowing is due to forecast lower spending as % of GDP.

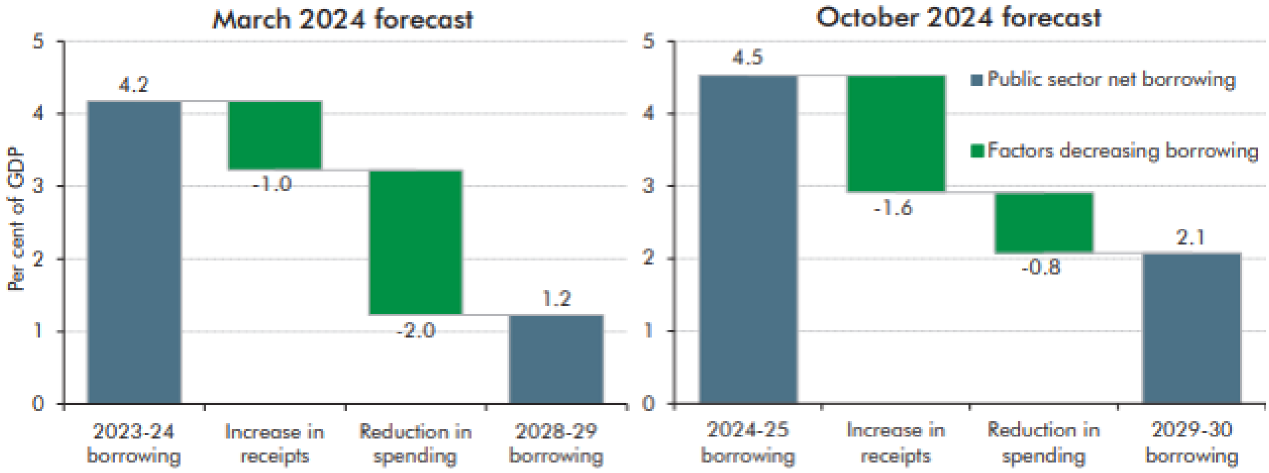
Chart 14 – The fall in borrowing as a share of GDP for 2024-25 to 2029-30



Note: This chart does not include the effects of changes in our underlying forecasts for most environmental levies, VAT refunds, or depreciation, as each change both receipts and spending by equal amounts and therefore do not change borrowing.
Source: OBR

The change in borrowing between the March 2024 forecast has a greater contribution from increased receipts and lesser contribution from spending reductions.

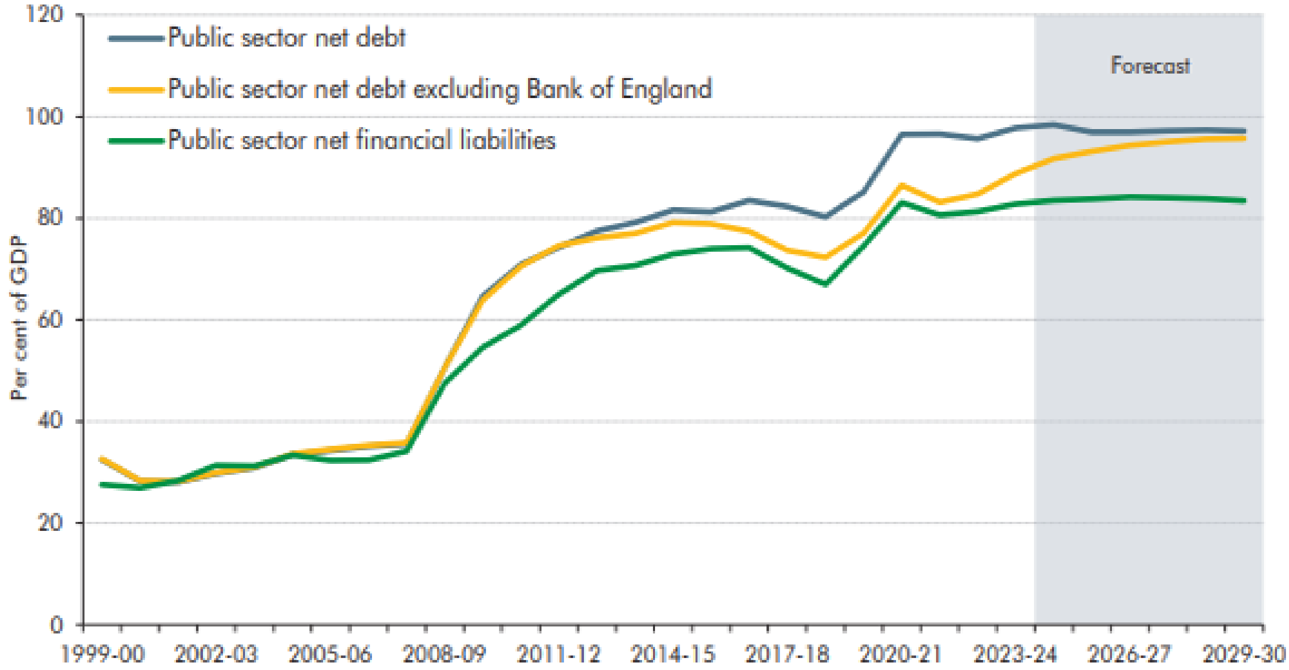
Chart 15 – Change in borrowing over forecast periods March to October



Note: This chart does not include the effects of changes in our underlying forecasts for most environmental levies, VAT refunds, or depreciation, as each change both receipts and spending by equal amounts and therefore do not change borrowing.
Source: OBR

Public sector net accumulated debt was 97.8% of GDP in 2023-24, an increase from 95.7% in 2022-23. Total debt is forecast to increase 98.4% of GDP in 2024-25 reducing to 97.1% by 2029-30. The fall is mainly driven by Term Funding Scheme repayments and borrowing is 3% of GDP higher in 2028-29 than projected in March 2024. The measure of debt excluding Bank of England rises every year as a share of GDP 88.9% in 2023-24 to 91.8% in 2024-25 reaching 95.8% in 2029-30. A wider measure of public sector net financial liabilities including all financial assets (but not physical assets such as schools, hospitals, etc.) is forecast to rise from 82.8% of GDP in 2023-24 to 83.5% of GDP in 2024-25 before then remaining largely stable over the remainder of the forecast period.

Chart 16 – Public Sector Balance Sheet Measures



Source: ONS, OBR

Treasury Management Strategy

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

3. Investments held for service purposes or for commercial profit are considered in the separate Appendix N - Investment Strategy.

External Context

Economic background

4. The following economic commentary is provided by the Council's treasury advisors, Link Group.

5. *"The third quarter of 2024 (July to September) saw:*

   - *GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)*
   - *A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;*
   - *CPI inflation hitting its target in June before edging above it to 2.2% in July and August;*
   - *Core CPI inflation increasing from 3.3% in July to 3.6% in August;*
   - *The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;*
   - *10-year gilt yields falling to 4.0% in September*

6. *Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October.*

7. *If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.*

8. *How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.*

9. There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.

10. *Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has alluded to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.*

11. *Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.*

12. *Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.*

13. *Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May – which would see Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.*

14. *If we focus on borrowing, a term we are likely to hear throughout 2025 is "bond vigilante". Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.*

15. *Staying with the US, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.*

16. *In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0 y/y v a market estimate of 2.6% y/y, 0.4% m/m v an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its December meeting. However, with Trump's inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.*

17. *Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. More recently, however, 10 year gilt yields have spiked back up to 4.35%.*

18. *The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8.304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI's impact on business growth and performance".*

Interest rate forecast

19. The Council has appointed Link Group as its treasury advisor and part of their service is to assist the formulation of a view on interest rates. Link provided the following

forecasts on 11 November 2024. These are forecasts for Bank Rate and PWLB certainty rates (gilt yields plus 80 bps).

Link Group Interest Rate View 11.11.24	Dec -24	Mar-25	Jun-25	Sep -25	Dec -25	Mar-26	Jun-26	Sep -26	Dec -26	Mar-27	Jun-27	Sep -27	Dec -27
Bank Rate	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
5yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

20. Link forecast that the Bank of England will reduce Bank Rate (in cuts of 25bps) to 3.50% by December 2026 in order to keep inflation at a mandated target level of 2%. Gilt yields and PWLB rates are similarly projected to fall back over the timeline of Link Group forecasts.

21. These interest rate forecasts are a central estimate, not a prediction, and there are upside and downside risks, which could alter the eventual path of interest rates.

Local Context

22. The following table summarises the Council’s balance sheet for the current (2024/25) and previous financial year and provides a forecast for the medium term.

Balance sheet summary and forecast

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
Total CFR	**1,268.3**	**1,304.8**	**1,289.9**	**1,311.9**	**1,294.4**
Other long-term liabilities	178.5	225.1	214.9	203.6	192.6
Adjustment for Transferred Debt[1]	27.8	26.6	25.6	24.5	23.6
Loans CFR	**1,117.6**	**1,106.3**	**1,100.6**	**1,132.8**	**1,125.4**
External borrowing	-771.9	-742.6	-710.3	-685.1	-676.9
Internal borrowing	**345.7**	**363.7**	**390.3**	**447.7**	**448.5**
Less balance sheet resources	791.7	741.7	749.1	771.3	823.8
Treasury investments	**446.0**	**378.0**	**358.8**	**323.6**	**375.3**

[1] The Council manages debt on behalf of Medway Council that was transferred to it following the reorganisation that created Medway Council. The value of this debt is included within the total sum of external borrowing shown in the balance sheet summary and forecast table and therefore it is also included in the calculation of the loans CFR within the table. This is in accordance with the requirements of the Prudential Code and ensures that resultant comparison between the loans CFR, external borrowing and internal borrowing is presented on a consistent basis.

23. The Council's capital expenditure plans are the key driver of treasury management activity and the starting point for the treasury management strategy is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The Council's current capital expenditure and financing plans are set out in the Capital Strategy at appendix O.

24. The CFR does not increase indefinitely, due the requirement to make a minimum revenue provision, a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The MRP charge is not shown separately here but is factored into the CFR.

25. The Total CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. For the purposes of determining the treasury management strategy, other long-term liabilities are removed to arrive at the Loans CFR.

26. The Council has externally borrowed £742.6m (as at 31 March 2025) to meet most of the borrowing requirement implied by the Loans CFR, and this figure will decline gradually over the medium term as external loans mature and are repaid (assuming no additional external borrowing is undertaken).

27. The balance of the Loans CFR borrowing requirement is met through internal borrowing, namely the temporary use of the Council's balance sheet resources on lieu of investment. The Council's internal borrowing is forecast to rise over the medium term, compensating for the change in external borrowing noted above.

28. Balance sheet resources represent the Council's underlying capacity for investment (mostly reserves, provisions and working capital). Balance sheet resources exceed internal borrowing and therefore the Council is forecast to continue to have positive external investment balances for the foreseeable future.

29. The current borrowing and investment balances, as at 30 November 2024, when the Council held £746.7m of external borrowing and £456.5m of treasury investments, are set out in further detail in Annex A.

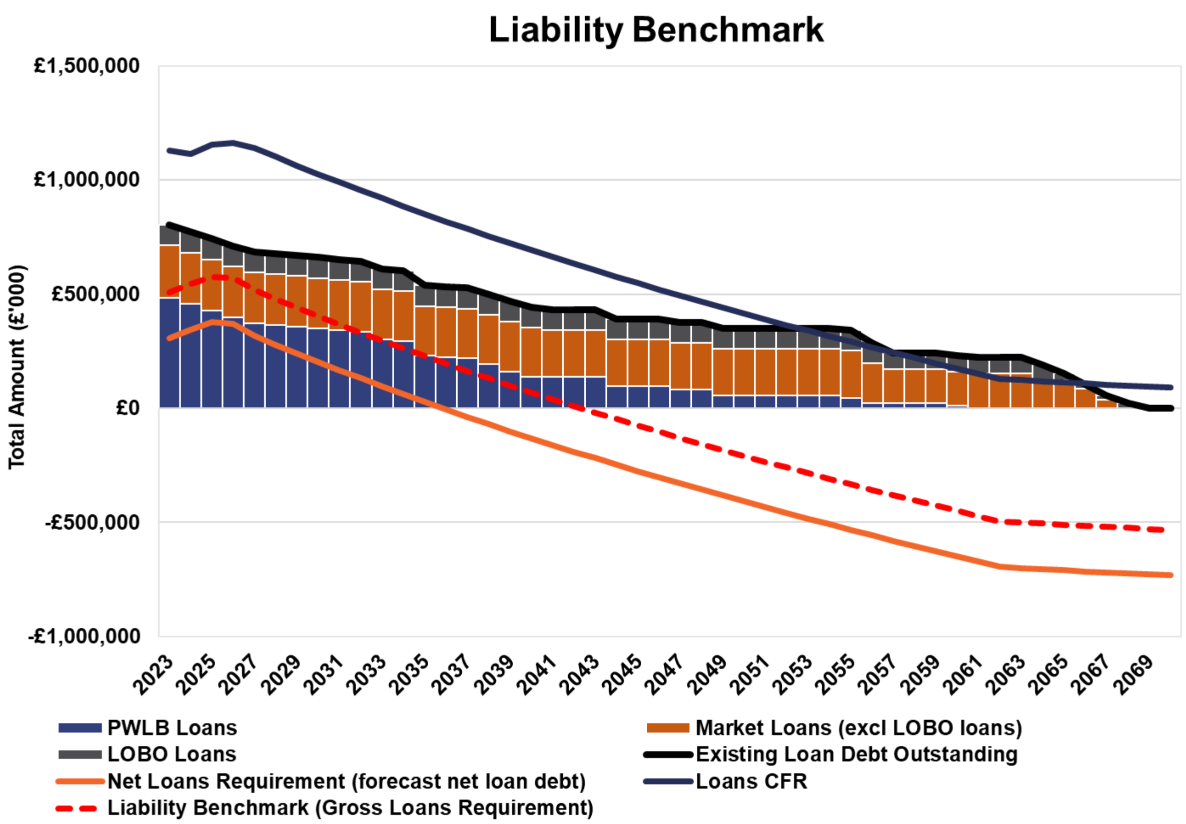
Liability benchmark

30. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £200m at each year-end to maintain sufficient liquidity but minimise credit risk.

31. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the minimum cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

32. The liability benchmark is shown in the below chart. The chart illustrates the maturity profile of the Council's existing borrowing and assumes no new capital expenditure financed by borrowing beyond 2027/28.

Figure 1: Liability Benchmark Chart



33. The chart shows the overall borrowing requirement (the Loans CFR), which is projected to increase moderately over the medium term in line with the authority's plans, before declining over the long term as the annual minimum revenue provision (MRP) charge gradually reduces the Council's borrowing requirement. The borrowing requirement is currently met by a combination of fixed rate loans, LOBO loans and internal borrowing.

34. The Council could theoretically reduce its investment balances to zero and maximise the use of internal borrowing before acquiring any external borrowing. The net loans requirement (orange solid line) represents the minimum amount of external borrowing

required under this strategy. However, such an approach would naturally involve an intolerable level of liquidity risk, and therefore a minimum liquidity requirement (assessed at £200m) is added to the net loans requirement to arrive at the liability benchmark itself. In effect, the liability benchmark represents the minimum amount of debt that the Council requires to meet its borrowing requirement and to provide sufficient liquidity for day-to-day cash flow.

35. The chart demonstrates that the Council's existing stock of external debt, exceeds the minimum amount required based on current financial plans, and therefore the authority does not have a need to enter into new external borrowing. The liability benchmark is forecast to rise over the medium term due to a combined increase in capital expenditure and reduction in available balance sheet resources (usable reserves, mainly) before declining over the long term. At the same time external debt is forecast to decline as individual loans expire.

36. Although not shown in figure 1, both the Loans CFR and the liability benchmark are likely to increase in later years as new capital expenditure cycles are approved.

Borrowing Strategy

37. On 30 November 2024, the Council had £746.7m external debt, including £27.0m attributable to Medway Council, as part of its strategy for funding previous years' capital programmes. This represents a decrease of £25.2m on 31 March 2024 and reflects the Council's strategy of maintaining borrowing below the underlying levels.

38. The balance sheet forecast in table 1 shows that the Council does not expect to need to undertake additional borrowing in 2025-26. The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing set out in the Capital Strategy (Appendix O).

Objective

39. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

40. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

41. The Council is currently maintaining an under-borrowed position. This means that the underlying borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. Although the path of future interest rates is uncertain, the central expectation is that borrowing rates (costs) will fall from their current

levels (see interest rate forecast table above). The Council is forecast to have sufficient liquidity in the near to medium term to support an underborrowed position.

42. By doing so, the Council is able to reduce net borrowing costs and reduce investment counterparty exposure. Internal borrowing is not cost free as it is at the expense of investment returns foregone and neither does it remove the need for Minimum Revenue Provision (MRP) to be made.

43. Given borrowing rates are forecast to decline over the medium term, consideration will also be given to short term rather than long term external borrowing should liquidity considerations necessitate any additional external borrowing (although it is not the Council's central expectation that borrowing will be required for liquidity reasons).

44. Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. The Corporate Director Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates,* then borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

45. The Council also retains the option to arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

46. Any decisions will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

Sources of borrowing

47. The Council has previously raised the majority of its long-term borrowing from the PWLB and is likely to continue with this practice but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

48. The approved sources of long-term and short-term borrowing are:
    - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
    - any institution approved for investments (see below)
    - any other bank or building society authorised to operate in the UK
    - any other UK public sector body
    - UK public and private sector pension funds (except the Kent Pension Fund)

- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
- UK National Wealth Fund

49. PWLB lending arrangements have changed, and loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Council does not intend to borrow to invest primarily for financial return and will retain its access to PWLB loans.

Other sources of debt finance

50. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
    - leasing
    - hire-purchase
    - Private Finance Initiative
    - sale and leaseback

LOBO (Lender’s Option Borrower’s Option) loans

51. The Council holds £90m of LOBO loans (Lender’s Option Borrower’s Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. LOBOs totalling £50m have option dates during 2025/26, and with interest rates having risen recently, there is a reasonable chance that lenders will exercise their options. If they do, the Council will likely take the option to repay LOBO loans to reduce refinancing risk in later years.

Debt rescheduling

52. The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

53. Any decisions involving the repayment of LOBO loans or debt rescheduling will be reported to the Treasury Management Group and the Governance and Audit Committee at the next available opportunity.

Policy on Borrowing in Advance of Need

54. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be

considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Treasury Investment Strategy

55. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since the beginning of April 2024, the Council's cash balance has ranged between £436.3m and £622.8m; investment balances are forecast to be around £386m at the end of 2024/25 and approximately £367m at the end of 2025/26.

56. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) risks when investing.

57. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and to mitigate the negative impact of inflation on the value of the Council's long-term resources. The portion of the Council's cash invested in the strategic pooled funds portfolio will be kept under review during the year to ensure it remains proportionate.

58. **ESG policy:** The Council is committed to responsible treasury management and to being a good steward of the assets in which it invests. As stated in paragraph 1 above, the successful identification, monitoring and control of financial risk are central to the Council's prudent financial management, and this includes the identification and management of environment, social and governance (ESG) risks that arise in the course of carrying out treasury management activities. Therefore, the Council integrates ESG considerations into its treasury management decision-making process.

59. The framework for evaluating investment opportunities is still developing. When investing in banks and funds, and after satisfying security, liquidity and yield considerations, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code

60. Assets within the strategic pooled funds portfolio are managed by third-party investment managers responsible for the day-to-day investment decisions, including undertaking voting and engagement activities on behalf of the Council. The Council incorporates

analysis of ESG integration and active ownership capabilities when selecting and monitoring investment managers.

61. The Council requires its investment managers to engage with companies to monitor and develop their management of ESG issues in order to enhance the value of the Council's investments. The Council also requires feedback from the investment managers on the activities they undertake and regularly reviews this feedback through meetings and reporting.

62. **Business models:** Under IFRS 9, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

63. The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown.

	Time limit	**Counterparty limit**	**Sector limit**
The UK Government	50 years	unlimited	
UK Local Authorities	3 years	£10m	
Other Government entities	25 years	£20m	£30m
UK banks and building societies (unsecured) *	13 months	£20m	Unlimited
Council's banking services provider *	Overnight	£20m	
Overseas banks (unsecured) *	13 months	£20m	£30m country limit
Money Market Funds *	n/a	£25m per fund or 0.5% of the fund size if lower	
Cash plus / short term bond funds		£20m per fund	
Secured investments *	25 years	£20m	£150m
Corporates (non-financials)	5 years	£2m per issuer	£20m
Registered Providers (unsecured) *	5 years	£10m	£50m
Loans incl. to developers in the No Use Empty programme			£40m
Strategic pooled funds and real estate investment trusts	n/a		£200m
- Absolute Return funds		£25m per fund	
- Multi Asset Income funds		£25m per fund	

- Property funds		£75m or 5% of total fund value if greater	
- Bond funds		£25m per fund	
- Equity Income Funds		£25m per fund	
- Real Estate Investment Trusts		£25m per fund	

64. This table should be read in conjunction with the notes below.

* Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

65. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

66. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used.

67. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investments with banks rated below the agreed minimum rating of A- are restricted to overnight deposits with the Council's current banking services provider.

68. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.

69. **Money Market Funds:** Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. They have the advantage over bank accounts of providing wide diversification

of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to Money Market Funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

70. **Pooled investment funds:** Bond, equity, multi-asset and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

71. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

72. **Other investment:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

73. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

74. Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

75. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that entity until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

76. The Council understands that credit ratings are good but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the entities in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from Link Group, the Council's treasury management advisor. No investments will be made with an entity if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

77. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This may cause investment returns to fall but will protect the principal sum invested.

Investment limits

78. The Council may invest its surplus funds with any of the counterparty types listed above subject to the cash limits per counterparty and the durations shown in the table at paragraph 63.

Liquidity management

79. The Council forecasts its cash flow requirements to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

80. The Council will spread its liquid cash over several bank accounts and money market funds to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

81. The Council measures and manages its exposures to treasury management risks using the following indicators.

82. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2,

etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Minimum Level
Portfolio average credit rating	AA-

83. **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	Minimum Level
Total cash available within 3 months	£75m

84. **Interest rate exposure**: The 2021 CIPFA Prudential Code removes the requirement to set treasury indicators for fixed and variable interest rate exposure. Instead, the Council is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

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

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and within 20 years	50%	0%
20 years and within 40 years	50%	0%
40 years and longer	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.

86. **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 prudential limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2025-26	2026-27	2027-28	No fixed date
Limit on principal invested beyond year end	£150m	£100m	£50m	£200m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

87. **Liability indicator:** see paragraph 32 above.

Related Matters

88. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.

89. **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over councils' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

90. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

91. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

92. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

93. **Markets in Financial Instruments Directive**: The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers, allowing it access to a greater range of services but without the

greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance believes this to be the most appropriate status.

94. **IFRS 9 Statutory Override:** Under the accounting standard IFRS 9, entities are required to recognise the revenue impact arising from the movement in value of investments held at fair value. The MHCLG (DLUHC) initially enacted a statutory over-ride from 1 April 2018 for a five-year period until 31 March 2023 following the introduction of IFRS 9 in respect of the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This was subsequently extended to 31 March 2025 and has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2025. The Council currently holds investment assets which fall under the statutory override (the strategic pooled funds) and which will be subject to the provisions of IFRS 9 if (as anticipated) and when the override expires on 31 March 2025. In effect, this means the Council will recognise unrealised gains and losses on these investments within the revenue budget from 2025-26.

Financial Implications

95. The budget for external borrowing costs for 2025-26 is £31.1m based on the Council's current external debt portfolio (anticipated to be £710m at 31 March 2026) and assuming no new external borrowing is undertaken during 2025-26.

96. The budget for net investment income in 2025-26 is £11.5m, based on an average investment portfolio of £442m at an average interest rate of 4.00%.[2] If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different.

97. The resultant net cost of treasury (interest payable costs less net investment income) is expected to be £19.6m for 2025-26.

Other Options Considered

98. The CIPFA Code does not prescribe any particular Treasury Management Strategy for councils to adopt. The Corporate Director of Finance, having consulted the Treasury Management Group, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management

[2] Gross investment income for 2025-26 is estimated to be £19.8m including £8.3m attributable to other bodies.

Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income in the long term	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income in the long term though potentially not in the short term	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management.

Training was most recently undertaken by members on 23 November 2023 and further training will be arranged as required.

Annex A – Existing Investment & Debt Portfolio Position

	30-Nov-24	30-Nov-24
	Actual Portfolio	**Average Rate**
	£m	**%**
External borrowing		
Public Works Loan Board	432.40	4.33
LOBO loans from banks	90.00	4.15
Banks and other lenders (Fixed term)	216.10	4.54
Streetlighting Project	8.17	2.88
Total external borrowing	**746.68**	**4.35**
Treasury investments		
Bank Call Accounts	6.00	4.20
Covered bonds (secured)	130.90	4.45
Government (incl. local authorities)	3.32	5.23
Money Market Funds	116.05	4.03
Equity	1.30	
No Use Empty Loans	19.21	3.58
Total internally managed investments	**276.78**	**4.20**
Pooled investments funds		
- Property	54.56	5.35
- Multi Asset	56.06	4.60
- Absolute Return	5.42	3.68
- Equity UK	33.56	6.37
- Equity Global	30.17	4.60
Total pooled investments	**179.77**	**5.17**
Total treasury investments	**456.55**	**4.58**
Net debt	**290.12**	

GLOSSARY

Local Authority Treasury Management Terms

Bond	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
Borrowing	Usually refers to the stock of outstanding loans owed and bonds issued.
CFR	Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Collective investment scheme	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
Cost of carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Covered bond	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds. Covered bonds are exempt from bail-in.
CPI	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
Diversified income fund	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
Dividend	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
DMADF	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Equity	An investment which usually confers ownership and voting rights
Floating rate note (FRN)	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA

FTSE	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
GILT	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
Income return	Return on investment from dividends, interest and rent but excluding capital gains and losses.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010
IMF	International Monetary Fund
LIBID	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.
LIBOR	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms. Due to be phased out by 2022.
LOBO	Lender’s Option Borrower’s option
MMF	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
Monetary Policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
MPC	Monetary Policy Committee. Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
MRP	Minimum Revenue Provision – an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP. Not applicable in Scotland, but see Loans Fund
Pooled Fund	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as ‘pooled funds’).
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code. The Code was update din December 2021

PWLB	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
Quantitative easing (QE)	Process by which central banks directly increase the quantity of money in the economy in order to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
REIT	Real estate investment trust – a company whose main activity is owning investment property and is therefore similar to a property fund in many ways
Share	An equity investment, which usually also confers ownership and voting rights
Short-term	Usually means less than one year
SONIA	Based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors
Total return	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.
Weighted average life (WAL)	The weighted average time for principal repayment, that is, the average time it takes for every dollar of principal to be repaid. The time weights are based on the principal payments,
Weighted average maturity (WAM)	The weighted average maturity or WAM is the weighted average amount of time until the securities in a portfolio mature.

INVESTMENT STRATEGY

Introduction

1.1 This investment strategy meets the statutory guidance issued by the government in January 2018 (Statutory Guidance on Local Government Investments 3rd Edition).

1.2 The Authority invests its money for three broad purposes:

- Because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- To support local public services by lending to or buying shares in other organisations (service investments), and
- To earn investment income (known as commercial investments where this is the main purpose).

1.3 The Investment Strategy focusses on the second and third of these categories. Treasury management investments are covered separately in the Treasury Management Strategy – see Appendix M to the final draft budget report.

1.4 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

1.5 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

1.6 **Further details:** Full details of the Authority's policies and its plan for 2025/26 for treasury management investments are covered in a separate document, the Treasury Management Strategy, at Appendix M.

1.7 The Authority will also be looking to invest in schemes where there is an environmental benefit in its future strategy linked to the Council's desire to achieve the net zero target by 2050.

Service Investments: Loans

1.8 The Council lends money for service and regeneration purposes, and to subsidiaries.

1.9 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk financial vetting is done prior to distributing loans and the value of the loans is immaterial.

1.10 As at 31.03.24 the Council had the following amounts outstanding in relation to loans distributed by its own funding:

Loans in relation to:	**Investment Value £m**
Kent Empty Property Initiative - No Use Empty	16.078
Marsh Millions	0.048
Kent PFI Company 1 Ltd	2.201
EDSECO Ltd (Trading as The Education People)	0.000
Visit Kent	0.150
Loan to Developer re Chilmington Green	2.580
Total service investments - loans	**21.057**

Kent Empty Property Initiative - No Use Empty

1.11 The Council runs a “No Use Empty” initiative, which was set up in 2005 with the aim of returning long term empty properties back into use. This operates as a revolving loan fund and is open to those who currently own or have acquired a long-term empty property which needs financial assistance to bring the property back into use for rental or sale. As at 31 March 2024 the debt due to KCC under the scheme totalled £16.078m. Since its inception, the scheme has awarded £61.7m in loans, of which only £143k has been written off as a bad debt. This represents a mere 0.23% of the total loans awarded. The extremely low value of bad debts is aided by the scheme operating a robust application and assessment process, which includes ID checks and proof of additional funds. The applicant must provide at their cost an independent valuation undertaken by a Chartered Surveyor (RICS) to establish current and future values. This is also used within the assessment process as any loan awarded is secured as a charge and registered with Land Registry or Companies House if applicable. Loans are typically offered over 2 or 3 years. A supplementary scheme began in 2020-21 which has allowed an additional £42m of loans to be approved for new builds. These loans provide a 4% return to the Council and there are currently no bad debts associated with these loans.

Marsh Millions

1.12 KCC contributed to the Marsh Millions loan scheme. This was set up to aid small businesses in the Romney Marsh area. As at 31.03.24 the balance outstanding to KCC was £0.048m.

Kent PFI Company 1 Ltd

1.13 In 2013-14 KCC purchased loan notes in Kent PFI Company 1 Ltd, which is the holding company to the contractor who runs six schools for KCC under a Private Finance Initiative (PFI) arrangement. As at 31.03.24 the balance outstanding to KCC was £2.201m.

EDSECO Ltd (Trading as The Education People)

1.14 During 2019-20 a loan agreement was drawn up with EDSECo, trading as The Education People, for £2.2m to aid the start-up of the company. The loan was repaid in full on 28th April 2023 so the balance as at 31.03.24 was £nil.

1.15 Visit Kent

During 2020-21 KCC gave a loan to Visit Kent and the balance as at 31.03.24 was £0.15m. Repayment is due in April 2026.

1.16 Loan to Developer re Chilmington Green

The Council entered into a loan agreement with a developer in March 2024, in order for the developer to deliver infrastructure works which are required before the site transfers to the Department for Education (DfE), for the DfE to then build a new secondary school at Chilmington Green, Ashford. The loan is due to be repaid before 1st March 2027.

Service Investments: Shares

1.17 As at 31.03.24 the Council had the following equity investments:

Company	**Amount Invested £m**	**Value in Accounts (Fair Value) as at 31.03.24 £m**
Kent PFI Company 1 Ltd (Note 1)	1.902	0.950
Global Commercial Service Group Ltd (previously Kent Holdco Ltd)	7.890	15.530
Total service investments - shares	**9.792**	**16.480**

Note 1: Kent PFI Company 1 Ltd is the special purpose vehicle (SPV) for the BSF School's PFI contract. The PFI contract is the only asset of the SPV and, as such, the value of the investment in Kent PFI Company 1 Ltd is expected to diminish over the remainder of the PFI contract term.

1.18 **Service Investment: Property**

As at 31.03.24 the Council had the following service investments in property:

Property	**Initial Investment (Build Costs) £m**	**Value in Accounts (Fair Value) as at 31.03.24 £m**
Creative Enterprise Quarter Industrial Units, Ashford units 1, 2, 3, 14, 18, 19, 20, 21, 22, 23, 24	2.474	2.605
Jasmin Vardimon Dance Laboratory	6.401	4.542
Kings Hill Solar Park	4.230	5.146
Total service investments - property	**13.105**	**12.293**

Creative Enterprise Quarter, and Jasmin Vardimon Dance Laboratory, Ashford.

KCC has invested in the Creative Enterprise Quarter in Ashford, using both own resources and a significant amount of external funding to create a suitable space for the Jasmin Vardimon Dance Laboratory. This investment included the build of industrial units to ensure a financially viable project. Some of the units have been sold and those identified in the table are being retained for rental income.

Kings Hill Solar Park

KCC has invested in the construction of a solar park as part of its Net Zero strategy, by using a significant amount of public sector decarbonisation grant funding and its own resources. This came into operation in October 2023 and provides an income stream through the Global Commercial Service Group (previously Kent Holdco Ltd).

1.19 The Council considers each investment on a case-by-case basis and uses several criteria to obtain a risk/benefit analysis for the Council. Overall, the value of loans outstanding and equity investments as at 31.03.24 are immaterial in relation to the Council's balance sheet. The service benefits derived from these investments are deemed to outweigh the risks. The Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue payments.

Commercial Investments: Property

1.20 The Council invests in property with the intention of making a profit that will be spent on local public services. The main property investments are listed below:

Property	Purchase/ build cost (including fees)	Value in accounts as at 31.03.23	Value in accounts as at 31.03.24
	£m	£m	£m
Sheehan House	0.723	1.080	0.780
Eurogate	2.275	3.511	3.398
1 & 42 Kings Hill Avenue	23.000	25.883	26.095
Total	**25.998**	**30.474**	**30.273**

1.21 There are several other properties that now come under the definition of investment, because they are held by the Council for no other purpose other than for income or appreciation, although the original acquisition was not for investment purposes. The total value of these properties owned by the Council as at 31.03.24 is disclosed below:

	Value in accounts as at 31.03.23	Value in accounts as at 31.03.24
	£m	£m
Total of other property investments	5.582	3.993

1.22 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs, which the table above shows is the case for all such properties.

A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2024-25 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments including any revenue consequences. However, the Council is not specifically relying on the sale of these assets to fund future expenditure, therefore the risk relating to fluctuations in the property market is minimal.

Investment Indicators

1.23 The Council has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions:

1) Total Risk Exposure: the first indicator shows the Council's total exposure to potential investment losses.

Investment exposure	**31.03.24 Actual £m**
Service investments: Loans	21.057
Service investments: Shares	9.792
Service investments: Property	13.105
Commercial investments: Property	25.998
Total	**69.952**

2) Net income from commercial and service investments to net revenue stream: This prudential indicator is calculated to show the proportion of income from commercial and service investments to the Council's net revenue stream and is included in the Council's Capital Strategy document at Appendix O. This indicator shows that the proportion of income from commercial and service investments to net revenue stream is forecast to be 0.34% for 2024-25.

1.24 Other investment indicators:

It is not considered necessary to publish any additional investment indicators at this time, but this will be reviewed annually.

CAPITAL STRATEGY

INTRODUCTION

1.1 This Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It sets out the strategic direction for KCC's capital management and investment plans and is an integral part of our medium to long term financial and service planning and budget setting process. It establishes the principles for prioritising KCC's capital investment and incorporates requirements from the prudential system.

Capital Expenditure and Financing

1.2 Capital expenditure is where the Council spends money on assets, such as property, highways assets or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are deemed *de-minimis,* they are not capitalised and are instead charged to revenue in year.

1.3 Details of the Council's policy on capitalisation are included in the Council's annual Statement of Accounts, the relevant extract is set out below:

"Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

1.4 All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment above our *de-minimis* of £10k (£2k in schools) is capitalised on an accruals basis. In this context, enhancement means work that has substantially increased the value or use of the assets. Work that has not been completed by the end of the year is carried forward as "assets under construction".

Capital Strategy Principles

1.5 The core principles of the Council's Capital Strategy are as follows:

The Capital Strategy will:

- Be based on delivering the Council's strategic priorities,
- Set out and deliver its statutory responsibilities on a risk-based approach,
- Ensure the capital programme is long term (10 years), deliverable, realistic and affordable,

- Exclude property investments where loans are provided to third parties, such as No Use Empty – these will be considered as part of the Treasury Management Strategy,
- Review the current practice of "no new borrowing" for consideration in 2026-27.
- Health and safety aspects of the Council's estate and roads will be monitored closely and prioritised accordingly, with emergency situations being dealt with.

The Council's Strategic Outcomes

1.6 *Framing Kent's Future* – Our Council Strategy 2022-2026, is KCC's Strategic Statement. *Framing Kent's Future* sets priorities to ensure we are harnessing the opportunities and addressing the challenges being faced by KCC as an organisation and by the residents of Kent It is structured around four strategic priorities that KCC will aim to deliver - Levelling Up Kent, Infrastructure for Communities, Environmental Step Change and New Models of Care and Support. The overall budget strategy, articulated through *Securing Kent's Future* has recognised that due to the economic consequences of global and national circumstances there will be policy and service decisions that must be taken to balance the budget which could run counter to the priorities and ambitions set out in Framing Kent's Future. This applies equally to the capital strategy. This means that delivery of some of the ambitions may be deferred until later in the four-year period, with a greater focus in the short-term on ensuring the Council's financial position is sustainable in the medium term, with a particular focus on the New Models of Care and Support priority.

1.7 The Capital Strategy will be refreshed annually to incorporate the organisation's strategic direction. Business planning across the organisation will adapt to the council's circumstances for 2025-26, providing oversight of key activity across the Council that contributes to both strategic ambitions and financial sustainability. The capital programme will align itself to the business planning process.

1.8 Capital investment should also evidence how it will support the priorities and principles set out in significant strategies. The following are examples of the Council's key strategies:

- Local Transport Plan 5 – this plan sets out the county's strategic transport priorities
- Highways Asset Management Plan 2021/22 to 2025/26.
- Strategy for the Future of Education in Kent 2025-2030 (Due for publication in 2025)
- Commissioning Plan for Education Provision 2024-28 – this sets out changes to existing schools and commissioning of new schools.
- The KCC Environment Plan.
- Asset Management Strategy– this sets the framework for managing the Council's property portfolio effectively.
- KCC Digital Strategy 2024-27 – this outlines the plans for digital transformation within the council.

- KCC's People Strategy 2022-27 – this sets out how it will shape the future of work within the council.
- Making a difference every day - Our strategy for Adult Social Care 2022 to 2027.

Affordability

1.9 Capital plays an important role in delivering long-term priorities as it can be targeted in creative and innovative ways. However, capital is not unlimited or "free money" – capital funding decisions can have significant revenue implications. Every £10m of prudential borrowing costs approximately £0.9m per annum in revenue financing costs (including repayment of the principal) for 25 years, assuming an asset life of 25 years. For Information Technology projects the revenue costs are much higher per annum as the life is shorter. This is in addition to any ongoing maintenance and running costs associated with the investment. The more revenue that is tied up to repay borrowing, the less is available for service provision, and this is considered alongside revenue pressures.

1.10 In assessing affordability, indicators set by the Prudential Code and the Council's own internal set of fiscal indicators are considered. The fiscal indicator "net debt costs should not exceed 10% of net revenue spending" is considered a suitable indicator to help ensure long-term affordability of the capital programme. The Council is following the reporting requirements of the 2021 Prudential Code.

1.11 In 2024-25, the Council is planning capital expenditure of £m as shown in the following table:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £millions

	2023-24 actual	**2024-25 forecast**	**2025-26 budget**	**2026-27 budget**	**2027-28 budget**
General Fund services	236.9	347.6	282.9	272.7	178.9
Capital investments*	0.4	0.1	0.0	0.0	0.0
TOTAL	237.3	347.7	282.9	272.7	178.9

*Represents spend on service investments.

1.12 The main General Fund capital projects for 2025-26 include: investments in highways and other transport improvements (£76m), highways, structures & waste enhancement (£71m), additional school places to increase capacity (£66m), other school projects (£31m), modernisation and improved utilisation of council premises (£26m), economic development initiatives (£11m), community projects (£1m) and adults, social care and health (£1m). The

Council does not incur capital expenditure on investments primarily for financial return which is in line with the 2021 Prudential Code.

1.13 **Governance**: Service managers bid to include projects in the Council's capital programme. Capital finance colleagues provide advice during this process. Projects must come forward with alternative options for delivering outcomes, and with a variety of funding options. All projects must be supported by a business case, using the agreed template which captures this information. The business case must also show realistic phasing of the proposed project, with project plans to support this. If a project slips, funding assigned to that project could have been attributed to other worthy projects that were ready to proceed. A critical element of the business case is to identify revenue costs and revenue savings as these will be integral to the budget setting process. Bids are collated by the Capital Team in Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). These are then discussed as part of the budget process, and the final capital programme is presented to Cabinet in January and to County Council in February each year for approval. Bids requiring KCC funding are not currently being encouraged to mitigate against the challenging global and national financial situation.

Statutory Requirements

1.14 The Council will ensure that appropriate capital funding is allocated on a risk-based approach, to meet immediate statutory requirements, such as basic need, health and safety, Disability Discrimination Act (DDA) and other legal requirements. Increasingly, it is anticipated that satisfying statutory requirements and avoidance of legal challenges will need to play a more prominent role in capital investment decisions. Nonetheless, whilst there may be a statutory requirement, capital bids will still need to explore alternative options to satisfy the affordability requirement. Capital spend may not always be necessary to achieve the minimum or required outcomes. Funding for capital projects will be applied in the most logical and efficient way, for example, to use specific grants for their intended purpose or time limited funding first, and where grant is not sufficient other sources of external funding will be explored, before using the Council's resources.

Invest/Spend to save bids

1.15 Invest/spend to save bids are encouraged as these will be integral to achieving additional savings/income which is increasingly important to ease the pressure on the revenue budget, although not at the expense of meeting the Council's statutory obligations and strategic priorities. Any bids under this category will be rigorously reviewed and challenged to ensure all relevant costs including any costs of borrowing or other revenue impacts have been adequately accounted for and the identified savings are realistically achievable within a reasonable period.

Enhancement of Existing Estate and Roads

1.16 Maintenance of the estate and highway roads and structures network is coming under increasing pressure following years of reactive works. The 10-year capital planning period helps provide the service with future funding stability and the ability to highlight forthcoming pressures for early consideration by Members. In addition to the investment set out in Appendices A and B, funding will be made accessible if required for urgent/emergency works.

➢ Full details of the Council's capital programme are set out in Appendices A and B.

FUNDING

1.17 All capital expenditure must be financed, either from external sources (government grants, developer contributions and other external funding), the Council's own resources (revenue, reserves and capital receipts from sale of assets) or borrowing. The planned financing of the above expenditure is shown in the following table.

Table 2: Capital financing in £millions

	2023-24 actual	2024-25 forecast	2025-26 budget	2026-27 budget	2027-28 budget
External sources*	172.5	283.7	208.1	179.3	121.5
Own resources	29.8	23.6	29.6	10.5	7.0
Borrowing	35.0	40.4	45.2	82.9	50.4
TOTAL	**237.3**	**347.7**	**282.9**	**272.7**	**178.9**

*External sources include funding from loan repayments. The Council operates several revolving loan schemes, the majority of which are funded from external sources. However, this will also include an element of funding that was originally from the Council's own resources but cannot now be separately identified.

Grants

1.18 The challenging financial environment means that national government grants are reducing or changing in nature and becoming more heavily prescribed. These prescriptions reduce the freedom to decide where and how to spend grants – they are largely tied to specific service areas such as education or highways and must be closely monitored. The Council's aim is to use other, less specific grants for their intended purpose in a way that meets statutory obligations. Where the grant is not sufficient, other sources of external funding such as Central Government grants and s106/Community Infrastructure Levy

(CIL) will be explored first, before using the Council's resources such as capital receipts and borrowing.

Developer Contributions: Community Infrastructure Levy (CIL)/S106

1.19 Developer contributions assist in mitigating the impact of new development on infrastructure. Funding can only be secured if it meets the three statutory tests set out in Regulation 122 of the Community Infrastructure Levy Regulations 2010 (Statutory Instrument 2010/948). The nature of s106 agreements means that once the total funding figure has been secured with a s106 contract, in some cases, the funding is received by the County Council in staged payments as the development is built out, with the full funding potentially not received until the development has been fully completed. Depending on size, a development can take several years to be fully completed. Developer contributions will be built into the programme at the point they are secured within s106 agreements, but it must also be recognised that at this point there are still risks around the timing that funding is received. Careful monitoring of expenditure against funding triggers is therefore a critical factor to be considered when profiling capital spend that includes developer contributions.

1.20 Any forward funding arrangements of developer contributions must be approved to ensure appropriate debt costs of forward funding are built into the repayments. The repayment schedule must be formalised by being built into the s106 agreement. It is always difficult to predict when a development will commence and how long it takes to be completed. Therefore, ongoing engagement between Infrastructure and the Development Investment Team, alongside the monitoring of development progress, is critical to ensure infrastructure is delivered at the most efficient time.

1.21 Several districts in Kent have adopted the Community Infrastructure Levy (CIL), a flat rate tariff charge based on the floorspace of the development being proposed. CIL rates are set by districts, as the Charging Authorities, through their CIL Charging Schedules. They are also responsible for collection and spend of the levy. The share of CIL funding which the County Council will receive varies across the County and also depends on the individual CIL governance that is set up and the decisions of district council administered CIL Spending Boards. This means that the future CIL income is unknown and cannot currently be forecast, as unlike s106 agreements, KCC does not automatically receive a share.

1.22 The "pooling restriction" was removed in 2019 through a further amendment to the original Community Infrastructure Levy Regulations 2010. This had previously prevented local authorities using more than five section 106 obligations to fund a single infrastructure project. This is a positive move as a single infrastructure project can now be funded by a number of Section 106 agreements or, combined with CIL, and will therefore help to unlock funds. However, the monitoring requirements have increased significantly, including the statutory requirement to produce an annual Infrastructure Funding Statement which demonstrates the amount of developer contributions being held by the authority for expenditure on specific capital projects.

1.23 Emerging Government policy and legislation, including the Levelling Up and Regeneration Act 2023, may potentially have a significant impact on the way developer contribution funding is collected and distributed in the future. The Act introduced a new Infrastructure Levy, intended to replace the Section 106 and CIL regimes. The new Government elected in 2024 has indicated that the Infrastructure Levy will not be taken forward and the existing CIL and Section 106 regimes will remain in place, albeit subject to further reform. The Government is yet to publish any further details as to how changes to developer contributions will be taken forward.

Borrowing

1.24 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Borrowing is a combination of external loans and internal borrowing (from cash reserves). Debt is usually only repaid when a loan matures. Occasionally the Council can refinance debt with replacement borrowing at a lower rate of interest, this is rare as there are usually excessive penalties to repay loans earlier than their normal maturity. Planned MRP debt during the medium-term planning period is as follows:

Table 3: Replacement of debt finance (MRP) in £millions

	2023-24 actual	**2024-25 forecast**	**2025-26 budget**	**2026-27 budget**	**2027-28 budget**
MRP	59.4	59.7	60.1	60.9	67.9

- The Council's full minimum revenue provision statement is at Appendix P.

1.25 The level of borrowing to fund the capital programme considers the revenue implications and the requirements of the prudential code. In line with the Code, borrowing is not undertaken in advance of need. The 10-year capital programme planning period will assist in more effective management of borrowing levels over the longer-term.

1.26 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with repayments from MRP and capital receipts used to replace debt. The CFR is expected to decrease by £19.3m during 2024-25 to £1.249bn. Based on the above figures for expenditure and financing, the Council's estimated CFR is shown in table 4:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement £millions

	31.3.2024 actual	**31.3.2025 forecast**	**31.3.2026 budget**	**31.3.2027 budget**	**31.3.2028 budget**
TOTAL CFR	1,268.3	1,249.0	1,234.1	1,256.1	1,238.6

The in-year movement in the total row equals borrowing from table 2 less MRP from table 3.

As a result of International Financial Reporting Standard (IFRS)16 the CFR will increase by approximately £56m as at 31.03.2025.

Asset Management and Capital Receipts

1.27 To ensure that capital assets remain useful in the long term, the Council has recently been finalising the 2024-2030 Asset Management Strategy (AMS) to replace the current 2018-2023 Strategy. This new Strategy provides a framework for effectively managing the Council's owned, tenanted, and leased assets over the next 6 years. It aligns with Kent County Council's (KCC's) statutory duties, policies, and corporate strategies, guiding future strategic property decisions.

The Strategy aims for optimal and flexible use of these assets, ensuring they are appropriately located and sustainably maintained. It considers the future needs of KCC's services, with short, medium, and long-term planning. This approach ensures that the Council's assets are effectively utilised and future proofed.

Additionally, the Strategy promotes efficient use of KCC's assets and encourages collaboration with partners for shared use, enhancing efficiency in delivering KCC's statutory and essential services. Securing our short and medium-term position is crucial for effective future planning. Property assets play a vital role in supporting and enabling the Council to transform public service delivery with partners, making an innovative and forward-thinking strategy essential.

1.28 When a capital asset is no longer needed, a full options appraisal will determine its future. The asset may be sold, and the proceeds, known as capital receipts, can be used to fund new assets or repay debt. The Council has implemented a rigorous disposal programme over the past few years, which has helped minimise borrowing levels. However, moving forward, the same level of receipts will not be achievable as many surplus assets have already been sold.

Increasingly, capital receipts will need to be generated from underutilised assets rather than surplus ones. In some cases, this may require additional capital investment to maximise potential capital receipts. Such investments will be subject to robust assessment protocols on an individual scheme basis as part of refreshing future capital programmes.

The Council's Infrastructure division will continue to collaborate with service directorates and public sector partners to explore options for optimising asset use. This includes seeking to release property and maximise capital receipts, with the aim of creating a sustainable pipeline of funds for the future.

Capital investment in the estate

1.29 The new AMS refers to ensuring that any business cases for investment in new non-school buildings not only considers the upfront costs to deliver and the day to day running costs, but also the environmental impact of increasing the size of the estate. It is also critical that any business case includes revenue contributions to a capital reserve for the buildings long term maintenance costs as the existing budget used for that, the Modernisation of assets budget, is already stretched too far as its insufficient for the number of non-school assets that KCC is responsible for.

1.30 In the later years of the AMS, to ensure the estate can be managed sustainably, it may be necessary to invest in new technology and systems to optimise the management of the buildings. This will be on an invest to save basis that demonstrates the benefits of the investment.

1.31 The Council plans to use up to £8m of capital receipts (under the Government direction that allows revenue costs of projects that will reduce costs, increase revenue or support a more efficient provision of services to be funded from asset sale proceeds) as a one-off measure to balance the 2025-26 revenue budget. This reduces the level of receipts available to fund capital expenditure.

1.32 Repayments to the Council of capital grants, loans to third parties and investments also generate capital receipts. The timing of when capital receipts are banked and applied to fund the capital programme will not necessarily match, and where necessary, timing differences will be managed through short term internal borrowing from cash balances. The following table shows when the Council plans to apply capital receipts and loan repayments to fund the capital programme in the coming financial years:

Table 5: Capital receipts to be applied in £millions

	Prior Years	**2025-26 budget**	**2026-27 budget**	**2027-28 budget**
Application of asset sales	16.7	16.1	4.4	0.5
Loan repayments	71.1	9.4	8.6	10.6

Treasury Management

1.33 Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Council's spending needs while managing the risks involved. Surplus cash is invested earning revenue income until required, while any liquidity shortage would be met by short-term borrowing to avoid excessive overdraft fees. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

1.34 As documented in the proposed treasury management strategy for 2025-26, the budget for external borrowing costs for 2025-26 is £31.1m based on the Council's current external debt portfolio (anticipated to be £710m at 31 March 2026) and assuming no new external borrowing is undertaken during 2025-26. The budget for net investment income in 2025-26 is £11.5m, based on an average investment portfolio of £442m at an average interest rate of 4.00%.[1] If actual levels of investments and borrowing, or actual interest rates, differ from forecast, performance against budget will be correspondingly different. The resultant net cost of treasury (interest payable costs less net investment income) is expected to be £19.6m for 2025-26.

1.35 **Borrowing strategy:** The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. The Council does not borrow for the primary purpose of financial return and therefore retains full access to the Public Works Loan Board.

1.36 Projected levels of the Council's total outstanding debt comprising external borrowing and other long-term liabilities identified in the balance sheet (including PFI liabilities, leases, etc) are shown below, compared with the capital financing requirement (see above) and the resulting balance funded from internal borrowing (cash balances).

[1] Gross investment income for 2025-26 is estimated to be £19.8m including £8.3m attributable to other bodies.

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £millions

	31.3.2024 actual	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget	31.3.2028 budget
Other Long-term Liabilities**	178.5	169.3	159.1	147.8	136.8
External Borrowing*	771.9	716.0	684.7	660.6	653.3
Total Debt	950.4	885.3	843.8	808.4	790.1
Capital Financing Requirement**	1,268.3	1,249.0	1,234.1	1,256.1	1,238.6
Internal Borrowing (cash balances)	317.9	363.7	390.3	447.7	448.5

*The Council manages debt on behalf of Medway Council that was transferred to it following the reorganisation that created Medway Council. The value of this debt has been excluded from external borrowing shown in table 6 in accordance with the Prudential Code.

** Both the CFR and the other long term liabilities figures will be impacted by IFRS16 by approximately £56m as at 31.03.25. This will have no overall impact on the Internal Borrowing (cash balances) figure. Under this new standard the treatment of leases will change from the current distinction between operating and finance leases, leading to more leases being recognised on the balance sheet.

1.37 Statutory guidance is that total debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this in the medium term.

1.38 **Liability benchmark:** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This is shown in the Treasury Management Strategy at Appendix M.

1.39 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. Both limits are set with reference to the Council's plans for capital expenditure and financing. The authorised limit provides headroom over and above the operational boundary sufficient for unusual cash movements.

➢ Further details on borrowing are in the Treasury Management Strategy – see Appendix M.

Table 7: Prudential Indicator: Authorised limit and operational boundary for external debt in £millions

	2024-25 limit	**2025-26 limit**	**2026-27 limit**	**2027-28 limit**
Authorised limit – borrowing	1,260.6	1,200.6	1,232.8	1,225.4
Authorised limit – other long-term liabilities	168.0	239.9	228.6	217.6
Authorised limit – total external debt	1,428.6	1,440.5	1,461.4	1,443.0
Operational boundary – borrowing	1,160.6	1,100.6	1,132.8	1,125.4
Operational boundary – other long-term liabilities	168.0	214.9	203.6	192.6
Operational boundary – total external debt	1,328.6	1,315.5	1,336.4	1,318.0

The operational boundaries and authorised limit include capacity for managing the transferred debt belonging to Medway Council as referred to under table 6. This ensures that the Council has sufficient capacity to manage it's own ultimate borrowing requirement.
The operational boundary has been increased to reflect the expected impact of IFRS16 from 31.03.25.

1.40 **Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again, including balances of reserves. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

1.41 The Council's policy on treasury investments is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults, the liquidity of investments and the risk of receiving unsuitably low investment income. Cash that is likely to be spent in the near term is invested securely, in particular in Money Market Funds, with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, equity and property funds, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2024 actual	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget	31.3.2028 budget
Near-term investments	278.9	206.6	185.7	146.1	199.2
Longer-term investments	174.5	179.0	180.8	182.6	184.4
TOTAL	**453.4**	**385.6**	**366.5**	**328.7**	**383.6**

- Further details on treasury investments are in the Treasury Management Strategy at Appendix M.

1.42 **Risk management:** The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

1.43 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Director of Finance and finance staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to Governance and Audit Committee with half-yearly and annual reports going to County Council. The Treasury Management Group (TMG) is responsible for scrutinising treasury management decisions. This is a Member group supported by officers and chaired by the Cabinet Member for Finance, Corporate and Traded Services.

Investments for Service Purposes

1.44 The Council makes investments to assist local public services, including making loans to or buying shares in other organisations (service investments). In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to generate a surplus after all costs.

1.45 **Governance:** Decisions on service investments are made by the relevant service manager after consultation with and approval of the Corporate Director of Finance and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are in the Investment Strategy at Appendix N.

Commercial Activities

1.46 With central government financial support for local public services declining, the Council has, in the past, strategically invested in commercial property purely or mainly for financial gain. Some of these are still held, and all details are available in the Investment Strategy at Appendix N.

1.47 With financial return being the main objective, the Council accepted higher risk on commercial investment than with treasury investments. The principal risk exposures include void periods when properties are empty and reductions in market value. These risks were managed by a rigorous appraisal process prior to any acquisition decision. Total commercial investments as at 31st March 2024 were valued at £30.3m.

1.48 In line with Government expectations, the Authority will not be pursuing commercial investments going forward.

1.49 **Governance:** Decisions on commercial investments and disposals have been made by the Director of Infrastructure in accordance with the Councils constitution, and more relevantly the Property Management Protocol, and following consultation with and approval of the Corporate Director of Finance. Property and most other commercial investments are also capital expenditure and purchases have also been approved as part of the capital programme. The proportion of net income from commercial and service investments to net revenue stream are shown in Table 9.

- Further details on commercial investments and limits on their use are included in the Investment Strategy – Appendix N.

Table 9: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2023/24 actual	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget
Total net income from service and commercial investments £m	8.6	4.9	5.2	4.7	4.7
Proportion of net revenue stream (%)	0.65	0.34	0.34	0.29	0.28

- The Council also has commercial activities in several trading companies, details of which are included in the Investment Strategy – Appendix N.

Liabilities

1.50 In addition to the forecast debt detailed in table 6, the Council is committed to making future payments to cover its pension fund deficit (valued at £34.8m as at 31.03.24). It has also set aside £59.4m in general reserves, which is the estimated balance as at 31.03.25 before any drawdown to fund a 2024-25 overspend, should it be required. This reserve balance is to cover unforeseen risks as identified in the Reserves Policy – Appendix H to this document and is after significant drawdown to fund the revenue budget overspend in 2022-23, which if the draft 2025-26 budget proposals are approved will have been fully repaid by 2025-26. The Council has identified a number of budget risks but has not put aside any money because the Council has sufficient reserves (before any drawdown to fund a 2024-25 overspend) to cover these eventualities should they arise. These risks are identified in the Budget Risks Register at Appendix J to this document, which includes the risk of the impact on reserves of the 2024-25 overspend.

1.51 **Governance:** Decisions on incurring new discretional liabilities are taken by service managers after consultation with and approval of the Corporate Director of Finance. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance and included in monitoring reports.

Revenue Budget Implications

1.52 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2023-24 actual	**2024-25 forecast**	**2025-26 budget**	**2026-27 budget**	**2027-28 budget**
Proportion of net revenue stream	8.17	7.41	6.76	6.35	6.39

1.53 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the rigour which has been applied to the appraisal of schemes and the application of an affordable future borrowing strategy based on an absolute fiscal limit that the costs of borrowing cannot exceed 10% of the annual revenue budget. The Capital Programme will be reviewed and revised annually to ensure it is affordable in the medium term.

Knowledge and Skills

1.54 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the interim Corporate Director of Finance is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Council's finance team includes a number of qualified accountants who are members of professional accountancy bodies including the Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), Institute of Chartered Accountants in England and Wales (ICAEW) and CIPFA. In addition, KCC Finance is an approved employer with professional accreditations from ACCA and CIPFA.

1.55 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Group as treasury management advisers, and Amey/Kier/Skanska as property consultants/facilities management contractors. The Council will use the services of other specialists and consultants as necessary. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

1.56 The Council's policy on the use of external advisers is that where a contract for a consultant is estimated to cost £50,000 or more, details of the proposed award must be forwarded to the relevant Cabinet Member prior to the appropriate officer making the award.

Governance Arrangements

1.57 The governance arrangements for the capital programme are as set out in the Council's constitution.

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Appendix P

Annual Minimum Revenue Provision (MRP) Statement

Councils are asked to submit a statement on their policy of making Minimum Revenue Provision (MRP) under the guidance issued by the Secretary of State for the Ministry of Housing, Communities and Local Government, under section 21(1A) of the *Local Government Act 2003* to full Council or similar. Any revision to the original statement must also be issued.

MRP represents the minimum amount that must be charged to a council's revenue account each year for financing capital expenditure, which will have initially been funded by borrowing.

In 2008 the Department for Communities and Local Government (DCLG) issued new guidance on the Minimum Revenue Provision. This guidance provided four ready-made options which would be most relevant for the majority of councils but stated that other approaches are not meant to be ruled out, provided that they are **fully consistent with the statutory duty to make prudent revenue provision**. The options that we have implemented since this new guidance came into operation are:

- 4% of our capital finance requirement before the change in regulations.

- The asset life method in subsequent years. This method provides authorities with the option of applying MRP over the life of the asset once it is in operation, so for assets that are not yet operational and still under construction we effectively have an "MRP holiday".

The total of these two methods has provided the annual MRP figure since the regulations changed up until 1 April 2014. However, what this did not do was align the MRP with the repayment of debt and other long term liabilities. Since 1 April 2014 we have continued with the existing calculations but then considered whether an adjustment is required to reflect the timing of internal and external debt repayment and other long term liabilities. We will continue with this approach, which is more prudent, given the challenges that the Council continues to face.

Any adjustment made will be reflected in later years to ensure the overall repayment of our liabilities is covered at the appropriate point in time. This will depend on the position of the balance sheet each year and will be a new calculation each year but using the same principles.

This method retains the guidance calculations but allows for a more prudent approach, ensuring that adequate provision is made to ensure debt is repaid.

Each year an updated MRP statement will be presented.

Flexible use of Capital Receipts Strategy 2025-26

1. Introduction

Traditionally, capital receipts could only be used for specific purposes as set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

The government allows local authorities further flexibilities to fund revenue costs from capital sources including allowing borrowing to fund general cost pressures (with a commitment to future efficiency savings), funding specific invest to save revenue costs from borrowing, and allowing authorities to use the proceeds from selling investment assets to fund revenue pressures or increase reserves or repay debt.

2. Process and Regulations

Before the council can flexibly use capital receipts it must prepare, publish, and maintain a ‘flexible use of capital receipts strategy’. This must consider the impact of this flexibility on the affordability of borrowing by including updated prudential indicators. Full Council must approve this strategy before any qualifying expenditure is incurred. The current government directive allowing the flexible use of capital receipts ends on 31 March 2030.

Under the Flexible Capital Receipts guidance, the Secretary of State sets out that individual authorities are best placed to decide which expenditure projects are best to be funded by capital receipts. The key criteria for expenditure to qualify is that the schemes must be designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether a project qualifies for the flexibility.

Capital receipts used under the direction must be from genuine disposals (qualifying disposals). That is, disposals where the authority does not retain an interest, directly or indirectly, in the assets once the disposal has occurred.

Each authority should disclose the individual projects that would be funded or part-funded through the capital receipts flexibility to Full Council. This requirement can be satisfied as part of the annual budget setting process, through the Medium Term Financial Plan.

The Guidance recommends that the council produces a ‘flexible use of capital receipts strategy’ setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year. The Guidance allows local authorities to update the strategy during the year.

It is a required condition of the direction that authorities must send details setting out their planned use of the flexibility to the Secretary of State, in advance of its use for each financial year. This is to make sure that the government is adequately sighted on the use of the flexibility and can monitor how it is used - it is not a process of approval.

Authorities may update their plans and resubmit to the Secretary of State during the year if things change.

3. Proposed Flexible Use of Capital Receipts in 2025-26

The council currently has a number of transformation schemes with one-off or time limited activity costs.

The proposal for 2025-26 is to use £8m of capital receipts funding to support the delivery of the Oracle Cloud project. Oracle Cloud is a transformational replacement of the Technology platform which will modernise the way the core system capabilities work and perform across finance, people and procurement.

The current version of Oracle E Business Solution is 20 years old, and is no longer supported by Oracle. This presents significant risk to KCC which, although mitigated through a specialist support supplier, still presents challenges and inefficient processes.

The aim of this transformational programme is to deliver a solution that allows KCC to take advantage of modern technologies and processes and provide a platform for the future.

The total expenditure on the Oracle Cloud Programme is significant over a three year planning and delivery schedule, with the balance of spending being met from ear-marked reserves.

4. Rationale and Considerations

In the opinion of the Section 151 Officer the expenditure for Oracle Cloud project shown in Section 3, for the council to apply the 'flexible use of capital receipt strategy' freedom, qualifies on the basis that the expenditure would "…generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years…".

The underlying rationale for the approval of the flexibility is to reduce the burden on the council's revenue budget and specifically a greater call on the use of reserves, if needed, and therefore support the wider financial resilience of the council.

Capital receipts are ordinarily used to support the funding of the council's capital programme. Re-directing capital receipts under a 'flexible use of capital receipts strategy' would ordinarily lead to a corresponding increase in the council's underlying need to borrow to fund its planned capital programme. However, the level of capital receipts forecast to be received by 31 March 2025 has exceeded the assumed amount by £8m, so there is no adverse impact on capital borrowing. Notwithstanding this proposed use of receipts the council will continue to evaluate the use of the capital receipts from a treasury management perspective against other options in terms of utilising these resources to meet the Councils capital financing needs.

5. Financial Implications

Utilising the capital receipts flexibility would mean that the council's reserves would not decrease for the £8.0m indicative cost of the transformation activities. This funding along with the associated costs are factored into the council's final draft budget plans for 2025-26 alongside the savings and operational efficiency gains that are expected to be generated from the transformation activity.

Not utilising the flexibility would mean that there would need to be an increase in the use of the council's reserves.

Approving the strategy in this report does not commit the council to adopting it. The Section 151 Officer will consider the optimal funding strategy, including the alternative option set out, based on available capital receipts and the actual and forecast level of reserves at the end of the financial year.

6. The Prudential Code

The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy. These capital receipts have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this activity within the 2025-26 Statement of Accounts.

7. Monitoring the Strategy

Implementation of this Strategy will be monitored as part of regular financial reporting arrangements.

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