

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

To: County Council 11th February 2021

Subject: **Capital Programme 2021-24, Revenue Budget 2021-22 and
Medium Term Financial Plan 2021-24**

Classification: **Unrestricted**

Summary:

The draft budget report containing the budget proposals for 2021-22 was published on 6th January 2021 to support the scrutiny and democratic process through Cabinet Committees, Cabinet and culminating in the annual County Council budget setting meeting on 11th February 2021. The draft was republished on 15th January 2021 for Cabinet consideration on 25th January 2021 to include additional information on the response to the provisional local government finance settlement (PLGFS), council tax and the medium term outlook.

A revised version of final draft budget report has been published on 3rd February 2021 to support the County Council decision. This final draft budget replaces the previous drafts and includes the latest updates and final proposals and amounts for Council consideration and approval.

A number of additional appendices are included in the final draft budget report for full Council to support decisions such as Capital Strategy including Prudential Indicators, Minimum Revenue Provision (MRP) statement and the Treasury Management Strategy.

Members are asked to refer to the final draft 2021-22 budget report for this meeting.

Recommendations:

County Council, having given due regard to the s25 Report (published for consideration and noting as agenda item 4 of this meeting), is asked to agree:

- (a) The net revenue budget requirement of £1,129.032m for 2021-22.
- (b) The 10-year Capital programme and investment proposals of £1,057.925m over three years from 2021-22 to 2023-24 together with the necessary funding and subject to approval to spend arrangements.
- (c) The directorate capital programmes as set out in appendices A & B of the final draft budget report published on 3rd February 2021.
- (d) The directorate revenue budget proposals as set out appendices C to F of the final draft budget report published on 3rd February 2021.
- (e) The Capital Strategy as set out in appendix J of the final draft report published on 3rd February 2021 including the Prudential Indicators.

- (f) The Treasury Management Strategy as set out in appendix K of the final draft report published on 3rd February 2021
- (g) The Minimum Revenue Provision (MRP) Statement as set out in appendix M of the final draft report published on 4th February 2021.
- (h) The Reserves Policy as set out in Appendix N, including the review of the rollover procedures for 2020-21 outturn to improve financial resilience and treatment of general underspends
- (i) To delegate responsibility to Cabinet Members and Corporate Directors to manage the budget within the parameters set out in the Constitution and Financial Regulations.
- (j) To increase Council Tax band rates up to the maximum permitted without a referendum as set out in section 6 table 5 (page 20 of the report) in the final draft report published on 3rd February 2021.
- (k) To levy the additional 3% social care precept (raising an additional £22,228,900 and taking the total social care precept to £87,335,000 out of precept set out in recommendation (l) below).
- (l) The total Council Tax requirement of £778,704,100 to be raised through precepts on districts as set out in section 6, table 4 (page 19 of the report) in the final draft report published on 4th February.
- (m) The Personnel Committee recommendation of an increase of 2% for 2021-22 for all Kent Scheme staff with the corresponding adjustment to pay scales (and noting the voluntary freeze for 2021-22 to Kent Range 17 and above offered by Corporate Directors and Directors)
- (n) The Personnel Committee recommendation to increase to the entry value of the lowest grade (KR2/3) to £9.55 per hour to maintain the position above the national minimum and marginally above the Living Wage Foundation for April 2021.

In addition:

- (o) 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 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 2021.
- (p) To note the uncertain financial outlook for later years in the absence of a multi-year settlement from government and the potential scenarios for recovery from the Covid-19 pandemic as set out in appendix I of the final draft report published on 3rd February 2021.

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 liable to pay council tax, and who has any unpaid council tax amount overdue 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 not cast their vote on anything related to KCC's Budget or council tax.

1. Update to Draft Budget Report

1.1 This final draft budget report replaces the previous drafts and includes the latest updates and final proposals and amounts for Council consideration and approval. The updated final draft report includes the following significant changes to reflect the latest available financial information:

- Provision for £10m contingency for risk reserve replaced with a specific provision within adult social care for additional prices uplift (£5m) and additional demand (£5m)
- Provision for £4.6m contribution to reserves for Strategic Priorities (from the New Homes Bonus grant) removed to fund the following in 2021-22:
 - £3m revenue saving on pothole blitz (removed to reflect and part mitigate the anticipated lower level of capital grants from the Department for Transport).
 - £1.4m increase for waste costs to reflect revised contractual arrangements and the prevailing change in market prices.

1.2 The impact of these changes has also been reflected in the medium-term financial outlook originally presented to Cabinet on 25th January. Appendix I of the final draft budget report includes the updated upside, central case and downside medium term scenarios, and potential budget gaps. These scenarios represent the potential gaps in each of the subsequent two years. These gaps will need to be addressed to ensure the budget is balanced in future years on a sound and sustainable basis.

1.3 The final draft budget report includes minor changes following confirmation of final council tax base estimates (the County Council must set its council tax precept based on the estimates for each district) and estimated collection fund balances. The final draft budget report also includes some minor late changes to spending growth amounts for issues that have arisen since the first draft publication. These can be funded from the final council tax estimates and a small reduction to the amount proposed to add to general reserves. The final draft budget report also includes some minor movements of revenue spending and savings between the headings in appendices C, E and F to better reflect the impact of proposals without changing the overall amount and to improve focus on the key strategic impacts of the budget proposals.

1.4 Rephrasing of the capital programme has resulted in some minor movement in the previously reported figures across the 3 year capital programme and beyond.

1.5 The final draft budget report includes the following additional appendices which are necessary to support the report's recommendations, some of which form part of the budget framework and need to be agreed by County Council. These include:

- Appendix J Capital Strategy. This provides a high-level overview of how capital expenditure, financing and treasury management contribute to delivery of council services. The prudential indicators set out a high level medium-term view of capital and treasury plans
- Appendix K Treasury Management Strategy. This shows how the Council manages cashflows, borrowing and financial investments
- Appendix M Annual Minimum Revenue Provision (MRP) Statement. This covers the Council's policy for charges to the revenue account each year to finance capital expenditure initially funded from borrowing

1.6 Other additional appendices help inform the background to the budget and include

- Appendix H(ii) Budget Risk Register. This quantifies the main financial risks not reflected in specific budget proposals
- Appendix L Investment Strategy. This identifies the Council's approach to investments other than cash balances
- Appendix N Reserves Policy. This outlines the Council's approach to assessing, maintaining and managing revenue reserves

1.7 The updated report dated 3rd February 2021 is published alongside the Council papers. This replaces previous drafts.

2. Recommendations

Recommendations:

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3. Contact details

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